

ROYAL COMMISSION ON INDIAN FINANCE AND CURRENCY.

Rev
X61.2.N13E
E3.2
15716

8

~~15716~~

I N D E X

S/520

TO THE
TWO VOLUMES OF MINUTES OF EVIDENCE
AND TO THE
THREE VOLUMES OF APPENDICES.

①

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



LONDON:
PRINTED UNDER THE AUTHORITY OF HIS MAJESTY'S STATIONERY OFFICE
BY EYRE AND SPOTTISWOODE, LTD., EAST HARDING STREET, E.C.,
PRINTERS TO THE KING'S MOST EXCELLENT MAJESTY.

To be purchased, either directly or through any Bookseller, from
WYMAN AND SONNS, LTD., 29, BREAMS BUILDINGS, FETTER LANE, E.C., and
28, ABINGDON STREET, S.W., and 54, ST. MARY STREET, CARDIFF; or
H.M. STATIONERY OFFICE (SCOTTISH BRANCH), 23, FORTH STREET, EDINBURGH; or
E. PONSONBY, LTD., 116, GRAFTON STREET, DUBLIN;
or from the Agencies in the British Colonies and Dependencies,
the United States of America, the Continent of Europe and Abroad of
T. FISHER UNWIN, LONDON, W.C.

1914.

[Cd. 7239.]

Price 9d.

INDEX.

Numbers preceded by p. refer to Appendices, the others to number of question in Evidence.

- ABRAHAMAS, LIONEL, C.B.**, Assistant Under-Secretary of State for India 1-1234, Apps. I-VI, XIII-XV, 11,494-737, Apps. XXXIV, XLVI.
- Approved borrowers, method of choosing . . . 533
- BALANCES:**
- Amount of, extract from Financial Statement, 1889-90 p. 48
- Closing:
- in India and England on 31st March from 1893 to 1914 p. 74-5
- in India, normal amount and object of 349-52
- Statistics and policy *re* p. 8, 10
- Correspondence between Bombay Chamber of Commerce and Government of India *re* policy in dealing with, 1888-9 p. 36-41
- Distribution of balances in India, 1895-96, 1900-1, 1905-6, 1910-11, 1911-12, 1912-13 p. 76
- Distribution between England and India:
- Policy *re* 80-5
- Statistics p. 1
- Extent of surplus in future, impossibility of estimating 413-4
- Fluctuations unavoidable, not much harm in High:
- of last 3 or 4 years, question of retention in India for use in money market not really considered 419
- Reasons for 55-79, 133-4, 293-304, p. 9
- Increase, question of effect on money market 415-8
- in India, location of, and Government policy *re* 31, p. 1-3
- in London (India Office Balances):
- not Affected by gold standard and paper currency reserves 109
- High:
- Explanation p. 20-1
- no Policy of retaining balance greatly in excess of requirements 347-8, p. 19-21
- Public criticism of, extract from "Times" p. 19
- Interest, statistics p. 14
- Location of 51-4, 197, p. 7-8
- Opening and closing, 1909-10 to 1913-14, p. 83
- Policy *re* 50, 107-8, 148-56, p. 7-8
- Possible mode of employment under a State Bank system 11,553-7
- Reduction:
- Impossibility for period 1909-10 to 1913-14 p. 16
- Provided for, in budget estimates from 1909-10 to 1913-14 p. 19-20
- Opening and closing, 1907-08 to 1913-14 67-73
- Policy *re* 148-59
- Remittances from India, *see that title*.
- Resource work in India, extremely well done 224
- Transfer from India to England, method p. 11
- Use of, for purposes of trade, note by the Hon. Sir J. Westland on, 1899 p. 53-7
- Whole of, not held at disposal of Secretary of State, 1912-13 426-7
- BANK OF ENGLAND:**
- Charges for currency notes, excessive for some years 11,662
- Statutory enactments regarding account of the Secretary of State at p. 354
- BANK RATE, INDIAN:**
- Advantages to be derived by preventing high rates periodically 390-7
- Connection between high rate and Government revenue collecting season 398-404
- Banking business by Government, question of 101-6, 118
- BANKS, INDIAN:**
- Exchange, *see that title below*.
- Joint stock, position of p. 6
- ABRAHAMAS, LIONEL, C.B.—continued.**
- BANKS, INDIAN—continued.**
- Loans to:
- Difficulty in case of Government having to withdraw money at unexpected times 261
- Question of 96, 218-9, 450-1, p. 5-6
- Presidency, *see* Presidency Banks
- BENGAL, BANK OF:**
- Difficulty experienced by Government in withdrawing money, 1874 33-4, p. 3
- Liabilities and assets, 1890, 1891, 1892, 1910, 1911, 1912 p. 78
- Minimum rates of discount, 1901 to 1913 p. 86
- Scheme of, 1867, for Central Bank p. 339-40
- BENGAL CHAMBER OF COMMERCE:**
- Letter *re* proposal to use half profit on coinage for railway purposes, 6 September 1907 p. 172-4
- Proceedings of interview, 11 January 1899, between deputation from, and the Hon. Sir J. Westland, on question of management of Government Balances p. 58-62
- Report of Finance Sub-Committee in favour of Government loans to Presidency Banks during seasons of stringency at less than bank rate p. 51-2
- BOMBAY, BANK OF:**
- Assistance had to be promised by Government, 1865, 1867 p. 3
- Attitude of shareholders, 1867, *re* proposed Central Bank p. 340
- Correspondence between Bombay Chamber of Commerce and Government of India *re* withdrawals from, 1888 p. 36-41
- Difficulty experienced by Government in withdrawing money, December 1863 34-7, 125, p. 3
- Failure, 1868:
- Causes and question of Government directors 11,562, 11,564, 11,573-5
- Steps taken by Secretary of State 11,527, 11,562
- Liabilities and assets, 1890, 1891, 1892, 1910, 1911, 1912 p. 80
- Minimum rates of discount, 1901 to 1913 p. 86
- BOMBAY CHAMBER OF COMMERCE, correspondence with Government of India:**
- re* Policy of Government in dealing with cash balances, 1888-9 p. 36-41
- re* Use of profits on coinage for purchase of railway rolling stock, 1907 p. 160-3
- Bombay Mint, use of, for coinage of sovereigns, proposal by Government of India, but impracticability of, and objections by Treasury to the proposal as made 615-6
- Bonds, paying off, reason for, being more important than paying off bills 135-7
- British gold coin, *see* Sovereigns below.
- BUDGET ESTIMATES:**
- Consultation of Secretary of State 11,650-1
- Difficulty of estimating p. 9-10, 124, 234, 237, 309-18
- Postponement of date of making statement, question of 11,673-84
- BUDGET YEAR:**
- Change:
- Desirable if possible 329-30
- Question from point of view of India Office, Parliament, and issue of loans 11,520-2
- January to December would be advantageous from budget point of view, but difficulties 234-9
- September to October, question of 326-8, 363
- Capital account, short spending on, and steps being taken to prevent 296-9
- Capital receipts and disbursements, 1909-10 to 1913 p. 14
- CENTRAL OR STATE BANK:**
- Advantages p. 351-2, 11,523

ABRAHAM, LIONEL, C.B.—*continued.*CENTRAL OR STATE BANK—*continued.*

Amalgamation of Presidency Banks:

Letter of Bank of Bombay *re.* December 1899
p. 390

Minute by Mr. G. Dickson *re.* 1867 p. 369-75
would not be sufficient 195

Area, question of difficulty owing to size 11,534-5

Capital:
Increase would be desirable on amalgamation of
Presidency Banks, but unwillingness of banks
to increase capital 99-100, p. 349-50

Sterling, preferred by Government of India,
1899-1901, but rupee considered now to be
preferable p. 350

Correspondence between Government of India and
Secretary of State, 1900-1 p. 425-38

Correspondence between Government of India and
Presidency Banks, 1901 p. 442

Disadvantages and arguments against p. 352-3

Establishment:
Memorandum on proposals for p. 339-54

Question as to probability or not p. 353

Evidence before Indian Currency Committee and
note in report *re.* p. 340-1

Exchange banks need not be unreasonably inter-
fered with 11,561

Functions:
Advocated:

Exchange business and disposal of Council
bills subject to large degree of Government
co-operation and control 119-20, 138-40,
160-1, 196, 230-2, p. 344

Holding of Government balances p. 343

Lending balances, subject to large degree of
Government co-operation and control 141, 145, 161

Management of paper currency p. 343-4

not Advocated:

Borrowing in London on security of invest-
ments p. 345

Gold standard reserve and gold coinage
business 145, p. 345

Obligatory issue of gold for rupees p. 345

Receipt of deposits in London p. 345

Right to import silver for coinage free of
duty and to share in profits p. 345

Unlimited obligation to sell bills on London at
fixed rate and without limit of amount, to
support exchange p. 345

Holding of Government balances, method of
business, suggestions p. 346-7

Management of paper currency, suggestion *re.*
method of business p. 347

Participation in sale of bills and transfers on
India, suggestion *re.* method of business p. 347

Government control, advantage of 11,562-5,
11,573-6

Government participation in profits p. 350

History of discussions *re.* p. 339-43

Sir E. H. Holden quoted *re.* advantages of p. 342

must be Independent of Government as regards
day-to-day transactions 11,548

Initiation by Government in England, question of
11,527-35

Interest on Government deposits in shape of share
of dividends would be matter for discussion 11,537-8

Letter from Bengal Government *re.* March 1900
p. 422-4

Letter from Bombay Government *re.* February
1900 p. 417

Local jealousies, little importance attached to
alleged difficulty from 11,560

Location question, Calcutta suggested 529-9A

Methods of business, suggestions p. 345-7

Minute by Sir E. Law, January 1901 p. 428-38

Note by Mr. Hambro p. 357

Position of Secretary of State in case of establish-
ment of 11,551-2

Provision for revision or termination of arrange-
ments with Government of India would be
necessary p. 350

ABRAHAM, LIONEL, C.B.—*continued.*CENTRAL OR STATE BANK—*continued.*

Relations with India Office, scheme p. 347-8

Report from Accountant General, Bombay, to
Government of Bombay, December 1899 p. 419

no Request for, from Indian Government 11,525-6

present Schemes very different from that con-
templated in 1898 11,536

Shareholders, opinion *re.* influence of 11,549

State Bank advocated 11,546-7

Coinage, token, encouragement of greater proportion
of gold currency to, desirable 881-2

COUNCIL BILLS AND TELEGRAPHIC TRANSFERS:

on Account of gold standard reserve, practice *re.*
crediting amount to reserve 898-9, 935-9

Basing of budget estimate on forecast of what
Secretary of State can sell and Government can
meet, and limitation of sales to amount of
estimate, question of, and effect p. 23-4

Communication with Government of India *re.*
question as to extent 11,852-7

Decrease in demand for, causes of 289-92

Disbursements, 1907-8 to 1913-14 p. 67-73

Excess of receipts over estimates, 1909-10 to
1912-13 p. 20

Fixing budget estimate of, at amount of home
charges and actual sales at amount of estimate,
impossibility p. 22-3

Meeting of, by withdrawal of rupees from gold
standard reserve, correspondence between
Government of India and Secretary of State,
1912-13 p. 204, p. 206

Methods of meeting 95, 580

against Paper currency reserves, no fixed rate
471-3

Public satisfied with present system 233

Purchase of bills by Secretary of State at 1s. 4³/₄d.,
exchange profit made on 1085-8

Purposes of system 464-7

Receipts, 1907-8 to 1913-14 p. 67-73

Request by Exchange banks for issue of telegraphic
transfers on London, 1907, refusal, telegrams
between Viceroy and Secretary of State p. 164

Sales:

Advantages of practice of selling freely, and
continuance advocated p. 12, p. 18

Alternative methods of regulating, and effect of
p. 15-18, p. 22-5

Budget and actual, 1893-4 to 1912-13 p. 82

Comparisons of, 1909-10 to 1912-13, and esti-
mated sales for 1913-14 with sales if regulated
by any alternative methods p. 15

Date of commencement of practice 110

Effect on import of gold into India 177-8, p. 21

in Excess of Secretary of State's immediate
requirements, advantage of giving option to
Secretary 468-70

Estimated, 1909-10 to 1913-14, and estimated
home charges p. 23

Limitation of, to amount of home charges,
question of, and effect p. 23

Limitation as to price 11, 115-48, p. 11

on London, statistics, 1908 p. 103

at Low rate, 1909-10, question of competition
with gold 921-9

Method of meeting, by transferring gold to paper
currency reserve 580

below 1s. 4d., justification 480-5

Policy 160-70, 264-71, 331-46, 486-7, 537-41,
1005-7

Reduction of, and substitution of remittances
by shipment of gold, cost of p. 26-30

Regulation:

not to Interfere unduly with flow of gold to
India 114-7

Method 488-98, p. 11-5

to Prevent closing balance of India Office
from exceeding 4,000,000L., question of, and
effect p. 24-5

Policy, correspondence between Secretary of
State and Government of India, 1910, 1912
p. 187-8, p. 199, p. 201

Proposal of Government of India and reply by
Secretary of State, 1909-10 p. 185, p. 187

ABRAHAM'S, LIONEL, C.B.—*continued.*COUNCIL BILLS AND TELEGRAPHIC TRANSFERS—*continued.*Sales—*continued.*

to Replenish gold standard reserve . . . 476-9

Restriction:

Disadvantages anticipated 179-80, p. 12-3, p. 18

Telegram from Viceroy to Secretary of State,
22 January 1913 . . . p. 66

Sale of Transfers, 1906 and 1907:

Correspondence between Government of India
and Secretary of State *re* method of meeting
p. 151Loan from Indian branch of Gold Standard
Reserve to meet, *see under* Gold Standard
Reserve *below.*Telegrams between Secretary of State and
Viceroy . . . p. 146-51, p. 165-8Statistics, January, February, and March 1913
and 1912 . . . 282-8Undertaking to sell without limit of amount at
1s. 4½d. . . . 474-5

Variations from estimates . . . p. 12

Section of trade benefiting by system . . . 530-2

against Treasury balances and against paper
currency reserve, no distinction and no necessity
seen for . . . 999-1000Transfer of proceeds into paper currency reserve,
system . . . 994-8Use of, saves loss incurred by shipments of gold
927, 930-2

CURRENCY:

Commission considered advisable in 1907 by Bengal
and Karachi Chambers of Commerce p. 174-5Duty of Government to give people kind of
currency desired . . . 1035-7Encouragement by Government of different forms
of, question of . . . 1196-200Interests of India the predominant consideration
1007Managed as far as possible on automatic lines 575,
912-20

Note currency the ideal . . . 1149-51, 1201, 1208

Curzon, Lord, Minutes *re* Gold Exchange Fund, 1900
p. 121-2

DEBT:

Disbursements on discharge of, 1907-8 to 1913-14
p. 67-73Discharge of, explanation of policy *re* 27-8, 124Expenditure on debt services, 1909-10 to 1913
p. 81

Temporary:

Holding of balances to meet maturing obligations
76, p. 65-6

Maturing obligations, 1911-12 to 1918-9 p. 65

Reduction of expenditure on discharge of,
anticipated disadvantages . . . p. 17-8

Unfunded:

Explanation . . . 17-8

Receipts, 1907-8 to 1913-14 . . . p. 67-73

Deposits with banks in England, particulars *re* 130,
197-201, 450-1

DEPOSITS AND ADVANCES:

Explanation . . . 20-1

Receipts, 1907-8 to 1913-4 . . . p. 67-73

Disbursements, proportion made in England and met
from proceeds of loans raised in England . . . p. 11

EXCHANGE:

not Affected actually by amount of silver token
coin in circulation . . . 1274-7

Crisis:

1907-8:

Buying of foreign imports a more important
factor now . . . 748-53possible Effect of difficulties among exchange
banks in a future crisis . . . 754-5Exceptional severity of . . . 597-602, 747-8,
p. 105, p. 106, p. 107, p. 108Supply of gold for export in, *see under* Gold
*below.*Gold resources at home and in India should be
freely used . . . 11,514-5

Issue of gold:

to All applicants not desirable . . . 11,516

ABRAHAM'S, LIONEL, C.B.—*continued.*EXCHANGE—*continued.*Crisis—*continued.*Issue of gold—*continued.*

to Exporters, objection . . . 11,517

for Internal purposes, suggested policy *re*
11,540-5Shipment of gold home and sale of bills against
it, advocated and suggested policy *re*
11,516-9, 11,539Effect of gold in circulation on, not material 718,
722-3, 1122-3, 1127, 1133, 1152-3, 1270-3, 1305

Fall:

Question as to possibility of, and of extent 1044

Realisation of Treasury bills to meet, actual
gold not necessary, payment can be made in
banker's money . . . 646Undertaking by Government in case of, to sell
exchange on London, at fixed price, question
of . . . 1045Gold currency not necessary to maintain parity
of . . . 1036-7

Maintained when kept within gold points . . . 954

Parity of, with gold-using countries and between
rupees and sovereigns in India . . . 1113Procedure for building up sterling resources for
support of, correspondence between Government
of India and Secretary of State *re*, 1909-10,
1912 . . . 195-200, p. 184-5, p. 186-8

Rates, September 1907 to December 1908 . . . p. 103

Undertaking by Government to maintain, with-
in certain prescribed limits, question as to
possibility . . . 1090-4Value, dependence on balance of international
trade and international indebtedness 662-4,
718-9, 1275-8

EXCHANGE BANKS:

Assistance by Government, telegrams between
Viceroy and Secretary of State, 1906 p. 148-9

Business of . . . 248

Loans to:

Question of . . . 258-63

Statistics, &c. . . . 250-60

Memorial of, 1900, *i.e.*, proposed Central Bank,
and acknowledgment by Secretary of State
p. 409-13, p. 422Finance Minister in India, free demi-official and
unofficial communication with Finance Depart-
ment in England, but official recognition of,
impossible . . . 11,685-98Financial year, *see* Budget year.Fowler Committee, question whether recommenda-
tions of, were violated, violation not admitted
803-24

GOLD:

Amount of gold and gold securities held by
Government at present . . . 1054-8no Difficulty in people obtaining, in reasonable
quantities . . . 620-1

Double meaning attached to . . . 559

Effect on Exchange, *see under* Exchange *above.*in England, earmarking of, for Indian purposes
alone . . . 675-6

Exports, statistics . . . p. 13

Government should export, to London, or take
steps to secure export, if large sum in hand in
case of exchange crisis . . . 1095Held in reserves and treasuries, 1901-2 to 1912-3
p. 85

Holding of, 1908, 1909, 1910 . . . 1249-53

great Increase in world's production . . . 724

in India, decrease in Government gold between
September 1907 and December 1908 . . . p. 90

from Indian mines, annual amount . . . p. 214

Obligations, recommendation of Fowler Committee
re restricting . . . 488-92, p. 11-2Papers relating to the receipt by the Government
of India of gold other than British gold coin
p. 741-58Receipt of bullion formerly by Government of
India in exchange for rupees, but abandonment
of . . . 1324Shipments to England, practice *re* p. 12-3, p. 16

ABRAHAM'S, LIONEL, C.B.—*continued.*GOLD—*continued.*

- Supply of, for export, in exchange crisis, 1907-8:
 Explanation of proceedings 833-42
 Telegrams between Secretary of State and
 Viceroy p. 164-5
 Transfer of 5 to 8 millions to London with view to
 Government undertaking to maintain exchange,
 question of 1092-4

GOLD CURRENCY FOR INDIA:

see also Sovereigns below.

- Advantages of, in opinion of Indian Government 1127-34
 Advantages of gold standard possessed at present 1144-6
 Attitude of Fowler Committee *re* 1026-8
 Conditions necessary to 1029-02, 1212
 Desirable and liking of people for gold money 619, 625
 Encouragement by Government of use of, question
 of 1201-8
 in Existence practically 933-4, 1032
 Increase of reserves preferred 1308-4
 Increase of, at expense of gold standard reserve
 would make exchange less stable 1209-17
 Increase desirable if desired by people 1139-42,
 1147-9
 Opinion of Government of India *re* 1114-22
 Position of India as regards, similar to that of
 many other countries 1016-25
 Suitability of, for India 1268
 10 rupee piece:
 Cheaper to coin than sovereigns 1245-8, 1321-3
 Correspondence between Secretary of State and
 Government of India 1143
 Fineness should be same as sovereign to enable
 exchange by weight 1163
 Popularity, question 1178-80, 1238-45, 1269
 Public opinion, question of, and of Mysore mine
 owners 1166, 1174-6
 Treasury would have no jurisdiction 617

GOLD EXCHANGE SYSTEM:

- Ideal 623
 Nature of 623-4

GOLD MINT IN INDIA:

- Advantages that coin other than sovereign could
 be coined 1124-5
 Advantages slight, as sovereigns can be imported
 to great extent 1124
 Bullion, question as to source, and difficulty as
 regards import owing to cost 1220-37, 1283-4,
 1308-20

Cost:

- Question of, and statement of establishment
 charges of mints in Sydney, Melbourne, and
 Perth p. 214
 Small, if special Indian coin adopted 1321-3
 Effect on gold now held as bullion and ornaments,
 question of 214, 1135-8
 Indian feeling would be gratified by, and feeling
 of having been hampered without 1125-6, 1249
 no Justification for, in absence of public demand 1167
 Notes on proposals for p. 212-5
 Opinion of Sir Guy Flestwood Wilson referred
 to 1299-302
 Proceedings *re* history of 614-6
 Public feeling *re*, question of, and importance to
 be attached to 1306-7
 Question as to extent to which gold coins would
 remain in circulation 618
 Recommendation by Fowler Committee, change in
 circumstances since 1168-9
 Report of Indian Currency Committee *re* p. 212
 Seigniorage question, and question whether better
 terms should be given than given in England 1154-62, 1176, 1181-95
 Summary of discussion *re*, between Secretary of
 State and Government of India, &c. p. 212-3

GOLD RESERVES:

- in London, definite limit important 11,566,
 11,571-2

ABRAHAM'S, LIONEL, C.B.—*continued.*GOLD RESERVES—*continued.*

- Thirty millions in paper currency reserve in London
 and gold standard reserve combined would be
 sufficient 11,571

GOLD STANDARD RESERVE:

- Addition to, of annual interest on investment of
 Paper Currency Reserve, proposal by Govern-
 ment of India and opinion *re* p. 119, p. 122, p. 127
 Amalgamation with Paper Currency Reserve:
 possible Danger 721
 Indian public opinion might be shaken 721
 Question of 704-12
 Amount:
 Balance of trade considered the proper measure
 of possible liabilities, not question of currency 776-9
 Crisis of 1907-8 could be taken as standard of
 exceptionally bad year 597-604, 681-3, 955-70
 Increase above 25 millions desirable, and ques-
 tion of, from profits on coinage or from
 interest 780-3
 Increase desirable as trade increases, and methods
 of 647-9
 Number of rupees coined should not be measure
 of 1074-6
 Policy recommended *re* avoiding excessive
 amount and importance 603, 11,566-70
 Regulation of, with view to amount of gold in
 paper currency reserve would be advantageous 1057
 Suitable, opinion *re* 774-5, p. 83
 Amount and inadvisability of reducing, letter from
 Government of India, 26 April 1906 p. 137
 Amount, composition, and location of, 1901 to
 1913 p. 87
 Approach towards unanimity between Secretary of
 State and Government of India on questions
 regarding 605
 Conferences between India Office and members of
 commercial community *re*, would be useful 720
 Credit of profits on coinage to, *see under* Profits
under Coinage *under* Rupees *below*.
 Establishment of, correspondence between Govern-
 ment of India and Secretary of State *re*, in 1900
 p. 109-14, p. 126-8

Form:

Gold:

Amount:

- Correspondence between Government of
 India and Secretary of State, 196, p. 168-
 9, p. 175-8, p. 199-200, p. 202, p. 204
 Question of, and of connection of amount of
 general balances with 764-73, p. 88-9
 Desirable for portion owing to probable diffi-
 culty in future of finding sufficient short-
 dated securities 639-40
 Gold or short-dated securities preferred 577-9, p. 88
 History 568-70
 Letter of Bengal Chamber of Commerce *re*,
 6 September 1907 p. 174
 Liquid gold, correspondence between Government
 of India and Secretary of State 863-4, p. 170-1,
 p. 178-80, p. 183, p. 194-6, p. 199, p. 201
 Question as to intentions of Fowler Committee *re* 559
 Securities:
 Advantages 635-8, 727-46, p. 88
 Description of, bought, sold, and discharged
 at maturity, 1901-02 to 1912-13, and prices p. 99-102
 Letter of Secretary of State *re*, 2nd July 1909 p. 179-80
 Possibility of realising, and advantages 636-8,
 641-5, 722, 825, 857, 859-62
 Readily convertible into sterling bankers'
 money 1101-7
 Sale of, question of effect on market 659-62
 Valuation of, 31st March 1913, interest
 received, loss on sale, depreciation, and net
 profit p. 98
 Suggestions *re* p. 83-9
 not a Violation of recommendations of Fowler
 Committee 559, 812-24, 1098-100

ABRAHAM'S, LIONEL, C.B.—*continued.*GOLD STANDARD RESERVE—*continued.*

Gold, holding of, in India:

Address of Karachi Chamber of Commerce in favour of, and reply of Viceroy . . . p. 195
Correspondence between Government of India and Secretary of State *re* . . . p. 170, p. 194, p. 196-7, p. 199

India Office cash transactions:

1st September 1907 to 31st December 1908 p. 92
1st September 1907 to 31st August 1908 p. 106

Investment:

Correspondence between Government of India and Secretary of State . . . p. 129-30
Improvement of form in which held since 1907-8 and before . . . 1057
Limitation, correspondence between Government of India and Secretary of State, 1907 . . . p. 160
Particulars *re* . . . 563-4
Telegrams between Viceroy and Secretary of State *re* shipment of gold for investment in England . . . p. 128

Location:

History of . . . 568-70
in India, disadvantages . . . 630-4, 942-7, 717, p. 89-91
Indian opinion *re*, question of . . . 629
in London and reason and advantages . . . 628, 631-4, 908-11, 936, p. 89

in London:

Amount to which reserve to accumulate before profits on further coinage used for capital expenditure . . . p. 90-1
Criticism that reserve tends to become rather a reserve for London money market disagreed with . . . 627
no Distinction in use of gold in paper currency reserve and, with reference, to support of exchange . . . 762-3
Sufficiency of arguments in favour of . . . p. 91-4
20 millions in India and 10 millions in England in gold, and everything else made out of currency in sterling securities, objections to proposal . . . 679-81

Management, fuller information to public desirable

907
Minute by Lord Curzon, 1900 . . . p. 121-2
Minute by the Hon. Sir E. Law, 1900 . . . p. 114-21, p. 123-5

Origin, distinction from origin of paper currency reserve

not Peculiar to India . . . 877-9
Position of, question in Parliament 9 July 1907 by Sir Edward Sassoon and reply by Mr. Morley p. 159
Primary object of . . . 1096-7

Publication of information *re*, correspondence between Secretary of State and Government of India *re*

. . . p. 181-2, p. 205-7
Purpose of, and difference from that of gold in paper currency reserve . . . 549-58, 689-91, 951, p. 87-8

Realisation of Treasury securities, possible adverse effect on trade

Remittance of profit on coinage of silver to London . . . 560-3
no Statutes governing . . . 701-2

Statutory regulations:

Address of Karachi Chamber of Commerce in favour of . . . p. 195
Letter of Government of India *re*, 6 July 1911 . . . p. 194-5

Question of

Stocks and securities, statement of, 1912 . . . p. 203
Subsidiary Branch in India (silver):

Abolition, possible methods of carrying out p. 96
Amount of, and correspondence between Government of India and Secretary of State *re* p. 94, p. 183, p. 185-94, p. 196-8, p. 207

Decrease, inadvisability of, letter of Government of India, 20th September 1909 . . . p. 183
Departure from normal amount . . . 1002-4, p. 97

Establishment of, correspondence between Government of India and Secretary of State, 1906 . . . p. 139-43

ABRAHAM'S, LIONEL, C.B.—*continued.*GOLD STANDARD RESERVE—*continued.*Subsidiary Branch in India (silver)—*continued.*

Holding of, in rupees:

Admitted to be not easily comprehensible to public . . . 784
Correspondence between Government of India and Secretary of State, 1906 . . . p. 114-8
as Last line of reserve for rupees considered important by Government of India 11,507-10, 11,513

Increase of paper currency reserve and abolition of disadvantages, rupees more easily obtained from gold than from paper currency reserve . . . 851

Loan from, 1906 to meet sales of transfers and purchase of silver to repay . . .

Correspondence between Government of India and Secretary of State *re* . . . p. 151-2, p. 154, p. 197, p. 204, p. 200

Memorandum from Secretary of State . . . p. 207-11

Telegrams between Viceroy and Secretary of State, 1906 . . . 147-51

Loans from, purchase of sterling securities in place of, correspondence between Secretary of State and Government of India, 1906, 1907 . . . p. 146, p. 152, p. 155

Maintenance of, unanimity of opinion between Government of India and Government at home . . . 654-5

Object of . . . 11,503-13

Policy *re*, correspondence between Government of India and Secretary of State . . . p. 198-9, p. 201, p. 204-5

Practice of meeting bills, &c. from . . . 580-3

Profit on coinage of rupees credited to . . . 715-6

Reasons for establishment of . . . 713-4, p. 94

Replacing of silver in excess of 6 crores by sterling, proposal of Government of India and reply by Secretary of State, 1909 10 . . . p. 185, p. 187

Serves much the same purpose as addition to paper currency reserve . . . 650-5

Temporary loans from, for strengthening of Treasury balances, correspondence between Government of India and Secretary of State, 1906 . . . p. 144-6

Transfer of silver to paper currency reserve in exchange for gold:

Correspondence between Government of India and Secretary of State *re* . . . p. 199, p. 201

Question of, and disadvantages 185-91, p. 94-5

Used on several occasions . . . 837-4

Transfer of gold from Treasury to Currency in England, particulars *re* proceedings . . . 371-5

Use of, to maintain exchange, 1907-8 792, 1041-2, p. 88, p. 168

Use of sovereigns to buy silver and keeping of silver in India, justification . . . 692-4

Withdrawal of gold from, to recoup Treasury, letter from Government of India, 21st February 1907, *re*, disadvantages . . . p. 153

HAMILTON, RIGHT HON. LORD GEORGE:

Despatch *re* gold standard reserve and investment of paper currency reserve, 13th December 1900 . . . p. 126-8

Despatch *re* loans to Presidency Banks, 4th May 1899 . . . p. 63-4

Hoards, gold sovereigns of certain dates specially popular . . . 674

INDIA OFFICE:

Accountant-General, functions and difference from those of Financial Secretary . . . 11,599-602

Assistant or Deputy Financial Secretary would be advantageous, functions, &c. 11,662-6, 11,731-3, 11,736-7

Audit of Accounts, Act. 21 & 22 Vict. c. 106, s. 52, *re* . . . p. 691-2

Auditor, position of . . . 11,659, p. 689

Balances, *see* in London, *under* Balances *above*.

Broker . . . p. 689

Cash transactions:
September 1907 to August 1908 . . . p. 106

ABRAHAM'S, LIONEL, C.B.—*continued.*INDIA OFFICE—*continued.*Cash transactions—*continued.*

September 1907 to December 1908 p. 92, p. 104
 Summary, 1909-10 to 1913-14 p. 83

Committee system, advantages of 11,667

Communication with Government of India, question
 of extent and sufficiency of 11,648-9

Council:

City advice can be obtained without representa-
 tive of 11,672-4

City member essential from point of view of
 lending loans from balances 11,677-8

Constitution, &c. p. 687

Member representing Indian finance:

Difficulty of finding 11,640

None between 1895 and 1899 11,635-9

Question of necessity for 11,643-7

Procedure p. 687-8

Disbursements, question as to possibility of
 reducing p. 17

Finance Committee:

Chairman:

Practice of appointing city man as, but not
 much importance attached to 11,715-22

Nominated by Secretary of State 11,611-2

Constitution 11,609-12, p. 688

no Difference between interests served by, and
 by Government of India 853

one or more Members with Indian financial
 experience formerly 11,631-4

Members all members of Council 11,628-30

Permanent Under Secretaries not members of,
 but are present at meetings 11,695-6

Procedure p. 688

Retention of some form of, desirable if Lord
 Crewe's scheme adopted 11,667-71

Unofficial members, advantage 11,669

Financial administration, possibility of facilitating
 business on any special occasion 11,725-30

Financial Department:

Defects of normal organisation 11,616-24,
 11,735

Organisation, staff, &c. 11,577-608

Staff, quality of, exceedingly good on the whole
 11,613-5

Financial organisation satisfactory and work well
 and, on the whole, expeditiously done 11,723-4

Financial questions, procedure *re* 11,579-94,
 11,603-8, p. 688-90

Financial Secretary, functions and difference from
 those of Accountant-General 11,599-602

Permanent staff taking part in financial work,
 members p. 688-9

Under Secretary or Assistant should have financial
 experience or aptitude 11,625-8, 11,660-1,
 11,734-7

INDIAN MONEY MARKET:

Agriculturists, would probably be outside 166-7

Connection of natives with European, question of
 extent 163-7

Letters *re* effect of dear money on export trade
 p. 393-4

Question of relation of, to London money market
 162-8, 240-1, 248-9, 1058-62

Investments, improvement in position *re* 1057

Irrigation, underspending 76

KARACHI CHAMBER OF COMMERCE:

Address in favour of holding substantial portion
 of gold standard reserve in gold in India, and of
 defining nature &c., by statute p. 195

Letter *re* proposal to use half profit on coinage
 for railway purposes, 1st October 1907 p. 174-5

LAW, SIR EDWARD:

Minutes *re* Gold Exchange Fund, 1900 p. 114-21,
 p. 123-5

Opinion and policy *re* gold standard reserve, 560-6,
 p. 110-1

LENDING BY GOVERNMENT IN INDIA:

Correspondence between Bombay Chamber of Com-
 merce and Government of India *re*, 1888-9
 p. 36-41

no general Demand for, telegram from Viceroy to
 Secretary of State, 22nd January 1913 p. 66

ABRAHAM'S, LIONEL, C.B.—*continued.*LENDING BY GOVERNMENT IN INDIA—*continued.*

not Desirable to private institutions in opinion of
 commercial men, &c., and disadvantages 97, p. 6-7
 of Excess in January, February, and March, no
 objection to, but possible difficulty 353-60

Extract from Financial Statement, 1889-90 p. 48

First three months of 1913 would have been
 suitable for 286

to Large extent, on security, question of possibility
 and securities 141-4, 146-7

Loans to Presidency Banks preferable and effect
 on money market would be greater 453-63

Power possessed but never exercised 452, p. 6

to help Trade and to earn interest, difference
 between 430-5

Letter to, from Mr. Hunter, October 1913 p. 721-2

Loans and advances, disbursements, 1907-8 to
 1913-14 p. 67-73

LOANS, ISSUE BY GOVERNMENT IN ENGLAND:

1907-8 to 1913-14 p. 67-73

Communication with Government of India, ques-
 tion of extent 11,652-8

Explanation of system and policy *re* 13-6

Increasing difficulty and question as to reason, 15,
 121-3, 202-7, 523

Interest charges, gradual increase, but will decrease
 in about 30 years 24-5

Permanent, in London, increase of issue, anticipated
 disadvantages p. 18

Recommendations made by Finance Committee
 and Public Works Committee, but decisions
 made by Secretary of State in Council 11,699

Terminable bonds, possible difficulties 726

Underwriting of, at commission of 1 per cent. to
 underwriters, practice of, and reason 11,701-14

Loans, issue of, by Government in India, rate of
 interest and question of increasing loans 171-6, 525-6

LONDON MARKET:

Affairs of India Office and Indian Empire not
 conducted in interests of 858

Question of relation of, with Indian money
 market 162-8, 240-1, 248-9, 1058-62

Madras, Bank of, liabilities and assets, 1890, 1891,
 1892, 1910, 1911, 1912 p. 79

Madras Chamber of Commerce, letter *re* proposal to
 use half profit on coinage for railway purposes,
 16th August 1907 p. 171-2

Military services, expenditure 1909-10 to 1913-14
 p. 81

Mint and Exchange, net revenue, 1909-10 to 1913-14
 p. 81

NOTES:

the Ideal form of currency 1149-51, 1201, 1208

Payable in rupees or sovereigns at option of
 Government 695-7

OPIUM TRADE:

High balances due to unexpected surplus connected
 with 303, p. 9, p. 71-6

Excess put aside as matter of policy 303

Position of, and element of uncertainty in Indian
 estimates owing to p. 10

net Revenue from, 1909-10 to 1913-4 p. 81

PAPER CURRENCY RESERVE:

Amalgamation with Gold Standard Reserve, *see*
under Gold Standard Reserve *above.*

Elasticity, advantage to be derived from, and
 arrangements for issue of additional notes
 1047-52, p. 95

Gold:

Amount of:

1901-2 to 1912-13 p. 85

Correspondence between Secretary of State
 and Government of India, 1905 p. 132-5

Inadequate in opinion of Madras Chamber of
 Commerce 1907 p. 172

Opinions of Sir E. Law *re* p. 117-8, p. 120,
 p. 123-4

Regulation of, with view to amount in gold
 standard reserve would be advantageous
 1057

Despatch from Secretary of State 20th July 1906,
 objecting to decrease of p. 143-4

ABRAHAM'S, LIONEL, C.B.—*continued*.
 PAPER CURRENCY RESERVE—*continued*.
 Gold—*continued*.

| | |
|--|--|
| no Distinction in use of, and of gold standard reserve in London with reference to support of exchange | 762-3 |
| Excess over 7,000,000 <i>l.</i> , use of, for purchase of silver (proposed by Government of India), 1900 | p. 110, 112 |
| Holding of, in England : | |
| Correspondence between Secretary of State and Government of India, 1905 | p. 132-5 |
| Letter from India Office to Bank of England, 28th July 1905 | p. 136 |
| Holding of, in India, correspondence between Government of India and Secretary of State <i>re</i> , 1909-10 | p. 184-5, p. 186 |
| in London, policy <i>re</i> , letter from Government of India 21st February 1907 | p. 152-4 |
| Purpose of, different from that of gold standard reserve | 951 |
| Shipments to England, note by Deputy Accountant General India Office, <i>re</i> desirability of acquainting market that gold not available for purposes of loans | p. 136 |
| Transfers from, as possible supplement to proceeds from council bills and transfers, method | p. 11 |
| Transfers to, from Bank of England, telegram between Secretary of State and Viceroy, 1905 | p. 136-7 |
| Use of, for purchase of silver, correspondence between Government of India and Secretary of State <i>re</i> | p. 110, p. 127, p. 153-4, p. 155-6, p. 160 |
| Governed by statutes | 700 |
| Investment : | |
| Criticism by Lord Curzon of proposal | p. 122-3 |
| Opinion of Secretary of State <i>re</i> proposals, 1900 | p. 127-8 |
| Remittances to England for, despatch of Secretary of State, 7th April 1905, <i>re</i> form of | p. 132-3 |
| in Sterling securities and British Government funds, proposal by Sir E. Law | p. 119-20, p. 124-5, p. 125-6 |
| London portion : | |
| Holding of, in support of exchange, question as to possibility of misunderstanding in India | 906-7 |
| Objects of | 698-9 |
| Paper Currency Act not in theory applicable to | 904-5 |
| Temporary additions to, by adding sterling securities or allocating to, deposits at Bank of England or loans granted to first-class borrowers against British or Indian Government securities, disadvantages | p. 95 |
| Withdrawals of gold from : | |
| Amount of gold held 1909-10 to 1913-14 | p. 16 |
| Further effect of | p. 16 |
| Management, fuller information to public desirable | 907 |
| Origin, distinction from origin of gold standard reserve | 756-61 |
| Silver : | |
| Amount of : | |
| Correspondence between Government of India and Secretary of State <i>re</i> , p. 133-5, p. 141, p. 177-8, p. 183, p. 185-6, p. 196-9 | p. 120 |
| Opinion of Sir E. Law <i>re</i> | p. 120 |
| Decrease of, and suggestions for strengthening stock, letter from Government of India, 26th April, 1906 | p. 137-41 |
| Memorandum enclosed in Despatch of Secretary of State <i>re</i> , 1910 | p. 188-94 |
| Policy <i>re</i> , letter of Government of India, 29th February 1912 | p. 198-9 |
| Proposals of Government of India, 28th April 1904 | p. 130-2 |
| Transfer of proceeds of sale of bills drawn against, system | 994-8 |
| Use of, for other purposes than redemption of notes | 901-3 |

ABRAHAM'S, LIONEL, C.B.—*continued*.
 PRESIDENCY BANKS :

| | |
|--|---|
| Advantages received by, as remuneration for work done for Government and status of | 188-94 |
| Agreements with | 38, p. 2 |
| Agreements : | |
| Correspondence between Government of India and Secretary of State <i>re</i> modification of, 1874-5 | p. 30-35 |
| Question as to importance of | 125-8 |
| Amalgamation, <i>see under</i> Central or State Bank <i>above</i> . | |
| new Branches, guaranteeing of minimum balance thereat by Government for certain initial period as inducement | p. 2 |
| Business with natives, question as to extent | 163-4 |
| Capital, letter from Bank of Bengal <i>re</i> , 1899 | p. 365-79 |
| Capital and reserves, 31st March 1912, 1913 p. 349 | |
| Deposits, average amount agreed to, and payments | p. 32 |
| Effect on, of establishment of reserve treasuries | 45-6 |
| can Fulfil obligations under existing circumstances and agreements | 125-6 |
| Government deposits : | |
| as Compensation for withdrawal of note issues, claim recognised as reasonable though not legal | 189, 366-9 |
| History of | 33-46 |
| Increase of amounts on flotation of loan and in special cases | 370-3, p. 2 |
| Percentages of, to capital and reserve and to cash, 1910, 1911, 1912 | 88, 223, 449, p. 5 |
| no Specific security | 128-9 |
| Statistics | 38, p. 1-2, p. 349 |
| Telegram from Viceroy to Secretary of State, 22nd January 1913, regarding amount of | p. 66 |
| Government has no relations with other banks as general rule | 41-2 |
| Loans to : | |
| at Bank rate, policy <i>re</i> , and effect of | 47-48, 374-7, p. 2 |
| Conditions attached to | 379-86 |
| Correspondence between Bombay Chamber of Commerce and Government of India <i>re</i> , 1888 | p. 36-41 |
| Correspondence between Government of India and Secretary of State <i>re</i> , 1900, 1904 | p. 402, p. 442 |
| Correspondence between Government of India and Presidency Banks, 1901 | p. 442-57 |
| Extract from proceedings of Legislative Council, January 1900 | p. 396-7 |
| Increase of : | |
| Advantages | p. 3-4 |
| Advisability of, question of | 48-9, p. 3 |
| no general Demand for, received, telegram from Viceroy to Secretary of State, 22nd January 1913 | p. 60 |
| Difficulty of question | 181 |
| Disadvantages | 353-69, 428-35, p. 3-4 |
| Experience of 1875 not considered conclusive and matter probably considered from time to time by Government | 420-3 |
| from Paper Currency reserve : | |
| Risk of depleting coin reserves remote | 444-7 |
| Objections of Government of India <i>re</i> | p. 5 |
| Suggested | 88, 159, 214-6, 361-2, 436-48, p. 14-5, p. 18 |
| Proposal of Bank of Bengal in 1899 | p. 4 |
| Question of, owing to change in conditions since 1874 | 503-11 |
| Safety of banks, question of, and consideration necessary | 86-8, 217-9 |
| Interest, question of decreasing | 208-13 |
| at Less than bank rate during periods of stringency : | |
| Correspondence between Government of India and Secretary of State <i>re</i> , 1899 | p. 49-50, p. 62-4 |
| Question of | 489-502 |
| Report of Finance Sub-Committee to Bengal Chamber of Commerce in favour of, 1898 | p. 51-2 |

ABRAHAM, LIONEL, C.B.—*continued*.
 PRESIDENCY BANKS—*continued*.

Loans to—*continued*.

- Letter from Bengal Government *re*, March 1900
 p. 423-4
- Letter from Madras and Rangoon Chamber of
 Commerce approving, February 1900 p. 416,
 p. 426
- Opinion of Government of India *re* 90-5, p. 3-5
 would be Preferable to loans to firms or institu-
 tions and effect on money market would be
 greater 403-63
- Proceedings of interview, January 1899, between
 deputation from Bengal Chamber of Com-
 merce and the Hon. Sir J. Westland *re*
 p. 59-62
- no Requests during last 7 years and question of
 reason 208, 378-9
- Statistics, &c. 102, p. 2
- Power of dealing in foreign exchanges, corre-
 spondence between Secretary of State and
 Government of India, 1862-78 p. 514-7
- Restrictions on :
 Nature of 184, 241, 242-6
 Note on p. 336-8
- Relaxation :
 Correspondence between Government of India
 and Secretary of State *re* p. 425, p. 513,
 p. 399-407
- Correspondence between Government of India
 and local governments *re*, 1899-1900
 p. 361, p. 417-24
- Correspondence between Government of India
 and Chambers of Commerce *re*, 1899-1900
 p. 358, p. 383-8, p. 391-3, p. 416-7, p. 424
- Correspondence between Government of India
 and Presidency Banks, 1890, 1901, 1903, 1905
 p. 442-89, p. 362-9, p. 503-11, p. 388-90
- Correspondence between India Office and
 National Bank of India, Chartered Bank of
 India, Australia and Hong Kong, and
 Shanghai Banking Corporation and Mer-
 cantile Bank of India, 1904 p. 491-4
- Extract from Proceedings of Legislative
 Council, January 1900 p. 394-4
- Memorial to Government of India *re* p. 382-3
- Resolution of Government of India, August
 1878 p. 383
- Speech of the Hon. Mr. Dawkins *re*, 1899
 p. 358-61

PRIVATE TRADE :

- net Exports of merchandise and treasure from
 1st April to 31st March 1871-72 to 1912-13
 p. 107
- Foreign trade from 1st November to 31st October
 1892-93 to 1911-12 p. 118
- Provincial Governments, grants to, and system of
 showing in annual Financial Statement of Govern-
 ment of India 57-89, 131-2

RAILWAYS :

- Borrowing for, question of floating loans in India
 525-6
- Capital received from, 1907-8 to 1913-14 p. 67-73
- Financial arrangements with companies and ex-
 planation of receipt of capital from 9-12
- Paid out of surplus revenues when possible 496-7
- Reduction of capital expenditure, anticipated
 effect p. 17
- Revenue, fluctuations and difficulty of estimating
 305-9
- Underspending 76, 133-4, 300-2, p. 10
- Use of profits on coinage of rupees for, *see* under
 Profits under Coinage under Rupees.
- Receipts, statistics from 1904-8 to 1913-14 p. 67-73
- Receipts and disbursements, explanation of items
 9-28

REMITTANCES :

- from India by gold instead of Council bills, dis-
 advantages p. 16-7
- to India, private, methods 114
- Selling of, by Government and question of making,
 in terms of gold 1202-3

ABRAHAM, LIONEL, C.B.—*continued*.

RESERVE TREASURIES :

- Amounts in, from 30th June 1910 to 31st March
 1912 p. 351
- Amounts in, 31st March 1912 p. 349
- Branch, letter from Government of India to
 Comptroller-General, December 1879 p. 36
- Correspondence between Government of India and
 Secretary of State *re*, 1874-75 p. 30-5
- Criticism *re* locking up of gold in, reply to
 1063-73
- Disadvantages to trade recognised and comparison
 with system in America and England 406-12
- Establishment :
 Effect of, on Presidency banks 45-6
- Resolution of Government of India, January
 1876, *re* p. 35-6
- Reasons for 33-7, p. 3
- Justification for, extract from Financial State-
 ment, 1889-90 p. 48-9
- Lending out of balances, difficulty, extract from
 Financial Statement, 1889-90 p. 49
- Letter of Upper India Chamber of Commerce,
 April 1900, *re* disastrous effect of locking up
 balances in p. 393-4
- System, open to criticism of upsetting money
 market but not to same extent as in America
 272-9
- Resource work in India, extremely well done 224

REVENUE :

- Disbursements chargeable to, 1907-8 to 1913-14
 p. 67-73
- Receipts, 1907-8 to 1913-14 p. 67-73
- net Revenue and expenditure of Government of
 India (excluding Provincial adjustments), 1909-10
 to 1913-14 p. 81
- Rothschild, A. de, statement before Indian Currency
 Committee of 1898 *re* Central Bank p. 340

RUPEES :

- Coinage :
 in Advance of requirements, proposals of
 Government of India, 26th April 1906 p. 138,
 p. 140-1
- 1900, proceedings p. 110
- Profits :
 usually Coined into rupees and explanation of
 system 887-900
- Credit of, to gold standard reserve :
 Correspondence between Government of
 India and Secretary of State *re*, 1900
 p. 109-14, p. 126-8
- Full amount due received with exception of
 amount received in connection with bills
 on London 898-8
- Letter from Madras Chamber of Commerce
re, 16th August 1907 p. 171-2
- no Loss would be involved in converting
 coinage profits into gold, as rupees would
 be held in suspense if exchange unfavour-
 able 677-8
- Use of, for public works, opinion of Govern-
 ment of India *re* 865-7
- Use of, for expenditure on railway rolling-
 stock, 1907 :
 Adequate amount was left in gold standard
 reserve 1077-9
- Attitude of Government of India 536-8,
 593-6
- Correspondence between Bombay Chamber
 of Commerce and Government of India
re, 1907 p. 160-3
- Correspondence between Government of
 India and Secretary of State *re* p. 159,
 p. 160, p. 163, p. 168-71, p. 175-8, p. 182
- Explanation of proceedings 584-5, 589-92
- Letters of Madras, Bengal, and Karachi
 Chambers of Commerce *re*, 1907 p. 171-5
- interim Report of Indian Railway Finance
 Committee (1907) *re* p. 156-7
- no Risk of over coinage with view to 971-2
- Telegrams between Secretary of State and
 Viceroy, 1907 p. 157-9
- Purchase of silver, *see* Silver, purchase of, for
 coinage, *below*.

ABRAHAM, LIONEL, C.B.—*continued.*RUPEES—*continued.*Coinage—*continued.*

| | |
|--|---------------------------|
| Question whether Committee of 1898 anticipated, to extent that has taken place | 880 |
| Regulation, method 606-8, 885-6, 893, 1008-15 | |
| Conversion into gold: | |
| no legal obligation | 656-7, 663-75, 1112, 1113 |
| Policy <i>re</i> | 948-50 |
| Supply of gold insufficient to replace all rupees, but no obligation on Government 368-76, 883-4 | |
| Decrease of reserve, 1912, and steps taken, and reason for not buying silver out of increased gold in Paper Currency reserve | 984-92 |
| Exchange at <i>ls. 4d.</i> not guaranteed and guarantee not advocated | 844-50, 854-5 |
| Government have no means of forcing rupees into circulation if not desired by public | 1014-5 |
| Importance of maintaining at <i>ls. 4d.</i> | 693-4 |
| as token coins | 673 |
| Unlimited legal tender | 684-8, 1111-2 |
| Variations in public demand | 608 |

SILVER, PURCHASE OF, FOR COINAGE:

| | |
|--|--|
| 1906, not in excess of real requirements | 830-2 |
| 1912, justification for | 11,507-13 |
| in Bombay, question of | 11,497-500 |
| Buying steadily in small quantities, considered, but objections to | 613, 11,494 |
| in India in the past | 11,501-2 |
| Methods of payment and question of increasing total currency | 974-93, 1001 |
| Regulation of, correspondence between Government of India and Secretary of State, 1912 | p. 197-8, p. 203 |
| Regulation of, and question as to effect of system on market | 609-12 |
| Request for, by Government of India, 1906, and reply by Secretary of State | p. 141, p. 142-3 |
| no Ring among the bullion dealers in London 11,500 | |
| Speculation not anticipated in future to great extent | 11,496 |
| Use of gold in paper currency reserve for, correspondence between Government of India and Secretary of State <i>re</i> | p. 110, p. 127, p. 153-4, p. 155-6, p. 160 |
| Silver token coin, exchange not affected by amount of, in circulation | 1274-7 |

SOVEREIGNS:

| | |
|---|------------------|
| Absorption by public, 1899-1900 to 1912-13, compared with absorption of rupees | 1032-4 |
| Demand for, increasing | 1142 |
| Difficulty in getting, exchanged less than in case of notes | 1265-6 |
| Encouragement by Government, question of, and comparison with encouragement of notes | 1260-7, 1290-8 |
| Exports from India on private account, September 1907 to December 1908 | p. 103 |
| Extent of use | p. 214 |
| Half-sovereigns: | |
| Believed to be not popular | 1177-80, 1278-82 |
| Import: | |
| Consideration of, by Government, formerly and reasons deciding against large imports | 1285-6 |
| by Exchange banks, but coins not popular | 1286-9 |
| Held in Government treasuries and reserves in India, diminution, September 1907 to December 1908 | p. 103 |
| Hoarding and melting down of, 1907-8 | 1132 |
| Imports, absorption by public and number held at end of year, 1909-10 to 1912-13 | p. 21 |
| Imports, exports, and absorption, 1901-2 to 1912-13 | p. 84 |
| Imports and exports, 1901-2 to 1912-13 | p. 213 |
| Issue of, to maintain exchange, at time of unfavourable trade balance, must be at rate of 15 to 1 | 952 |
| as legal tender | 556, p. 212 |
| Receipts and issues into and from Government treasuries and reserves, 1909-10 to 1912-13 | 618, p. 214 |

ABRAHAM, LIONEL, C.B.—*continued.*SOVEREIGNS—*continued.*

| | |
|---|---|
| Statement of imports and exports to or from India, amount held by Government and absorption by public, 1899-1900 to 1912-13 | p. 216 |
| Tendency to go in to paper currency reserve 1264 | |
| Unlimited legal tender | 1111-2 |
| State Bank, <i>see</i> Central or State Bank <i>above.</i> | |
| Sterling bills, rate of exchange in Calcutta, 1907-8, and question as to rate in future | 192-8 |
| Sterling reserve, no policy of accumulating high balances with view to building up | 265-70 |
| Taxation, net revenue, 1909-10 to 1913-14 | p. 81 |
| Trade, assistance by Government, extract from Financial Statement, 1889-90 | p. 48 |
| TREASURIES: | |
| District, holding of balances in, policy <i>re</i> , and statistics | 33, p. 1-2 |
| Gold held in, 1901-2 to 1912-13 | p. 85 |
| Large amount of money in, early in 1913 and question of reason | 230-8 |
| Reserve treasuries, <i>see that title.</i> | |
| Unfunded debt, <i>see under</i> Debt <i>above.</i> | |
| WESTLAND, THE HON. SIR JAMES, K.C.S.I.: | |
| Notes on the management of Government balances | p. 42-7, p. 53-7 |
| Proceedings of interview, 11th January 1899, between deputation from Bengal Chamber of Commerce and, <i>re</i> management of Government balances | p. 53-62 |
| Act to amend the Act for the Better Government of India, 22 & 23 Vict. c. 41, s. 3, <i>re</i> Government deposits in Bank of England, <i>Abrahams</i> | p. 354 |
| Act for the Better Government of India, 21 & 22 Vict., c. 166, s. 43, <i>re</i> Government deposits in Bank of England, <i>Abrahams</i> | p. 354 |
| Act of 1898, object of, <i>Newmarch</i> 1349-52, 1374, p. 221 | |
| Africa, increasing demand for silver, <i>Frewen</i> | 9573 |
| Agriculture: | |
| Agricultural land bank, unsuitability of, on ordinary lines, to India, <i>Keed</i> | 9924 |
| Agriculturists would probably be outside Indian money market | 166-7 |
| Central bank should assist, and suggestions, <i>Hunter</i> | 6799-804 |
| Need for financial system for encouragement of, and scheme, <i>Hamilton</i> | 2480-5, p. 524-6, p. 527 |
| high Rates of interest paid by small cultivators owing to being in hands of native moneylenders, <i>Hunter</i> | 6920-4 |
| State bank would not cater for cultivators now dependent on moneylenders, and encouragement of co-operative credit system advocated, <i>Toomey and Fraser</i> | 2621, p. 537 |
| Statistics, <i>Howard</i> | 1899-1900, 1909-16, p. 583 |
| Army expenditure, over-estimate, 1909-11, <i>Meston</i> | 9428 |
| Asia, effect of fall in exchange 1908, on trade with U.S.A., <i>Frewen</i> | 9519 (p. 30) |
| Australia: | |
| Purchase of sovereigns in transit from, against transfers, <i>see under</i> Council Bills and Telegraphic Transfers. | |
| Supply of sovereigns from, <i>Howard</i> | 8326-9 |
| BADOCK, WALTER, C.S.I. | 1837-2068, p. 309 |
| APPROVED BORROWERS' LIST: | |
| Firms on, list of | p. 315-6 |
| System, &c. | 1839-43, 1851-3, 1956-7, 2036-9, p. 209 |
| BALANCES IN LONDON (INDIA OFFICE): | |
| Arrangements with Bank of England, <i>see under</i> Bank of England <i>below.</i> | |
| Location of, 1912-13 | p. 319 |
| Statement showing, for each day in 1912-13 | p. 319-327 |
| BANK OF ENGLAND: | |
| Annual rates of charge made by, for issue and management of Indian debt, particulars <i>re</i> , &c. | 2054-68, p. 331 |
| Arrangements with, for issue of loans not made for any fixed period | 1918 |

BADOCK, WALTER, C.S.I.—*continued.*BANK OF ENGLAND—*continued.*

- Arrangement with, that balances each day should not fall below 500,000*l.*, but balance often more 1914-5, 2048-9, p. 319
- Day's notice required by, before heavy withdrawal, and failure of attempt to obtain concession 2025-8
- Remuneration to, attempts made to get rates reduced 1914-7, 2048-53
- Statement of payments to, for certain services, 1903-4 to 1912-13 2047, p. 329

BANK OF IRELAND:

- Annual rates of charge made by, for issue and management of Indian debt p. 331
- Statement of payments to, for certain services, 1903-4 to 1912-13 p. 239

DEPOSITS WITH BANKS IN ENGLAND:

- Banks represented on Council not in better position to obtain deposits, but their class of business better known 2011-2
- Interest realised from, gross and net amounts of, and brokers' commission, 1893-94 to 1912-13 p. 318
- Method of selecting banks 1906-8
- Names of banks 1967-9
- Other banks have applied since 1908 71
- Particulars *re* p. 312
- no Security received and explanation 1938-45, 1972-3
- Statement showing transactions for each day in 1912-13 p. 319-27
- a Temporary expedient 1909-11, 1944-5
- Two members of Council connected with banks, and possibility of hostile criticism was fully considered 1946-50

INDIA OFFICE:

Balances, *see under* Balances *above.*

Broker:

- Appointment, mode and period 1881-2
- Commission paid to, 1893-94 to 1912-13 1887, p. 318, p. 330
- India Office has first call on time of 1974
- Note by Lord Inchoape, *re* payment of 1887-8
- Payment, arrangements and justification for 1883-902, 1928-30, 1975-8, 1983-95, 2040-6, p. 311
- no Business can be placed before any Committee or before Council, and no member of Council can take part in business of any committee unless requested by or on behalf of Secretary of State 1955

Finance Committee:

- Chairman a city member for last 30 years, and present chairman appointed by Secretary of State 1944-7
- City members 1843
- a Committee of the Council 1849
- Composition, at discretion of Secretary of State, and mode not different from that in connection with any other committee 1951-3
- Delegation of powers to chairman or chairman and one or two others in some cases 1849-50
- Member of Council, term of appointment 1848
- Payments, memorandum on authority required for, and system of control p. 331-5
- Purchase of stores for India, system p. 331-2
- Statement showing balances and cash transactions for each day in 1912-13 p. 319-27

LENDING BY GOVERNMENT IN LONDON:

- Agreement for, copy p. 314-5
- Amount 1854-7, 1922, 1934-7, p. 309
- Audit 1903-4, p. 311
- Cases of failure to pay on due date 1912-3, 1998-2000, 2006-7, p. 312
- Instructions to broker p. 310-1
- Interest:
- Average rate of, in each month in 1910, 1911, 1912, 1913 (to 31st May), and bank rate during corresponding periods p. 328
- Close rate believed to be obtained 1965-6
- Protection against broker accepting wrong rate 1931, 1964

BADOCK, WALTER, C.S.I.—*continued.*LENDING BY GOVERNMENT IN LONDON—*continued.*Interest—*continued.*

- Rate from borrowers, on one day, almost universally the same 2030-2
- Responsibility rests with broker 1879-80, p. 311
- Interest, realised from, gross and net amounts of, and brokers' commission, 1893-94 to 1912-13 p. 318
- Maximum total amount usually able to be placed 2033-5, p. 312
- Method of payment of 1862, p. 311
- Money sometimes held over, to obtain better rate 2031
- at Par on Indian railway debentures 1923-5
- Period and system of fixing 1858-9, 1933, 1996-2000, 2005, p. 309-10
- Principle of placing, after provision for all special liabilities foreseen, rest distributed evenly over each business day 2014
- Procedure in case of failure of a borrower 2001-4, 2009-10
- Securities:
- Authorised for acceptance, list 1860-9, p. 310
- Increase, question of 1919-21
- India debentures, explanation 1980
- Letters to Bank of England and broker giving instructions *re*, 1893, 1913 p. 812-4
- Market more limited 2034-5
- Particulars *re*, on certain dates 1912, 1913 p. 317
- Reason for certain, being taken at par value and others at market value 1870-8, 1923-4, 1958-63, 1980-2
- Small amount sometimes remains unlent for short time 1855-6
- Statement showing transactions for each day in 1912-13 p. 319-27
- Timing of, to prevent public criticism of borrowing money to meet payments at higher rate than received from loans, question of 2013-24
- Baker, E. N., quoted, *Ross* p. 546, 3633
- Baker, Sir Edward, reduction of taxation by, *Meston* 9041
- Balances:
- Amalgamation with reserves not advocated, *Datta* p. 679-80
- AMOUNT OF:
- not Excessive, *Sundara Iyer* p. 632
- Extract from financial statement, 1889-90, *Abrahams* p. 48
- Fluctuations unavoidable and not much harm in, *Abrahams* 321-5
- too Large and in excess of those held by any British Government in any part of the world, *Webb* p. 550, p. 554
- Liability for Savings Bank balances should be considered, *Schuster* 11,050-2, 11,155
- Maximum of 10,000,000*l.*, 3,000,000*l.* in London and 7,000,000*l.* in India advocated, *Webb* 5064-85, 5096, 5309-12, 5452-6, 6032-5, p. 553-4, p. 554, p. 569
- More than normal amount advocated, *Chunilal* p. 765
- Question of (Westland), *Abrahams* p. 46
- Reduction by reducing taxation, budgetting for large deficits and suspending borrowing and investing in reproductive works advocated, *Webb* 4969-76, 5048-52, 5581-3, p. 551
- 10,000,000*l.* formerly, *Webb* 5075-8, 6031
- 10 or 12 millions, as combined in England and in India, not sufficient, *Schuster* 11,142
- Unnecessarily high of late, *Pandya* p. 635, 9594-8
- Year's prospective capital outlay on railways should be held in, *Schuster* 11,050
- Budget surpluses should not be hypothecated before passing of budget by the Imperial Legislative Council, *Reed* p. 666-7
- Charge against Secretary of State of having withdrawn funds from India for benefit of London based on confusion of currency with capital, *Ross* p. 543
- Close budgetting impossible and dangerous in India, *Howard* 8281-2
- CLOSING:
- in India and England on 31st March from 1893 to 1914, *Abrahams* p. 74-5

Balances—continued.**CLOSING—continued.**

Statistics and policy *re. Abrahams* p. 8-10, p. 67-73
Control of, should be in money markets and commercial centres, *Reid* - 7307-13, p. 572
Correspondence between Bombay Chamber of Commerce and Government of India *re* policy in dealing with, *Abrahams* - 1888-9, p. 36-41
Deposits with banks, *see that title.*

DISTRIBUTION :

between England and India :
Policy *re. Abrahams* - - - - - 80-5
Statistics, *Abrahams* - - - - - p. 1
in India, 1895-96, 1900-01, 1905-06, 1910-11, 1911-12, 1912-13, *Abrahams* - - - - - p. 76
among Treasuries in Provinces, system (Westland), *Abrahams* - - - - - p. 42-4
Extent of surplus in future, impossibility of estimating, *Abrahams* - - - - - 413-4
Government over-cautions in underestimating, but underestimating probably justified, *Smith* 8441-2

HIGH :

Causes, *Abrahams*, 55-79, 133-4, 293-304, p. 9 ;
Webb, 4961-8, 4977-84, 5042 ; *Howard*, 8123-52, p. 576-8 ; *Sundara Iyer*, p. 652 ; *Harrison*, 10,158-76 ; *Currie*, 10,485-8.

Cautious policy of Government justified, *Forrest* p. 698

serious Drain on resources of India, *Webb* p. 550-1, p. 554

Due to unusual circumstances and no complaint made, *Hunter* - - - - - 6364

Justification for, *Howard* 8156-9, 8167-8, 8280, p. 578-9

of Last three or four years, question of retention in India for use in money market not really considered, *Abrahams* - - - - - 419

1913, reduction budgetted for, *Neumarch* 1358-9
no Objection to, *Hamilton* - - - - - 2278-9

a Temporary phenomenon only, due to abnormal circumstances, *Sundara Iyer* - - - - - 8962-3, p. 631-2

Holding of, by Central Bank, *see under* Functions under Central or State Bank.

INCREASE :

During busiest months, and statistics, January—

April 1911, 1912, 1913, *Reid* - - - - - p. 571
from 31st March 1907 to 31st March 1913, *Webb* p. 550

Question of effect on money market, *Abrahams* 415-8

IN INDIA :**Amount :**

Increase from 8½ to 11 crores was fully considered, *Barrow* - - - - - 3172-4

Lower, not desirable, *Barrow* - - - - - 3051

Minimum, increase, and reasons, *Bhupendra Nath Mitra* - - - - - 4316

Minimum working balance, *Bhupendra Nath Mitra* - - - - - 4309-11, 4509-15

More than normal amount advocated, *Chunilal* p. 765

Normal amount and object of, *Abrahams* 225-7, 349-52

Question as to suitable amount, *Barrow* 3238-48

Reduction recently, *Ross* - - - - - 3840-2

Smaller in proportion to volume of business than formerly, *Bhupendra Nath Mitra* 4326-8

12½ millions on 31st March, explanation of system, *Bhupendra Nath Mitra* 4309-11, 4508

19 millions, 31st March 1910, explanation, *Bhupendra Nath Mitra* - - - - - 4337-8

Distribution, *Bhupendra Nath Mitra* - 4311-4, 4498, 4505-7

High :

Abnormally high since 1908-9, *Meston* - 9026
Causes, *Barrow*, 3041-5 ; *Ross*, 3582-5, 3708-9, 3737-8 ; *Meston*, 9025-38, 9161, 9195.

not Deliberate, *Meston* - - - - - 9025

Lending out of, *see* Lending by Government in India.

Multiplication of branches of Presidency Banks would not enable decrease of, *Bhupendra Nath Mitra* - - - - - 4334

Balances—continued.**IN INDIA—continued.**

Normal, except in 1913, *Smith* - - - - - p. 613

Resource work in India, work extremely well done, *Abrahams* - - - - - 2-4

Review of, procedure, *Bhupendra Nath Mitra* 4315

Transfer from revenue to capital expenditure might be governed by less rigid principles (Bengal Chamber of Commerce), *McLeod* 7247, p. 604

Treasuries worked with minimum amount compatible with proper discharge of functions, *Harrison* - - - - - 10,182-3

Lending by Government, *see that title.*

LOCATION :

see also District Treasuries, Presidency Banks, and Reserve Treasuries.

in India :

and Administration by Government of India, advocated, *Reed* - - - - - p. 616

Advocated, except for minimum amount required by Secretary of State, *Pandya* 9601-3, 9621, 9629, p. 635, p. 638-9

and Government policy *re. Abrahams* 31, p. 1-3

in London :

for Advantage of London market, reply to criticism, *Inchcape* - - - - - 10,748-51

Advantages of, and reply to criticism, *Schuster* 11,184-9

Desirable as resource against fall in exchange, *Neumarch* - - - - - 130-1

Desirable after Indian interests provided for, *Schuster* - - - - - 11,098-101

Justification for, *Howard* - - - - - p. 579-80

Necessity for retention of excessive balances in London not proved, *Ross* - 3581, 3829-30, p. 543

Objection to, *Reid* - - - - - p. 572

no Objection to methods, *Tomney and Fraser* 2565, p. 535

Question whether balances should belong primarily to India and surplus only should go to England, or *vice versa*, *Harrison* - 10,180-2

IN LONDON (INDIA OFFICE BALANCES) :

not Affected by gold standard and paper currency reserves, *Abrahams* - - - - - 109

Amount :

1912, *Dalal* - - - - - p. 684

Higher than in India, *Pandya* - - - - - p. 635

Present, *Currie* - - - - - 10,483-4, 10,588

Reduction :

Desired, *Harrison* - - - - - 10,104

Impossibility for period 1909-10 to 1913-14, *Abrahams* - - - - - p. 16

would be Possible if Government stores were purchased and paid for in India and proposal approved, *Webb* - - - - - 5295-301

Provided for in budget estimates from 1909-10 to 1913-14, *Abrahams* - - - - - p. 19-20

2 millions at least should be with Bank of England in current account, and remainder lent for short periods on securities, preferably to Indian Exchange Banks, *Sassoon David* p. 715

4 millions advocated as maximum, *Dalal* - p. 684

5-7 millions advocated, *Sassoon David* - p. 715

Unnecessarily large floating balances undesirable, *Graham* - - - - - 4898-905

Arrangement with Bank of England, *see under* Bank of England.

Deposits with banks, *see that title.*

Expenditure and policy of, approved, *Webb* 5245-60, 5648, 5659-63

High :

Abnormally high 1910, 1911, 1912, but not deliberately accumulated for convenience of London money market, &c., *Smith* - p. 612

British prestige and influences in India injured by, *Webb* - - - - - p. 564

Causes, *Abrahams*, p. 20-1 ; *Bhupendra Nath Mitra*, 4378-85, 4495-7.

Estimated for in 1911-12 and 1912-13, *Barrow*, 3043-5

Balances—continued.**IN LONDON (INDIA OFFICE BALANCES)—continued.****High—continued.**

- no Policy of retaining balance greatly in excess of requirements, *Abrahams* - 347-8, p. 19-21
- Possible mode of employment under a State Bank system, *Abrahams* - 11,553-7
- Public criticism of extract from "Times." *Abrahams* - p. 19
- Unnecessary, and criticism of policy, *Webb* 4961, 5018-22, 5041-8, p. 550
- good Use made of, *Meston* - 9158-60
- Interest, statistics, *Abrahams* - p. 14
- Keeping of large balances in London necessary, *Currie* - p. 669
- might have been Kept down by paying off India bills and not raising loans until surplus absorbed, *McRobert* - p. 547
- Lending out of, see Lending by Government in England.
- Location of, *Abrahams*, 51-4, 197, p. 7-8; *Budock*, p. 319.
- Monthly statement should be published, *Dalal* p. 684
- no Objection to, as plenty of money left in India, *Hunter* - 6336
- Opening and closing, 1909-10 to 1913-14, *Abrahams* p. 83
- Policy re, *Abrahams* - 50, 107-8, 148-56, p. 7-8
- Public confidence in official management of India's currency and finances weakened, *Webb* 6223-9, p. 564
- Purchase of bank bills as mode of investing through Bank of England, objections to proposal, *Schuster* - 11,090-4
- Statement showing, for each day in 1912-13, *Budock* - p. 319-27
- Statistics, 1906-7 to 1910-11, *Sundara Iyer* p. 631
- Statistics, 31st March 1908 to 31st March 1912, *Webb* - p. 551
- Use of, in 1913, *Currie* - 10,588-90
- could not have been Used advantageously in India, *Bhupendra Nath Mitra* - 4375

MANAGEMENT:

- no Criticism, *Toomey and Fraser*, 2565, p. 536; *Reid*, 7363.
- Criticism, *Harrison* - 10,193
- no Divergence of interests between England and India in dealing with, *Schuster* - 11,170-8
- Influenced by financial interests in England, *Pandya* p. 636, p. 642
- Notes on, by Sir James Westland, *Abrahams* p. 42-7, p. 53-7
- no Serious criticism of, except in 1910, 1911, and 1912, *Smith* - 8439
- Subordination of Indian interests to London monetary interests, *Chunital* - p. 768
1912. India bills paid off in, might have been paid off earlier, *Smith* - 8440, p. 612-3
- Opening, 1907-8 to 1913-14, *Abrahams* - p. 67-73
- Policy re, *Abrahams* - 148-59
- Policy approved, *McLeod*, 6998-9, 7087-8, 7217-9; *Dunbar*, 7356-7.
- Policy re, approved, but alternative of borrowing more largely for development works, *Le Marchant* 7828-36
- should be Put at disposal of market (English or Indian) must in need of relief, *Hunter* - p. 592
- Reduction of amounts borrowed, or discharge of temporary debt might have been possible earlier, *Howard* - 8126, 8158-9, p. 577
- Remittances, see that title.
- Statistics of, and of amounts held in reserve in other treasuries, 1886-7 and 1887-8 (Westland), *Abrahams* - p. 45
- Sums already allocated and placed at disposal of Provincial Governments included in statements of, and question of altering form of statement, *Abrahams*, 57-69, 131-2; *Bhupendra Nath Mitra*, 4431-7.
- Surplus should be used for development of railways and irrigation works, *Chunital* - p. 765
- Surplus over prescribed working balance and budgetted demands of Secretary of State, should be automatically released for lightening of money market, *Reed* - 9904

Balances—continued.

- present System not entirely satisfactory, Indian market not given full advantage of, *Meston* 9226-30
- System of borrowing for reproductive capital works instead of using, and criticism of, *Webb* - p. 553
- Transfer from India to England, method, *Abrahams* p. 11
- Use of, for paying off debt (other than temporary), objection to, *Howard* - p. 578-9
- USE OF, FOR PURPOSES OF TRADE:
- see also Lending by Government.
- Methods (Westland), *Abrahams* - p. 46-7
- Note by Sir J. Westland, on management of Government balances, re difficulties, 1899, *Abrahams* - p. 53-7
- should be Used for education, sanitation, &c., and reproductive works to be carried out by borrowing, *Reed*, 9896-901, p. 666-7; *Dalal*, 11,360-71, 11,420-4.
- Whole of, not held at disposal of Secretary of State, 1912-13, *Abrahams* - 426-7

Bank of England:

- Arrangement with, that balances each day should not fall below 500,000L., but balance often more, *Abrahams*, 51; *Budock*, 1914-5, 2048-9, p. 319.
- Arrangements with, for issue of loans not made for any fixed period, *Budock* - 1918

CHARGES:

- Annual rates of, for issue and management of Indian debt, particulars re, &c., *Budock* 2054-68, p. 331

for Currency notes:

- Excessive rates paid for some years, *Abrahams* 11,662
- High, but attempt being made to obtain reduction, *Budock*, 2048-53; *Currie* 10,521-2.
- High, and attempts constantly made to obtain reduction, *Schuster* - 11,095-7
- not Low, but not considered unreasonable, *Currie* 10,519-21
- Day's notices required by, before heavy withdrawal, and failure of attempt to obtain concession, *Budock* 2025-8

- "Export corner" in sovereigns, *Dalal* - p. 678
- Investment, securities, and investment in trade bills or advances to traders would not be considered, *Cole* - 3438-44

Lending through, see under Lending by Government in England.

- Purchase of bank bills through, for investment of home balances, objection to proposal, *Schuster* 11,090-4
- Question of, as central bank for United Kingdom, *Schuster* - 11,018, 11,023-7, 11,143-8
- Relations with India Office friendly, apart from recent incidents, *Cole* - 3374, 3512-8
- Remuneration to, and attempts made to get rates reduced, *Budock* - 1914-7, 2048-53
- Statement of payments to, for certain services, 1903-4 to 1912-3, *Budock* - 2047, p. 329
- Statutory enactments regarding account of the Secretary of State in Council at, *Abrahams* - p. 354
- Transfers, stock receipt not accepted as evidence without seeing transfer book and procedure might be simplified, *Scott* - 2088, 2144
- Verbal arrangement with, re purchase of silver and subsequent misunderstanding, *Schuster* 11,076-7

Bank of France:

- Bullion in, 1863-76, *Sundara Iyer* - p. 622
- Operations, &c., *Ross* - 3688, p. 545
- State bank, if established, should be on lines of, *Currie* - 10,579, note

Bank of Ireland:

- Annual rates of charge made by, for issue and management of Indian debt, *Budock* - p. 331
- Statement of payments to, for certain services, 1903-4 to 1912-3, *Budock* - p. 329

Bank Rate in India:

- 6 per cent. for steady borrowers all the year round, *Smith* - p. 614
- 7 per cent. should not be exceeded at the worst, *McRobert* - 4118-9
- 7 or 8 per cent. the normal figures, *Smith* 8494-5
- 9 per cent. only in 1906 and 1908 for a few weeks, *Dunbar* - 7374

Bank Rate in India—continued.

- Advantages to be derived by preventing high rates periodically, *Abrahams* 390-7
 Average, not immoderately high, *Reid*, p. 571: *Inchape*, 10,913, 10,967-74
 Complaint, no ground for, taking whole year round, *Smith* 8468
 few Complaints, *Toomey* 2854-7
 Connection between high rate and Government revenue collecting season, *Abrahams* 398-404
 Cultivators' money market has no connection with, *Sundara Iyer* 8969-71
 Decrease of differences, if achieved by Central Bank, would be an advantage, *Smith* 8645
 Differs in different Presidencies sometimes, *Smith* 8639-44, 8800-1, p. 613
 no Difficulty experienced in borrowing money on good security, *Inchape* 10,982-3
 Fluctuations, caused by inelasticity of currency accentuated by withdrawal of sums by Government, *Hunter* p. 594
High:
 Causes, *Hunter* 6624-32
 Injurious to trade, *Reid* p. 571
 High seasonal rate, decrease would be advantageous, *Inchape* 10,913-50
 Lending by Government would bring rate down, *Smith* 8648-9
 Moderate, for accommodation spread over whole year, but difficulty of busy season, *Reid* 9918-21
 not Necessarily test of condition of market, *Meston* 9220
 Number of borrowers, broadly speaking, dependent on trade not on, *Dunbar* 7992-8, 8003-4

Bank Rate in London:

- High, question of effect on private remittances from India, *Webb* 6184-203
 Importance as regards Indian trade, *Hunter* 6615-21, 6967-9

Banking business by Government, question of, *Abrahams*, 101-6, 118; *Newmarch*, 1622-3.

Banking Business in India:

- not Carried out by Government except savings bank, *Schuster* 11,917
 Development of, would be advantageous, *Le Marchant* 7852-3
 Defect, no provision made for financing agriculture and need for, *Hamilton* 2480-5, pp. 524-6, 527
 Tendency towards concentration in seaports, *Dunbar* 7949, 8053

Banks, British:

- Deposits with, *see that title*.
 Percentage of cash in hand to deposits 1902, p. 471

Banks in India:

- Capital and reserve, 1890-1911, *Pandya* p. 658
 Clearing house figures:
 1890-1911, *Pandya* p. 658
 1907-12, *Howard* p. 581
 Creation of State Bank would affect, adversely, *Pandya* p. 643
 Danger of multiplication of so-called banks that are only pawnshops, and restriction desirable, *McRobert* 4125, 4304-6
 more Decentralisation needed, *Sundara Iyer* 8898-9
Deposits:
 Higher rate on, up country, question of, *Smith* 8673-80
 Increase, and question in case of banking crisis, *Toomey and Fraser* 2872-912
 People prefer joint stock banks as rates better, *Smith* 8626-8
 Private, 1890-1911, *Pandya* p. 658
Exchange Banks, *see that title*.
 Failure, bad effect on depositors, *Smith* 8597-600
 Government inspection, no good bank would be afraid of, *Smith* 8601
 Government should exercise greater control over so-called banks and moneylenders, *Sundara Iyer* 8904-5
 Government should keep minimum balance with approved banks, *Pandya* p. 636
 Inadequacy of present banking facilities, *Chundal* p. 768

Banks in India—continued.

- Joint Stock Banks, *see that title*.
 Loans to mercantile firms, rate, *Ross* 3701-2
 Loans to, *see Lending by Government in India*.
"MUSHROOM" BANKS:
 Continuance, under legislative supervision, advocated, *Smith* 8668, 8728-32, p. 614
Deposits:
 New sources tapped by, *Smith* 8665
 Rate on, *Smith* 8668
 Depositors, classes, *Smith* 8663-4
 Growth of, and danger from, *Smith* 8664-4, p. 613-4
 Memorandum re. 8th April 1912, *Smith* p. 618-9
 Operate all over the country, *Smith* 8625
 State Bank would not supply place of, *Smith* 8626
 Use of money, *Smith* 8666-7
 New, holding of funds in liquid form, *Pandya* 9810-9
 Presidency, *see Presidency Banks*.
 Rediscounting of bills of exchange would be convenient, *Pandya* 9817-9
 Reserves, form in which preferred, *Smith* 8617-23
 Savings Banks, *see that title*.

Barbour, Sir David:

- Evidence before Gold and Silver Commission re attracting of silver from hoards, quoted, *Freuen* 9519 (p. 32)
 in Favour of 10 rupee piece, *Harrison* 10,329

BARROW, O. T., C.S.I. 3039 3348

BALANCES:

- in England, high balances estimated for in 1911-12 and 1912-13 3043-5
 in India:
 Amount, question as to suitable amount 3233-48
 High, causes 3041-5
 Increase from 8½ to 11 crores was fully considered 8172-4
 Lower, not desirable 3051

EXCHANGE:

- Crisis of 1907-8, should not be taken as example of severest strain probable 3274
 Gold in circulation not of much importance for maintenance of 3074, 3271-3
 Gold in hoards would not give support in crisis 3075

GOLD

- excessive import into India should be checked 3077
 Issue in exchange for silver, people desire to receive gold in England 3289-95

GOLD CURRENCY:

- Encouragement not desirable 3072-3, 3092-7
 Impossibility of estimating how much would go into currency and how much as ornaments or into hoards 3094
 10 Rupee piece, question as to whether demand for gold would be increased 3279-88

GOLD MINT:

- for Coinage of sovereigns unnecessary and impracticability as regards supply of bullion 3091
 Might be tried if special coin introduced, but introduction not advocated 3091-3

GOLD STANDARD RESERVE:

- Amalgamation with Paper Currency reserve not advocated 3151-3, 3158-66
Form:
 Gold in England, actual gold ideally preferable to securities, and, in any case, short-dated securities preferred 3102-8
 Silver, need for 3078-9
 Investment, distinction between investment of paper currency reserve and 3080-1
 Location in London of greater portion, approved and reasons 3098-100, 3115-20
Subsidiary Branch in India (silver):
 Approved 3101-2
 might be Done away with, with power to make temporary investments of paper currency reserve 3080, 3196-7
 Exchange of, for gold in paper currency reserve, difficulty 3078-9, 3087-90
 Lending from, not desirable 3052-4, 325

BARROW, O. T., C.S.I.—continued.

India from certain point of view as debtor country
3096-7, 3109-14

LENDING BY GOVERNMENT IN INDIA:

Objection to, that amount of balances available would be uncertain, but advantages might possibly outweigh . . . 3047, 3254-6, 3267, 3313-24
Practicable to small extent, but not advocated from balances and reasons . . . 3046-7, 3051-2, 3257-67
Rates obtained for Council bills might be reduced . . . 3048-50, 3266

NOTES:

Circle system, largely abolished in effect, but abolition not advocated for very high notes . . . 3201-13
Encouragement important . . . 3214-8
Increasing use of . . . 3069
Obligation to pay notes in rupees, or gold if wished by Government, but demand likely to be for rupees . . . 3082-6
Places at which notes encashable might be extended, and question of . . . 3066-72, 3215-22, 3249-52, 3328-43

PAPER CURRENCY RESERVE:

Advances from, to Presidency Banks on temporary security, as part of investment, scheme . . . 3055-65, 3080, 3124-50, 3154-7, 3179-92, 3196-200, 3268-70, 3325-7
Amalgamation with gold standard reserve not advocated and reasons . . . 3151-3, 3153-66
Composition approved on the whole . . . 3077
Gold:
Accumulation, impossibility of preventing . . . 3077
Exchange of, for silver in gold standard reserve, difficulty . . . 3078-9, 3087-90
Keeping of certain amount in England desirable . . . 3066, 3162
Investment:
Distinction between investment of gold standard reserve and . . . 3080-1
Power to invest certain percentage of circulation instead of fixed sum advocated . . . 3055-7, 3139
Temporary investments in London, scheme, . . . 3080, 3179-86, 3198-201
Location, approved . . . 3076
Run on, might occur . . . 3164-6

PRESIDENCY BANKS, NEW BRANCHES:

Dropped in a few cases as not paying . . . 3300
Opened wherever possible, and minimum balances given in certain cases by Government, and question of extending system . . . 3175-8, 3301-9
Trade, balance in favour of India . . . 3111-3
Transfers between Presidency towns and up-country, business would be better run by bank officials than by Government officers . . . 3310-2

TREASURIES, SUB:

Extension of banking facilities in place of, desirable if practicable . . . 3296-9
Principles on which amount of coin at, regulated . . . 3223-32
Probably necessary . . . 3168-74

Bengal, Bank of:

see also Presidency Banks.

Abstract statement of working of, 1856 to 1898 . . . p. 376-7

Advances to natives and Europeans, proportion and criticism, *Pandya* . . . 3828-48, p. 644
Assistance of co-operative societies, *Dunbar* . . . 7965
Auditing, criticism and suggestion, *Pandya* . . . p. 648-9
Balance, reduction, by transfer to Reserve treasury, letter from Comptroller General, September 1878 . . . p. 379

BRANCHES:

no Difficulty in dealing with people of different interests, over wide areas, &c., *McRobert*, 4122-4; *Dunbar*, 7952-4.
Maintenance of currency chests by, *Bhupendra Nath Mitra* . . . 4726
Cash receipts and disbursements at head offices and branches, four weeks ended 28th June 1913 . . . p. 724

Bengal, Bank of—continued.

Correspondence with Government of India re relaxing restrictions on banks, *Abrahams* . . . p. 365-82, p. 444-8, p. 455-7, p. 472-9, p. 480-5, p. 488, p. 501-6

Criticism of, *Pandya* . . . p. 664-62

DEPOSITS:

More money obtained than can be used, *Dunbar* . . . 8087-91, 9111-2
Rate of interest, and reduction as too much obtained, *Dunbar* . . . 7950-1, 7984-90
Statistics, 1868-72 . . . p. 434
Mr. Dickson's report to directors of, re amalgamation of Presidency banks, *Abrahams* . . . p. 369-75

DIRECTORATE:

Method of appointment and few attendances of shareholders, *Pandya* . . . 9860-4
Particulars re, and criticisms, *Pandya* . . . p. 649-51
Discounting of bills at branches, *Dunbar* . . . 8050-1
Extract from letter to Bengal Chamber of Commerce, November 1902, re increase in amount of rupee and notes held by native investors, *Newmarch* . . . p. 269-70
Extract from report for half year ending 30 June 1860 . . . p. 379

GOVERNMENT DEPOSITS:

1872-1912, and percentage to other deposits and cash, *Reed* . . . 10,032
1908-9 to 1912-3 . . . p. 705
Difficulty in 1863 and 1874 re withdrawal, *Abrahams*, 133: 4, p. 3; *Bhupendra Nath Mitra*, 4365.
Head offices, transactions, 1912-3, *Gauntlett* . . . p. 732
Issue of Government paper by, *Dunbar* . . . 7966-7
Letter from Government of India, August 1878, to Comptroller General re terms of agreement with, *Abrahams* . . . p. 379-80
Letters, 1904 and 1908, re increase of invested portion of paper currency reserve, *Newmarch* . . . p. 267-70, p. 277
Letter to Royal Commission, 10th June 1913 . . . p. 596
Liabilities and assets, 1890, 1891, 1892, 1910, 1911, 1912, *Abrahams* . . . p. 78

MINIMUM DISCOUNT RATES:

1879-80 to 1889-90 . . . p. 394
1901 to 1913, *Abrahams* . . . p. 86
Percentage of cash to liabilities, 1893-1912, *Pandya* . . . p. 658
Relations with exchange banks, *Meston* . . . 9303
Scheme of 1867 for Central Bank, *Abrahams* . . . p. 339-40

SHAREHOLDERS:

few Attendances, *Pandya* . . . 9861-4, p. 647, p. 648
Number of Asiatics and Europeans, criticism and suggestions, *Pandya* . . . p. 646-7
Statement of affairs of, for week ending 28th November 1899 . . . p. 378
Transactions, 1912-13, *Gauntlett* . . . p. 738
Volume of transactions for a week during periods of heavy receipts, heavy payments and normal period, *Gauntlett* . . . p. 740

Bengal Chamber of Commerce:

Extract from letter from Bank of Bengal, November 1902, re increase in amount of rupee paper held by native investors, *Newmarch* . . . p. 269-70
Letters, 1904 and 1908, re proposed increase of invested portion of paper currency reserve, *Newmarch* . . . p. 271, p. 281-2
Letters to Government of India, 1899 and 1900, re relaxing restrictions on Presidency banks, &c., *Abrahams* . . . p. 358, p. 384-6, p. 422-4
Letter re proposal to use half profit on coinage for railway purposes, 6 September 1907, *Abrahams* . . . p. 172-4
Letter from Government of India, 1907, re silver branch of Gold Standard Reserve . . . p. 708-9
Letter to Royal Commission, 28 May 1913, *McLeod* . . . p. 601-7
Balances in India, transfers from revenue to capital expenditure might be governed by less rigid principles . . . p. 604
Central or State Bank, central control, location difficulty . . . p. 606

Bengal Chamber of Commerce—continued.

Letter to Royal Commission—continued.

- Council Bills and Telegraphic Transfers :
- Advantages of system p. 603-4
 - Sale in excess of requirements, approved and not antagonistic to interests of India p. 603
 - Deposits with bankers in London, not objected to and continuance advocated p. 604, p. 607
 - Exchange, fixing of, prosperity of trade since p. 602
 - Gold Mint :
 - not Advocated at present, but if established sovereigns should be coined p. 604-5, p. 606, p. 607
 - Local supply of bullion doubtful p. 606
 - Gold Standard Reserve :
 - Gold, amount :
 - 5,000,000*l.* at least advocated 7137-9, p. 603
 - no Limits should be fixed, and coinage profits should continue to be added to p. 603, p. 607
 - Location in London advocated p. 602-3
 - Securities, approved p. 603, p. 607
 - Sovereigns, use increasing in Northern India, Bombay, and part of Madras p. 605
 - Letter from Upper India Chamber of Commerce, April 1890, *Abrahams* p. 393-4
 - Proceedings of interview, 11 January 1899, between deputation from, and the Hon. Sir J. Westland, on question of management of Government balances, *Abrahams* p. 58-62
 - Report of Finance Sub-Committee in favour of Government loans to Presidency Banks during seasons of stringency at less than bank rate, *Abrahams* p. 51-2
 - Bengal Government, correspondence with, from Government of India, 1899-1900, *re* relaxing restrictions on Presidency Banks, *Abrahams* p. 361, p. 422-4
 - Bengal, North Western Railway Company, letter to Upper India Chamber of Commerce, April, 1890 p. 394
 - Best & Co., Messrs., letter *re* receipt of gold bullion and coin at mints, 1899 p. 743-4

BHUPENDRA NATH MITRA, C.I.E. - 4307-4868. App. XLII.**BALANCES :**

- in England :
 - High, causes 4378-95, 4495-7
 - could not have been Used advantageously in India 4375

in India :

- Amount :
 - 12½ millions on 31st March, explanation of system 4309-11, 4508
 - 19 millions, 31st March 1913, explanation 4337-8
 - Minimum working balance 4309-11, 4509-15
 - Distribution 4311-4, 4498, 4505-7
 - Minimum, increase and reasons 4316
 - Multiplication of branches of Presidency Banks would not enable decrease of 4315
 - Review of, procedure 4315
 - Smaller in proportion to volume of business than formerly 4326-8
- Sums already allocated and placed at disposal of Provincial Governments included in statements of, and question of altering form of statement 4431-7

Bengal, Bank of, Government deposits, difficulty in 1863 *re* withdrawal 4365

Bombay, Bank of, Government deposits, difficulty in 1874 *re* withdrawal 4365

BUDGET ESTIMATES :

- Based on normal harvest 4426, 4443
- Preparation, procedure 4410-20, 4481-96
- Shortening of time taken, impossibility 4469-70

BUDGET YEAR :

- October to September, question of, and possible advantages 4459-68, 4474-5, 4530-43
- November to October, estimating would be somewhat easier 4427-30
- Central or State Bank, to relieve Government of responsibilities as regards currency and banking would be possible 4738

BHUPENDRA NATH MITRA, C.I.E.—continued.**COUNCIL BILLS AND TRANSFERS :**

- Purchase by Government of India against gold standard reserve, question of 4800-8
- Sale :
 - Estimate, no earmarking in advance for capital payments in England 4554-8
 - in Excess of requirements, practice of, and benefit to Government and trade from 4526
 - Maximum indicated by Government of India, up to which Secretary of State acts on own initiative 4339-40, 4552-8
 - Secretary of State must sell from April to December to provide for requirements and consequent impossibility of sticking out for 1*s.* 4*d.* 4603-3
- Currency Chest, object of 4832-3
- Exchange Banks, Government approached by local branches, 1907, for loans, but Council bills preferred by head offices 4546

EXCHANGE :

- Gold issued in India in times of difficulty supports 4659-63, 4765-81
- Risk of large amount of rupees in circulation at time of crisis and advantages of increased gold currency instead 4673-87
- Famine Insurance Fund, correspondence between Government of India and Secretary of State, 1901-4, referred to 4311

GOLD :

- Effort made by Government, 1900 to 1907, to push gold into circulation 4762-4
- Import continues even in time of crisis 4840-51
- Issue :
 - in Crisis, no distinction should be made between issue for circulation and for remittances 4844-52
 - 1907-8, discussion in Government of India *re*, and policy 4834-42
 - 1908, largely at Presidency towns and some up-country 4819-21
 - to Public at time of crisis, desirable 4822-5
 - of Sums over 10,000*l.* reported to Comptroller General 4943
 - Supply of, extra-legal facilities 4750-1, 4754-5

GOLD CURRENCY :

- Encouragement desirable 4672-7, 4776-81
- Encouragement by Government, steps taken 4754-5

GOLD MINT IN INDIA :

- Advocated, and reasons 4664-6
- Charge for refining would have to be made, but not seigniorage 4669-70
- Coining of sovereigns advocated 4714-6
- Gold would probably come from boards in future, in times of stringency 471
- Local gold would be obtained for coining 4666-8, 4786-8
- a Necessity almost 4782-5
- Supply of gold to, would depend on price 4717-9

GOLD STANDARD RESERVE :

- Amalgamation with Paper Currency Reserve, objections to 4692-6
- Amount :
 - Experience of crisis of 1907-8 not adequate 4702-8
 - Not less than 25 millions advocated 4698

- Drawing against, by Secretary of State, 1910 and 1911, circumstances 4810-8
- Functions :
 - Supply of gold to India 4659
 - to Support exchange and (through silver branch) to supply rupees in exchange for gold when abnormal demand for rupees 4639-51
- Gold in London, 5 millions hardly sufficient 4697-700
- Main branch in London, reason for location, considered in interests of India 4652-3, 4853-9, 4867
- Statutory regulations not advocated at present 4709

- Subsidiary branch in India, object of, to supply rupees in exchange for gold when abnormal demand for rupees 4639-51, 4691

BHUPENDRA NATH MITRA, C.I.E.—continued.
 Hoards, gold gradually displacing silver in . . . 4672
LENDING BY GOVERNMENT IN INDIA :
 Amount available for, question of . . . 4508-19
 Demand, question as to extent of . . . 4372
 Objection of Secretary of State to . . . 4614-5
 Loans issued by Government in England, consultation between Government of India and Secretary of State *re*, before opening of financial year, and more frequent communications might be desirable . . . 4386-99, 4476-80, 4594-6, 4616-28
LOANS ISSUED BY GOVERNMENT IN INDIA :
 Class taking shares in, in India . . . 4440
 Extension of, not possible in expert opinion without reducing market price of rupee paper . . . 4400-3
 to Fullest possible extent . . . 4355
 Increase of, in course of year, inconvenience of . . . 4597-602
 Policy of Indian Government to raise as much as possible in India, and reason . . . 4404-6, 4441-2
 Securities, question of . . . 4455-8
 Temporary debts, objection to raising money on . . . 4456-8
 Total amount of rupee loans outstanding held in India and in London respectively . . . 4438-9
NOTES :
 Encashment, extra legal facilities and question as to possibility of extending to sub-treasuries . . . 4741-9
 the Ideal currency . . . 4674-8
 issued in large parcels through banks, &c. . . 4721-3
PAPER CURRENCY RESERVE :
 Assistance of trade from, preferable to loans from Treasury balances . . . 4354-7, 4583-5
 Fiduciary issues :
 Assistance of trade from, preferable to loans to banks . . . 4636-8, 4830-1
 Increase would be possible without inconvenience . . . 4631-5
 Gold in India, main function of, to supply gold to public . . . 4690
 Kept separate from cash balances . . . 4827-9
 Transfer of balances between treasuries and . . . 4321, 4329-30, 4446-50
PRESIDENCY BANKS :
 Branches :
 Balances, Government surplus transferred to reserve treasury when above certain amount . . . 4360-4
 Currency chest usually taken over by Bank of Bengal, but not by Bank of Bombay . . . 4726-31
 Difficulty of starting, without Government assistance, but no assistance to sub-agencies . . . 4559-62
 Government balances, statement of, 1910-11, 1911-12, 1912-13 . . . p. 723
 Guaranteed minimum Government balance, working of 4335-6, 4451-4, 4316-25, 4499-504
 Multiplication of, would not enable working with lower balances . . . 4334
 Transfer between currency chest and, system . . . 4732-40
 Government Balances :
 in Excess of fixed minimum . . . 4358-9
 Retention of, above certain sum on payment of interest possible, but no case of charging interest known . . . 4588-93
 Statement of, 1910-11, 1911-12, 1912-13 p. 723
 Withdrawal, question as to possibility of difficulty . . . 4366-7, 4587
 Loans to :
 Attitude of Government *re*, in 1899 . . . 4579-82
 below Bank rate advocated . . . 4349-50
 Demand not great . . . 4586
 possible Effect on sale of Council bills . . . 4341-5, 4376-7, 4568-78
 Experiment considered worth trying . . . 4344
 Experiment should be confined to, at present . . . 4347, 4374
 Money may be locked up for which sudden and unforeseen demand may arise . . . 4341, 4563-7
 Needed between January and April . . . 4346
 Possibility of, at present, but no demand for last 5 or 6 years . . . 4348-9

BHUPENDRA NATH MITRA, C.I.E.—continued.
PRESIDENCY BANKS—continued.
 Loans to—*continued.*
 Securities should be taken and question as to nature of . . . 4348, 4351-2
 Undue dependence of trade on Government money would result . . . 4341, 4353-4
 Provincial Governments, sums allocated and placed at disposal of, included in statements of balances, and question of altering form of statement . . . 4431-7
 Railways, under-expenditure and reasons . . . 4380-4
RESERVE TREASURIES :
 Abolition and transfer of balances to Presidency banks not possible . . . 4373
 Bank rate probably higher in busy season owing to locking up of money in, but system justified . . . 4369-71
 Establishment, reasons . . . 4365-8
RUPEES :
 Difficulty owing to trade not getting required amount of, known . . . 4651
 Issue of gold for, legal undertaking not necessary at present . . . 4688, 4806-9
 Supply of, extra legal facilities . . . 4752-3
SILVER, PURCHASE OF, FOR COINAGE :
 1912, payment by sale of Council bills, suggestion made by Secretary of State . . . 4826
 Regulation, method . . . 4544-7
 Taxation, change, sanction of Secretary of State required, and all proposals submitted to, but does not generally take official initiative in proposing . . . 4548-51, 4629-30
 Trade, assistance from paper currency reserve, preferable to loans from Treasury balances . . . 4354-7, 4583-5
TREASURIES, DISTRICT :
 Currency chests at all surplus treasuries, and most deficit treasuries . . . 4724
 Encashment of notes possible at, if coin sufficient, but not possible at sub-treasuries, and question of . . . 4741-9
 no Official reports showing actual transactions . . . 4444
 Sub :
 no Currency chests as a rule . . . 4725
 Little money left in, as a rule, as sums withdrawn to district treasuries when large . . . 4761
 Transfers between . . . 4521-5
 Transfer of balances between paper currency reserve and . . . 4321, 4329-32, 4446-50
Bombay, Bank of :
see also Presidency Banks.
 Amount of bills falling due weekly from 4th May to 25th July 1902 and from 8th July to 3rd October 1903, and amount of deposits maturing . . . p. 467
 Assistance had to be promised, by Government, 1865, 1867, *Abrahams* . . . p. 3
 Attitude of shareholders, 1867, *re* proposed Central Bank, *Abrahams* . . . p. 346
 Branches, currency chests not taken over by, *Bhupendra Nath Mitra* . . . 4726-31
 Correspondence between Bombay Chamber of Commerce and Government of India *re* withdrawals from, 1888, *Abrahams* . . . p. 36-41
 Correspondence with Government of India *re* relaxing restrictions on banks, *Abrahams* . . . p. 388-90, p. 448-53, p. 460-7, p. 483-5, p. 488, p. 503-4, p. 506-10
 Daily percentage of cash to deposits, 1902, 1903 . . . p. 464
 Daily percentage of cash to liabilities, 1902, 1903 . . . p. 463
 Daily percentage of cash and public securities to liabilities, 1902 and 1903 . . . p. 465, p. 466
FAILURE :
 Causes, and question of Government directors, *Abrahams* . . . 11,562, 11,564, 11,573-5
 Steps taken by Secretary of State, *Abrahams* . . . 11,527, 11,562
 References, *Harrison* . . . 10,183

Bengal Chamber of Commerce—continued.
Letter to Royal Commission—continued.
 Council Bills and Telegraphic Transfers :
 Advantages of system p. 603-4
 Sale in excess of requirements, approved and not antagonistic to interests of India p. 603
 Deposits with bankers in London, not objected to and continuance advocated p. 604, p. 607
 Exchange, fixing of, prosperity of trade since p. 602
 Gold Mint :
 not Advocated at present, but if established sovereigns should be coined p. 604-5, p. 606, p. 607
 Local supply of bullion doubtful p. 606
 Gold Standard Reserve :
 Gold, amount :
 5,000,000L. at least advocated 7137-9, p. 603
 no Limits should be fixed, and coinage profits should continue to be added to p. 603, p. 607
 Location in London advocated p. 602-3
 Securities, approved p. 603, p. 607
 Sovereigns, use increasing in Northern India, Bombay, and part of Madras p. 605
 Letter from Upper India Chamber of Commerce, April 1899, *Abrahams* p. 393-4
 Proceedings of interview, 11 January 1899, between deputation from, and the Hon. Sir J. Westland, on question of management of Government balances, *Abrahams* p. 58-62
 Report of Finance Sub-Committee in favour of Government loans to Presidency Banks during seasons of stringency at less than bank rate, *Abrahams* p. 51-2
 Bengal Government, correspondence with, from Government of India, 1899-1900, re relaxing restrictions on Presidency Banks, *Abrahams* p. 361, p. 422-4
 Bengal, North Western Railway Company, letter to Upper India Chamber of Commerce, April, 1890 p. 394
 Best & Co., Messrs., letter re receipt of gold bullion and coin at mints, 1899 p. 743-4

BHUPENDRA NATH MITRA, C.I.E. - 4307-4868, App. XLII.

BALANCES :
 in England :
 High, causes 4378-95, 4495-7
 could not have been Used advantageously in India 4375
 in India :
 Amount :
 12½ millions on 31st March, explanation of system 4309-11, 4508
 19 millions, 31st March 1913, explanation 4337-8
 Minimum working balance 4309-11, 4509-15
 Distribution 4311-4, 4498, 4505-7
 Minimum, increase and reasons 4316
 Multiplication of branches of Presidency Banks would not enable decrease of 4315
 Review of, procedure 4315
 Smaller in proportion to volume of business than formerly 4326-8
 Sums already allocated and placed at disposal of Provincial Governments included in statements of, and question of altering form of statement 4431-7
 Bengal, Bank of, Government deposits, difficulty in 1863 re withdrawal 4365
 Bombay, Bank of, Government deposits, difficulty in 1874 re withdrawal 4365

BUDGET ESTIMATES :
 Based on normal harvest 4426, 4443
 Preparation, procedure 4410-20, 4481-96
 Shortening of time taken, impossibility 4469-70

BUDGET YEAR :
 October to September, question of, and possible advantages 4459-68, 4474-5, 4530-43
 November to October, estimating would be somewhat easier 4427-30
 Central or State Bank, to relieve Government of responsibilities as regards currency and banking would be possible 4738

BHUPENDRA NATH MITRA, C.I.E.—continued.
COUNCIL BILLS AND TRANSFERS :
 Purchase by Government of India against gold standard reserve, question of 4860-6
 Sale :
 Estimate, no earmarking in advance for capital payments in England 4554-6
 in Excess of requirements, practice of, and benefit to Government and trade from 4528
 Maximum indicated by Government of India, up to which Secretary of State acts on own initiative 4339-40, 4552-8
 Secretary of State must sell from April to December to provide for requirements and consequent impossibility of sticking out for 1s. 4d. 4603-8
 Currency Chest, object of 4832-3
 Exchange Banks, Government approached by local branches, 1907, for loans, but Council bills preferred by head offices 4546

EXCHANGE :
 Gold issued in India in times of difficulty supports 4659-63, 4765-51
 Risk of large amount of rupees in circulation at time of crisis and advantages of increased gold currency instead 4679-87
 Famine Insurance Fund, correspondence between Government of India and Secretary of State, 1901-4, referred to 4611

GOLD :
 Effort made by Government, 1900 to 1907, to push gold into circulation 4762-4
 Import continues even in time of crisis 4843-51
 Issue :
 in Crisis, no distinction should be made between issue for circulation and for remittances 4844-52
 1907-8, discussion in Government of India re, and policy 4834-42
 1908, largely at Presidency towns and some up-country 4819-21
 to Public at time of crisis, desirable 4822-5
 of Sums over 10,000L. reported to Comptroller General 4843
 Supply of, extra-legal facilities 4750-1, 4754-5

GOLD CURRENCY :
 Encouragement desirable 4672-7, 4776-81
 Encouragement by Government, steps taken 4754-5

GOLD MINT IN INDIA :
 Advocated, and reasons 4664-6
 Charge for refining would have to be made, but not seigniorage 4669-70
 Coining of sovereigns advocated 4714-6
 Gold would probably come from boards in future, in times of stringency 471
 Local gold would be obtained for coining 4668-8, 4786-8
 a Necessity almost 4782-5
 Supply of gold to, would depend on price 4717-9

GOLD STANDARD RESERVE :
 Amalgamation with Paper Currency Reserve, objections to 4692-6
 Amount :
 Experience of crisis of 1907-8 not adequate 4702-8
 Not less than 25 millions advocated 4698
 Drawing against, by Secretary of State, 1910 and 1911, circumstances 4810-8
 Functions :
 Supply of gold to India 4659
 to Support exchange and (through silver branch) to supply rupees in exchange for gold when abnormal demand for rupees 4638-51
 Gold in London, 5 millions hardly sufficient 4697-500
 Main branch in London, reason for location, considered in interests of India 4652-6, 4853-9, 4867
 Statutory regulations not advocated at present 4709
 Subsidiary branch in India, object of, to supply rupees in exchange for gold when abnormal demand for rupees 4639-51, 4691

BHUPENDRA NATH MITRA, C.I.E.—*continued.*

- Hearings, gold gradually displacing silver in - 4672
- LENDING BY GOVERNMENT IN INDIA :**
- Amount available for, question of - 4508-19
- Demand, question as to extent of - 4372
- Objection of Secretary of State to - 4614-5
- Loans issued by Government in England, consultation between Government of India and Secretary of State *re*, before opening of financial year, and more frequent communications might be desirable
4388-99, 4476-80, 4594-6, 4616-28
- LOANS ISSUED BY GOVERNMENT IN INDIA :**
- Class taking shares in, in India - 4440
- Extension of, not possible in expert opinion without reducing market price of rupee paper - 4400-3
- to Fullest possible extent - 4855
- Increase of, in course of year, inconvenience of
4597-602
- Policy of Indian Government to raise as much as possible in India, and reason - 4404-6, 4441-2
- Securities, question of - 4455-8
- Temporary debts, objection to raising money on
4456-8
- Total amount of rupee loans outstanding held in India and in London respectively - 4438-9

NOTES :

- Encashment, extra legal facilities and question as to possibility of extending to sub-treasuries
4741-9
- the Ideal currency - 4674-8
- Issued in large parcels through banks, &c. - 4721-3

PAPER CURRENCY RESERVE :

- Assistance of trade from, preferable to loans from Treasury balances - 4354-7, 4583-5
- Fiduciary issues :
- Assistance of trade from, preferable to loans to banks - 4636-8, 4830-1
- Increase would be possible without inconvenience
4631-5
- Gold in India, main function of, to supply gold to public - 4690
- Kept separate from cash balances - 4827-9
- Transfer of balances between treasuries and
4321, 4329-30, 4446-50

PRESIDENCY BANKS :

- Branches :**
- Balances, Government surplus transferred to reserve treasury when above certain amount
4360-4
- Currency chest usually taken over by Bank of Bengal, but not by Bank of Bombay - 4726-31
- Difficulty of starting, without Government assistance, but no assistance to sub-agencies
4559-62
- Government balances, statement of, 1910-11, 1911-12, 1912-13 - p. 723
- Guaranteed minimum Government balance, working of 4335-6, 4451-4, 4316-25, 4499-504
- Multiplication of, would not enable working with lower balances - 4334
- Transfer between currency chest and, system
4732-40
- Government Balances :**
- in Excess of fixed minimum - 4358-9
- Retention of, above certain sum on payment of interest possible, but no case of charging interest known - 4588-93
- Statement of, 1910-11, 1911-12, 1912-13 p. 723
- Withdrawal, question as to possibility of difficulty
4366-7, 4587
- Loans to :**
- Attitude of Government *re*, in 1899 - 4579-82
- below Bank rate advocated - 4349-50
- Demand not great - 4586
- possible Effect on sale of Council bills - 4341-5, 4376-7, 4568-78
- Experiment considered worth trying - 4344
- Experiment should be confined to, at present
4347, 4374
- Money may be locked up for which sudden and unforeseen demand may arise - 4341, 4563-7
- Needed between January and April - 4346
- Possibility of, at present, but no demand for last 5 or 6 years - 4348-9

BHUPENDRA NATH MITRA, C.I.E.—*continued.***PRESIDENCY BANKS—*continued.*****Loans to—*continued.***

- Securities should be taken and question as to nature of - 4343, 4351-2
- Undue dependence of trade on Government money would result - 4341, 4353-4
- Provincial Governments, sums allocated and placed at disposal of, included in statements of balances, and question of altering form of statement - 4431-7
- Railways, under-expenditure and reasons - 4380-4

RESERVE TREASURIES :

- Abolition and transfer of balances to Presidency banks not possible - 4373
- Bank rate probably higher in busy season owing to locking up of money in, but system justified
4369-71
- Establishment, reasons - 4365-8

RUPEES :

- Difficulty owing to trade not getting required amount of, known - 4651
- Issue of gold for, legal undertaking not necessary at present - 4688, 4806-9
- Supply of, extra legal facilities - 4752-3

SILVER, PURCHASE OF, FOR COINAGE :

- 1912, payment by sale of Council bills, suggestion made by Secretary of State - 4826
- Regulation, method - 4544-7
- Taxation, change, sanction of Secretary of State required, and all proposals submitted to, but does not generally take official initiative in proposing
4548-51, 4629-30

- Trade, assistance from paper currency reserve, preferable to loans from Treasury balances - 4354-7, 4583-5

TREASURIES, DISTRICT :

- Currency chests at all surplus treasuries, and most deficit treasuries - 4724
- Encashment of notes possible at, if coin sufficient, but not possible at sub-treasuries, and question of - 4741-9
- no Official reports showing actual transactions
4444

Sub :

- no Currency chests as a rule - 4725
- Little money left in, as a rule, as sums withdrawn to district treasuries when large - 4761
- Transfers between - 4521-5
- Transfer of balances between paper currency reserve and - 4321, 4329-32, 4446-50

Bombay, Bank of :*see also* Presidency Banks.

- Amount of bills falling due weekly from 4th May to 25th July 1902 and from 6th July to 3rd October 1903, and amount of deposits maturing - p. 467
- Assistance had to be promised, by Government, 1865, 1867, *Abrahams* - p. 3
- Attitude of shareholders, 1867, *re* proposed Central Bank, *Abrahams* - p. 346
- Branches, currency chests not taken over by, *Bhupendra Nath Mitra* - 4726-31
- Correspondence between Bombay Chamber of Commerce and Government of India *re* withdrawals from, 1888, *Abrahams* - p. 36-41
- Correspondence with Government of India *re* relaxing restrictions on banks, *Abrahams* - p. 388-90, p. 448-53, p. 460-7, p. 483-5, p. 488, p. 503-4, p. 506-10
- Daily percentage of cash to deposits, 1902, 1903
p. 464
- Daily percentage of cash to liabilities, 1902, 1903
p. 463
- Daily percentage of cash and public securities to liabilities, 1902 and 1903 - p. 465, p. 466
- FAILURE :**
- Causes, and question of Government directors, *Abrahams* - 11,562, 11,564, 11,573-5
- Steps taken by Secretary of State, *Abrahams*
11,527, 11,562
- References, *Harrison* - 10,183

Bombay, Bank of—continued.**GOVERNMENT DEPOSITS :**

- 1872-1912, and percentage to other deposits and cash, *Reed* 10,032
 1908-9 to 1912-3 p. 705
 Difficulty in 1863 and 1874 *re* withdrawal, *Abrahams*, 34-7, 125, p. 3, p. 31, p. 33; *Bhupendra Nath Mitra*, 4365.
 Head offices, transactions, 1912-3, *Gauntlett* - p. 732
 Letters, 1904 and 1908 *re* proposed increase of invested portion of paper currency reserve, *Newmarch* - p. 271, p. 277-8
 Letters, December 1908, suggesting extended use of small notes, *Newmarch* p. 277-8
 Liabilities and assets 1890, 1891, 1892, 1910, 1911, 1912, *Abrahams* p. 80
 Minimum rates of discount, 1901 to 1913, *Abrahams* p. 86
 Percentage of cash to liabilities, 1893-1912, *Pandya* p. 658
 Request by, for advances at 6 per cent., April 1899 (Westland), *Abrahams* p. 57
 Statement of cash receipts and advances at head offices and branches, February to May 1913 p. 725
 Transactions, 1912-3, *Gauntlett* p. 738
 Volume of transactions for a week during periods of heavy receipts, heavy payments, and normal period, *Gauntlett* p. 740

Bombay Chamber of Commerce :**CORRESPONDENCE WITH GOVERNMENT OF INDIA :**

- re* Policy of Government dealing with cash balances, 1888-9, *Abrahams* p. 36-41
re Relaxing restrictions on Presidency Banks, *Abrahams* p. 358, p. 386-8
re Use of profits on coinage for purchase of railway rolling stock, 1907, *Abrahams* p. 160-3
 Letters, 1904 and 1908, *re* proposed increase of invested portions of paper currency reserve, *Newmarch* p. 265-6, p. 279-80
 Bombay Central Co-operative Credit Societies Bank, objects of, and method of working, *Reed* 9924-5, 10,016-26

Bombay Government :

- Accountant-General, report to Government, December 1899, *re* relaxing restrictions in Presidency banks and forming Central Bank, *Abrahams* - p. 418-9
 Correspondence with Government of India, 1899-1900, *re* relaxing restrictions on Presidency banks, *Abrahams* p. 361, p. 417

Bombay Mint :

- Opening of, to free coinage of gold, *see* Gold Mint in India.
 Use of, for coinage of sovereigns, proposal by Government of India, but impracticability of, and objections by Treasury to the proposal as made, *Abrahams* 615-6
 Bonds, paying off, reason for, being more important than paying off bills, *Abrahams* 135-7
 Borrowing by Government, *see* Loans, issue of, by Government.
 British gold coin, *see* Sovereigns.
 Bryce, James Annan, opinion against lending out of balances in India quoted, *Newmarch* 1364-6
 Buchanan Gold Loan, 1908, *Frewen* 9538

Budget :

- Estimated and actual surplus in sterling, 1909-10 to 1912-13, *Thackersey* p. 717
 Making of statement after 1st October instead of month before, question of, *Meston* 9045-7, 9212-3
 Postponement of date of making statement, question of, *Abrahams* 11,679-84
SURPLUS :
 of 4 or 5 crores at the end of year would be satisfactory, *Meston* 9352-3
 Question of amount, *Meston* 9354-7
 Reserve fund suggested, *Thackersey* p. 717

Budget estimates :

- Based on normal harvest, *Bhupendra Nath Mitra*, 4426, 4443; *Meston*, 9041, 9370.

Budget estimates—continued.

- Budgetting for surplus objected to, *Pandya* 9622-7
 Caution in, and consequent under-estimating, explanation of circumstances, *Meston* 9039-42
 Caution due to vicissitudes of weather and to weak position of Finance Minister, *Harrison* 10,158, 10,177-9
 excessive Caution criticised, *Thackersey* p. 717
 Difficulty of estimating, *Abrahams*, 124, 234, 237, 309-18, p. 9-10; *McRobert*, 3926-8; *Meston*, 9043, 9370-6; *Pandya*, 9596-7.

PREPARATION :

- Communication between Government of India and Secretary of State, *Howard*, 8161; *Meston*, 9213; *Abrahams*, 11,550-1.
 Procedure, *Bhupendra Nath Mitra* 4410-20, 4481-96
 Shortening of time taken, impossibility, *Bhupendra Nath Mitra* 4469-70
 Secretary of State not misled by, or induced to borrow excessively by caution in estimating in India, *Howard* 8166
 Unnecessarily pessimistic of recent years, *Ross* 3583-4, 3709-20, p. 543

Budget year, change :

- Desirable, if possible, *Abrahams* 329-30
 Inconvenience of present year, *Fleetwood-Wilson* 11,465

JANUARY TO DECEMBER :

- would be Advantageous from budget point of view, but difficulties, *Abrahams* 234-9
 Suggested, and advantages, *Meston*, 9049-50, 9214-6, 9377-85; *Fleetwood-Wilson*, 11,465.
 November to October, estimating would be somewhat easier, *Bhupendra Nath Mitra* 4427-30

OCTOBER TO SEPTEMBER :

- possible Advantage, but careful consideration necessary, *Howard* 8153-5, 8382, 8386
 Advocated, *Chunilal* p. 764, p. 769
 Difficulties, and no advantage seen, and possible inconvenience to Government, *Meston* 9044-9, 9165-7, 9308-18, 9377
 no Insuperable difficulties that would outweigh advantages, *Howard* 8382-6
 Question of, and possible advantages, *Bhupendra Nath Mitra* 4459-68, 4471-5, 4530-43
 Question of impediment to Governor coming down to plains, *Howard* 8315
 Rough budget for six months suggested for transition stage, *Howard* 8273-7
 Question of advantage, *Webb* 5189-93
 Question from point of view of India office, Parliament, and issue of loans, *Abrahams* 11,520-2 to September or October, question of, *Abrahams* 326-8, 363

Bunnias :

- Connection with European money market in India, *Reid* 7425-8
 Rates paid and charged by, *Reid* 7427, 7431-2, 7542
 Burma Chamber of Commerce, *see* Rangoon.
 Burma Government, letter to, from Government of India, 1899, *re* relaxing restrictions on Presidency banks, *Abrahams* p. 361
 Capital account, short spending on, and steps being taken to prevent, *Abrahams* 296-9
 Capital not flowing freely from England to India, and question of reason, *Sundara Iyer* 8045-50, p. 620
 Capital receipts and disbursements, 1909-10 to 1913, *Abrahams* p. 14

Central or State Bank :

- Advantages not considered to outweigh disadvantages, *Webb* 6121
 certain Advantages of, but proposal not favoured, simple amalgamation of Presidency Banks preferred, *Ross* 3683-5, 3778-9, 3863-77, p. 544-5
 no Advantages seen, *Webb*, 5097-9, 5226; *Smith*, 8624; *Inchcape*, 10,862, 10,941; *Fleetwood-Wilson*, 11,439.
 possible Advantages, *Reed* 10,009, p. 668
 would be Advantageous if difficulties not insuperable, *Reed* 10,044-5

Central or State Bank—continued.

might be Advisable, but no definite knowledge possessed as to practicability, *Cole* - 3382-5, 3426
 Advocated, and advantages to be derived, *Abrahams*, p. 351-2, p. 357, 11,523; *Graham*, 4873, 4883, 4892, 4948; *Hunter*, 6492-5, 6538-44, 6656-75, 6825, p. 595; *Reid*, 7314-21, 7557-60, p. 572-3; *Dunbar*, 7945-6, 8027-32, 8113-6; *Chunilal*, p. 764, p. 768-9,
 not Advocated and not necessary, *Hamilton*, 2459;
Toomey, 2623; *McLeod*, 7037, 7096-7, 7202-3;
Smith, 8444-6, 8765-9, 8778-82, p. 597, p. 613-4,
 p. 617; *Sundara Iyer*, 8895; *Schuster*, 11,103-5;
Dalal, p. 685; *Farrat*, p. 698-9,
 not Advocated unless strong demand for in India,
Currie - 10,579 note
 Agriculture, &c., would be benefited, *Reid* - 7433,
 7511-6

AMALGAMATION OF PRESIDENCY BANKS:

Advantage in case of crisis, *Hunter* - 6069-75
 Advantages in opinion of Sir W. Meyer, *Meston*
 9148
 Advocated, *Ross*, 3778-9; *Hunter*, 6498, 6723;
Reid, 7322-4; *Dunbar*, 7960, 8117, p. 596,
 not Advocated, *McLeod* - 7098
 Difficulties, *Toomey and Fraser* - 2621-2, 2623-7
 Difficulties in opinion of Sir W. Meyer, *Meston* 9148
 Letter of Bank of Bombay re, December, *Abrahams*
 p. 390
 Letter of Bengal and Bombay Chamber of Com-
 merce re - p. 385-6, p. 387
 Minute by Mr. George Dickson re, 1867, *Abrahams*
 p. 369-75
 no Movement on part of banks or public demand
 for, heard of, *Hunter*, 6530-4, 6562-3; *Reid*,
 7429-30.
 Objections to, *Reid*, 10,012-3, 10,040; *Harrison*,
 10,332; *Pandya*, p. 642-3.
 Question as to whether position would be stronger
 than at present, *Smith* - 8733-58
 Speech of Sir H. Fowler re, January 1900, *Abrahams*
 p. 398-9
 would not be sufficient, *Abrahams* - 195
 Time not ripe for, *Dalal* - p. 685

AREA:

Difficulty owing to, *Abrahams*, 528; *Toomey*, 2624;
Cole, 3383, 3426, 3526-42; *McLeod*, 7038-44,
 7120-6, 7211-7, p. 597; (Bengal Chamber of
 Commerce), p. 606; *Sundara Iyer*, 8897-8, 9019;
Smith, 8447-53, 8639-62, 8661-2, 8775-7,
 8802-4, p. 613; *Schuster*, 11,018; *Fleetwood-
 Wilson*, 11,439; *Dalal*, p. 685; *Thackersey*,
 p. 718.
 no Difficulty anticipated, *Reid*, 7537-40; *Dunbar*,
 7952-5.
 Distinction in interests between different parts of
 India would not be a serious difficulty, *Ross*
 3777
 not an Insuperable difficulty, *Hunter*, 6565-7,
 6757-63; *Abrahams*, 11,538-9.
 Argument for, as means of lowering bank rate, not
 considered important, *Toomey and Fraser* 2847-57,
 2922-3
 Attitude of Bank of Bengal re, *Dunbar* 8023-5, 8062

ATTRACTING OF MONEY FROM BOARDS:

not Likely, *McLeod* - 7095
 Possibility of, *Hunter*, 1579-87; *Reid*, 7390,
 7490-4.
 Question of, *Graham*, 4885-8; *Webb*, 5287-8.
 Balance sheet, financial strength of India would be
 more apparent from, *Hunter* - 6850-2
 Bank of Bengal prepared to formulate scheme,
Dunbar - p. 586
 Banks would be inclined to carry more investments
 in balance sheets if there were central institutions
 where they could borrow on investments, *Hunter*
 6973

BRANCHES:

Less possible at first in some parts, *Reid* 7581-2
 should be Opened at places with head-quarters
 treasury, *Hunter* - p. 595
 Branch banks all over the country, opening of,
 contingent on establishment of, *Reid* - 7492-4,
 7575-82

Central or State Bank—continued.

CAPITAL:

Bringing of relation between capital and revenue
 of the three Presidency banks to same ratio, and
 offering shares to existing shareholders *pro rata*,
 20 per cent. only of new capital to be called up,
 proposal not objected to, *Hunter* - 6571-8
 Difficulty, *Schuster* - 11,917
 Dividends, question of rate, *Hunter* - 6959-61
 5 million pounds, paid up, should be maximum,
Dunbar - 7930-1, p. 596
 Increase would be necessary, to 10 millions sug-
 gested, and possibility of employing, *Hunter*
 6499, 6946-58, 6962-3, p. 595
 Increase would be desirable on amalgamation of
 Presidency banks, but unwillingness of banks to
 increase capital, *Abrahams* - p. 349-50
 Present capital in reserves of Presidency banks
 sufficient, *Reid* - 7325-6, 7339
 Question of, *Ross*, 3690-1, p. 545; *Pandya*, p. 652.
 Safer if much larger than respective capital of
 Presidency banks but willingness of banks to
 increase capital doubtful, *Abrahams* 99-100
 Shares:
 Taking up of, by Government, through silver
 branch of Gold Standard Reserve, suggestion,
Hunter - 6500-2, 6775-7, 6948-53
 Uncalled liability deprecated, *Hunter* 6516-8,
 6990-1
 Sterling preferred by Government of India, 1899-
 1901, but rupee considered now to be prefer-
 able, *Abrahams* - p. 350

CENTRAL BOARD:

Constitution and functions, &c., *Reid* 7462-71,
 7476, 7583-8
 possible Difficulties re, *Howard* - p. 581
 no Difficulty anticipated re directors, *Dunbar*
 8039-49
 Location:
 Bombay advocated, *Thackersey* - p. 718
 Calcutta advocated and approved, *Abrahams*,
 529-9a; *McRobert*, 4867; *McLeod*, 7116-9;
Reid, 7309-13; *Dunbar*, 7936-41, 7959,
 8054-60.
 Commercial centre, essential, *Reid* - 7447-9
 Delhi advocated, *Reid*, 10,014; *Fleetwood-Wilson*,
 11,439.
 Difficulty (Bengal Chamber of Commerce),
McLeod, p. 606; *Dalal*, p. 685.
 Local jealousies, should not be viewed with con-
 cern having regard to benefit to be conferred
 on all India by establishment of, *Reid* 7452-4
 in London, not favoured, *Hunter* - 6688-98
 Question, *Reid* - 7534-6
 Question of possibility of moving about, *Reid*
 7452-3, 7472-6
 Members, question as to possibility of obtaining,
Le Marchant - 7798-807
 Necessary, *Reid* - 7328-31
 Power of veto over local boards would be necessary,
Hunter - 6740-51
 must be Representative of whole country as far
 as possible, *Reid* - 7329-31
 Consideration advocated, *Graham* - 4872
 Consideration of question by a small Committee,
 suggestion, *Reid* - p. 668
 not Considered by Government of India in recent
 years and consultation of commercial opinion, &c.
 would be necessary before expressing opinion,
Meston - 9146
 Control, question of, *Pandya* - p. 652-3
 Correspondence between Secretary of State and
 Government of India, *Abrahams* p. 425, p. 438
 Correspondence between Government of India and
 Presidency Banks, Jan. 1901, and replies,
Abrahams - p. 442
 no general Demand for, known of, *Ross*, 3684, 3892;
Webb, 5204; *Smith*, 8465-7; *Meston*, 9344-51.
 no strong Demand for, in India, but advantages
 recognised, *Reid* - p. 668
 Deposits, prestige of Government might attract
 deposits, *McLeod* - 7200-10

Central or State Bank—*continued.*

Difficulties, and reasons against, *McRobert* 3960-2, 3966-9, 4213-6, 4274-5, p. 547-8
 Difficulties and disadvantages, *Abrahams*, p. 352-3; *McRobert*, 4274-5; *Le Marchant*, 7667, 7695-705; *Smith*, 8770-2.

DIRECTORS:

Difficulty *re*, *Forrest* p. 699
 Government should be strongly represented on board, *Dunbar* 7934, 7968-9
 Government should be represented, but majority would be representatives of shareholders, *Graham* 4879-80
 Strong directorate would be necessary, and question as to possibility of obtaining, *Le Marchant* 7791-7
 Disadvantages and difficulties, *Harrison* 10,331
 no Enthusiasm about, in India, *Dunbar* 8026
 no Enthusiasm about, personally, *Thackersey* p. 720
 if Established should be on lines of Bank of France, *Currie* 10,579 note

ESTABLISHMENT:

Correspondence between Secretary of State and Government of India *re*, 1899-1901, *Abrahams* p. 357-8
 Memorandum on proposals for, *Abrahams* p. 339-54
 Note by Mr. Hambro, *Abrahams* p. 357
 Question as to probability or not, *Abrahams* p. 353
 Estimated capital and reserve, liabilities, and special reserve, and comparison with Bank of England, Bank of France, and Imperial Bank of Germany, *Hunter* 6513, p. 559
 Exchange banks need not be unreasonably interfered with, *Abrahams* 11,561
 Existing interests must be safeguarded, *Ross* 3683, p. 544
 Expenditure in India Office would not be materially reduced by, *Holderness* 11,845-6
 Extension of scope of present banks preferable, and suggestions, *Thackersey* p. 718-9
 Finance Minister's position would be nearly untenable with, *Fleetwood-Wilson* 11,439

FUNCTIONS:

Advocated: .
 Assistance of agriculturists, suggestions, *Hunter* 6799-804
 Bankers to Government, *Dunbar* 8115
 Control of paper currency, *Hunter* p. 595
 Exchange business for exchange banks, *Hunter* 6522, 6525, 6789
 Exchange and banking work in London (Meyer), *Meston* 9148-9
 Exchange business and disposal of council bills subject to large degree of Government co-operation and control, *Abrahams* 18-20, 138-40, 160-1, 196, 230-2
 Holding of gold standard reserve, *Dunbar* 7961-2, 8115
 Holding of Government balances, *Abrahams*, p. 343; *Hunter*, 6505, 6513-5, 6845-8, p. 595; *Reid*, 7338, 7362; *Dunbar*, 7925, 7932-3.
 Initiation of coinage (Meyer), *Meston* 9148
 Lending to co-operative credit societies, within certain limits, *Hunter* 6538
 Lending out of balances by London branch, *Schuster* 11,017
 Lending of balances, *Abrahams*, 141, 145, 161; *Graham*, 4873-4; *Reid*, 7495-500, 7510-5.
 Management of currency, *Graham*, 4875; *Reid*, 7314.
 Management of greater part of balances (Meyer), *Meston* 9148
 Management of note issue, *Abrahams*, p. 343-6; *Ross*, 3694-8, 3731-2; *Dunbar*, 7926, 8006-8, 8115; *Meston*, 9148.
 Management of public debt, *Dunbar* 8115
 Paper Currency Reserve, *Meston* 9148
 Participation in sale of drafts on India, *Abrahams* p. 344
 Purchase of silver for coinage, *Graham*, 4943-5; *Meston*, 9148.
 Purchase of sterling bills to certain extent, but not general exchange business, *Dunbar* 7928-9

Central or State Bank—*continued.*FUNCTIONS—*continued.*Advocated—*continued.*

Sale of bills, and lending out of balances, *Hunter* 6508, 6509
 Sale of council drafts, but not dealing in exchange generally, *Graham*, 4876, 4889-91; *Reid*, 7335-6.
 Support of exchange as agent of Government, and profits to belong to Government, *Hunter* 6318-23, 6496-7, 6510-2

not Advocated:

Borrowing in London on security of investments, *Abrahams* p. 345
 Control of currency, *McRobert* p. 547
 Exchange business, *McRobert*, 3964, 4276-8, p. 548; *Smith*, p. 615; *Pandya*, p. 644; *Forrest*, p. 699.
 Gold standard reserve, but advice and assistance in management might be invited (Meyer), *Meston* 9148
 Maintenance of exchange, *Schuster* 11,017
 Management of gold standard reserve and gold coinage business, *Abrahams* 145, p. 345
 Management of paper currency, *Thackersey* p. 720
 Note issue, *Newmarch*, 1736-8; *McRobert*, 3963, 3970-7, p. 547; *Pandya*, 9780-2, p. 645; *Schuster*, 11,017; *Thackersey*, p. 720.
 Obligatory issue of gold for rupees, *Abrahams* p. 347
 Receipt of deposits on London, *Abrahams* p. 345
 Right to import silver for coinage free of duty and to share in profits, *Abrahams* p. 345
 Sale of Council bills, *Ross*, 3692-3, 3784, 3878-80; *McRobert*, 4276-8.
 Unlimited obligation to sell bills in London at fixed rate and without limit of amount to support exchange, *Abrahams* p. 345
 Discounting of hundis by, would be risky, *Toomey and Fraser* 2969
 Exchange business, impracticability, and objection to, would drive existing exchange banks off the field, *Toomey and Fraser* 2621-2, 2680-7
 General banking business throughout India, question of, *Graham* 4877
 Holding of Government balances, method of business and suggestions, *Abrahams* p. 346 7
 Management of currency, impracticability, *Toomey and Fraser* 2621-2, 2628-31, 2688-9
 Management of paper currency, suggestion *re* method of business, *Abrahams* p. 347
 Note issue:
 without Change in form of note, no objections to, *McRobert* 4133-6
 Circulation would decrease, notes would be distrusted even if Government guarantee continued, *Smith*, 8759-64; *Sundara Iyer*, 8896, 8897, 8976-9, 8993-8, 9006-12.
 would not Command same confidence as previous Government issue, *Smith* 8588-90, p. 617
 Government would be more efficient for encouraging, *Toomey and Fraser* 2963-9
 Government guarantee would have to remain on notes, *Reid* 7518-23
 Government would have to receive certain remuneration, *Hunter* 6764
 People might not favour, and facility of promoting quick circulation of notes would be less, *McLeod* 7231
 Question of, *McRobert*, 4268-73; *Dunbar*, 7966-7.
 Suspicion and distrust would be aroused, *Pandya* 9878-83
 Would not be better managed, *Smith* 8630-1
 Participation in sale of bills and transfers on India, suggestion *re* method of business, *Abrahams* p. 347
 Government audit, suggestion, *Hunter* 6717, 6736
 Government balances, weekly statement would be issued, *Dunbar* 8066-9
 Government control, desirable, and question as to extent, and responsibility, *Graham*, 4947; *Reid*, 7340-61, 7417-22, 7441-6, 7450-1, 7480-90, 7524-32, 7589-614; *Dunbar*, 7942-4, 8070-2; *Abrahams*, 11,562-5, 11,573-6.

Central or State Bank—*continued.*

Government directors, difficulty of position, *Schuster* 11,017
 Government representation would be necessary, and responsibility of, *Meston* 9151-7
 Government participation in profits, *Abrahams* p. 350
 Government representation on suggested but not essential, and responsibility would be largely left with Government, *Hunter* - 6322, 6503-5, 6521, 6535-7, 6716-22, 6769-70
 Government should be guided largely by advice of, as to when necessary to coin fresh rupees, *Hunter* 6526

Head Office, *see* Central Board *above.*

History of discussions *re*, *Abrahams* - p. 339-43
 Impossibility of, *Fleetwood-Wilson* - 11,439
 must be Independent of Government as regards day-to-day transactions, *Abrahams* - 11,548
 must be Indian institution and not under influence of London financiers, *Forrest* - p. 698
 Initiation by Government in England, question of, *Abrahams* 11,527-33
 Interest on Government deposits in shape of share of dividends, would be matter for discussion, *Abrahams* - 11,537-8
 Investment of assets, difficulty of, *Schuster* - 11,216
 Issue of debentures, question of, *Cole* - 3457-61
 Lending by Government of India from balances would meet one chief argument for, *Sassoon David* p. 716-7
 Letter from Bengal Government *re*, March 1900, *Abrahams* - p. 422-4
 Letter from Bombay Government to Government of India, February 1900, *Abrahams* - p. 417
 would be little service to cultivators, *Sundara Iyer* 9017-9

LOCAL BOARDS:

Advocated, *Graham*, 4881-2; *Reid*, 7327-34; *Dunbar*, 7935.
 Constitution, functions, &c., *Hunter*, 6725-56; *Reid*, 7455-61, 7476.
 Number, question of, *Reid* - 7477-9
 Local boards in London, Bombay and Madras with head office and central board in Calcutta advocated, *Hunter* 6503, 6519-21, 6568-70, 6683-98, p. 595
 Local jealousies, little importance attached to alleged difficulty from, *Abrahams* - 11,560

LONDON BRANCH (OFFICE):

Advocated, *Hunter*, 6778-9, 6825; *Reid*, 7337; *Dunbar*, 7927, 8115.
 Control question, *Hunter* - 6796-8
 Lending and borrowing by, suggestions, &c. *re*, and question as to interference with Exchange banks, *Hunter* - 6778-95
 competent Management and directorate would be difficult to find, *Schuster* - 11,017-8
 Methods of business, suggestions, *Abrahams* p. 345-7

Minute by Sir E. Law, January 1901, *Abrahams* p. 428-38

Nature of, would be a new departure absorbing Presidency banks, *Graham* - 4880
 Nucleus of, in Presidency banks, *Cole* - 3456-7
 Objections to, *Smith*, 8443; *Pandya*, 9748-50, 9772-87, p. 642-53; *Curria*, 10,579-80.
 Objections to, and banking monopoly would result, &c., *Toomey and Fraser* - 2621, 2623, 2679-89, 2809-31, 2921, p. 537-8

Opinion would depend on scheme, *Howard* 8265-8
 no Opinion to be expressed at present, *Sassoon David* p. 716

Opinions of Directors of Bank of England *re*, *Cole* 3379-81

would be out of touch with work of Indian Finance Department and London markets, *Fleetwood-Wilson* - 11,439
 as paying proposition, doubt *re*, *Ross* - 3688-91, p. 545

Permission to Presidency Banks to borrow in London might answer purpose, *Howard* - p. 581

Placing of deposits with danger of, *Schuster* - 11,216

POSITION:

Different from that of State Banks in other other countries, *Le Marchant* - 7736-61

Central or State Bank—*continued.*POSITION—*continued.*

would not be stronger for meeting crisis than Presidency banks, *McRobert* - 4131-2

Position of Secretary of State in case of establishment of, *Abrahams* - 11,551-2

Power to borrow in London advocated, and Exchange banks not likely to object with proper safeguards, *Hunter* - 6523-4

Provision for revision or termination of arrangements with Government of India would be necessary, *Abrahams* - p. 350

Purchasers of Council bills prefer dealing with Government through Bank of England, *Le Marchant* - 7715

Question of, *Newmarch*, 1694-6; *Le Marchant*, 7667; *Thackersey* p. 718.

Question as to advantage of, in case of banking crisis, *Toomey and Fraser* - 2872-912

Question of, from point of view of larger sums being placed with for lending purposes, *Toomey* 2832-46

Rates of interest in India would be decreased, *Dunbar* 7832

original Reason for, to assist Government in support of exchange policy, no longer of importance, *Le Marchant* - 7781-9

any Reasonable proposal would receive cordial and appreciative consideration, *Reed* - 10,047

Reduction of expenditure in Government of India's Department as result of, question, *Hunter* 6766-9

Relations with India Office, scheme, *Abrahams* p. 347-8

Relations of exchange banks with, question of, *Fraser* 2916-20

to Relieve Government of responsibilities as regards currency and banking would be possible, *Bhupendra Nath Mitra* - 4738

Report from Accountant-General, Bombay, to Government of Bombay, December 1899, *Abrahams* - p. 419

no Request for, from Indian Government, *Abrahams* 11,525-6

certain Restrictions would be necessary to prevent unfair competition with exchange banks, *Ross* 3683, p. 544

Risk of bank becoming another Government Department, *Le Marchant* - 7668, 7707

present Schemes very different from that contemplated in 1898, *Abrahams* - 11,536

Secretary of State and Government of India would not be entirely relieved of responsibility, *Le Marchant* - 7668, 7709-12

SHAREHOLDERS:

Opinion *re* influence of, *Abrahams* - 11,549

Question of advisability, *Meston* 9174-8; *Schuster*, 11,102-8.

State would have no real control, *Sundara Iyer* 8896-7

State Bank advocated, *Abrahams* - 11,546-7

must be State Bank with Government control and representation, *Reed* - 10,012-5, 10,046

some Treasuries would still have to be maintained, *Dunbar* - 7947-8

Chambers of Commerce, letters from Government of India, 1895 and 1904, *re* proposed increase of invested portion of paper currency reserve, and replies, *Newmarch* - p. 258-3, p. 261-7, p. 270, p. 277-83

Chartered Bank of India, Australia, and China:

Correspondence, 1900, with Secretary of State *re* receipt of Indian gold at Mint - p. 752-3

Correspondence, 1904, with Government of India *re* relaxing restrictions on Presidency Banks, *Abrahams* - p. 491-2, p. 497-8

Cheques:

should be able to be drawn and signed in the vernacular, *Dalul* - p. 676

not an important factor in Indian currency, *Newmarch* - 1770-1

Stamp duty, abolition advocated, *Dalul* - p. 676

USE OF:

in Business, particulars *re*, *McRobert* - 4106-11

will be confined to Presidency towns and little fear of note issue being curtailed by, *Ross* - 8881-3

Cheques—continued.

USE OF—continued.

- might be Extended, *Ross* 3675
will Gradually displace use of notes, *Chunilal* p. 764
- Increase, *Beid*, p. 574; *Reed*, 9991.
- Increase:
- Anticipated, *McRobert* 4071-2, p. 548
Desirable, and need for education of the people,
Dalal p. 677
- Chevalier*, Michel, reference 9519 (p. 33)

China :

- Trade with, statistics, *Newmarch* 1437, p. 289, p. 291
Trade, some fixity in exchange required by, *Freuen* 9573

CHUNILAL, D. SARAIYA, the late, late Managing Director of the Indian Specie Bank p. 763-9

BALANCES :

- More than normal amount should be held p. 765
Subordination of Indian interests to London monetary interests p. 768
Surplus, investment in development of railways and irrigation works suggested p. 765
Banking facilities, inadequacy of p. 768
Budget year, change to October or November advocated p. 764, p. 769
Central or State Bank advocated p. 764, p. 768-9
Cloth produced in Indian mills, abolition of duty advocated p. 765

COUNCIL BILLS, SALES :

- 1908-9 and 1911-2 p. 763
Criticism of proceedings p. 763-4, p. 766
to Meet home charges and immediate purchases of silver only, advocated p. 769
under 1s. 4d., disapproved p. 769
Currency, metallic, believed in, by workmen in India p. 764
if Education, primary, were free all over India and compulsory in some towns, solution of currency difficulties would be easier for Government p. 764

EXCHANGE :

- Coins, gold in circulation will not be useful for purposes of export p. 764
Support, gold in circulation will be useful p. 764
Gold currency, encouragement advocated p. 766, p. 769

GOLD MINT :

- Advocated p. 764, p. 766, p. 769
British sovereigns should be coined, if not Indian sovereign p. 766, p. 769
10 rupee piece no better than sovereign, and not advocated p. 764, p. 766

GOLD STANDARD RESERVE :

- Amount, no limit advocated p. 767
Diversion to any purpose but maintenance of exchange not approved p. 767
no Further investment in sterling and rupee securities advocated for 10 years p. 764

Gold :

- Liquid gold advocated, not securities p. 766, p. 767
Location in India, advocated p. 764, p. 766-7
Gold and gold securities, present amount p. 763
Returns, more interest taken in, during, last 5 years p. 765
Securities, gradual sale and shipment of proceeds to India in liquid gold, advocated p. 767
Silver, objected to p. 764, p. 767
Statutory regulations advocated p. 764
Government of India should be allowed greater freedom of action in purely local matters p. 768
Hoards, gold would not support exchange in crisis p. 764
India Office, Finance Committee, suggested reconstitution p. 768
Lending by Government in England, criticism p. 765

LENDING BY GOVERNMENT IN INDIA :

- Advocated p. 764, p. 765
Average bank rate will be lowered p. 765

CHUNILAL, D. SARAIYA—continued.

LENDING BY GOVERNMENT IN INDIA—continued.

- Increased demand for Government securities will result p. 763
Preference should be given to Presidency Banks on Security of Government paper, advocated p. 765, p. 789
- LOANS :
- annual Floating of larger rupee loan and popularisation advocated p. 789
Issue of sterling, by Government in England, none issued in 1913 p. 765

NOTES :

- Circle system should be abolished p. 764, p. 789
more Centres advocated p. 764, p. 789
free Circulation desired p. 764
Use of cheques will gradually displace use of p. 764
Universalisation of 1,000 and 10,000 rupee notes advocated p. 764, p. 769

PAPER CURRENCY RESERVE :

- Fiduciary portion, any increase should be invested in rupee paper p. 768
Gold, present amount p. 763
Gold in London not approved p. 764, p. 767
Lending from, not advocated p. 768
Returns, more interest taken in, during last 5 years p. 765
weekly Statement showing note circulation, reserves held in rupees and sovereigns and Indian securities, all held in India, advocated p. 767
Sterling securities, sale and transfer of gold to India advocated p. 767-8

PRESIDENCY BANKS :

- Access to London market advocated p. 764
Loans to, suggestion p. 769

RUPEES :

- no Fresh rupees should be coined except for actual requirements p. 769
Profits on coinage, diversion to railways, &c., not approved p. 764

SILVER, DUTY :

- Abolition advocated p. 765
Reduction to 5 per cent. advocated p. 764
Sovereigns, increase in circulation p. 768
Taxation, remission not recommended as a whole until sufficient sums spent on education and sanitation p. 765
Treasuries, placing of balances at disposal of trade through banks (preferably Presidency Banks), suggested p. 765, p. 769
Civil charges, over-estimate, 1910-11, *Meston* 3028
Cloth produced in Indian mills, abolition of duty advocated, *Chunilal* p. 765
Coin, total holding in India, 40-crores suggested, *Howard* p. 589

- Coinage, token, greater proportion of gold currency to, would be desirable, *Abrahams* 881-2

COLE, ALFRED CLAYTON 3344-3376

- Bank of England, relations with India Office friendly, apart from recent incidents 3374, 3512-8

CENTRAL OR STATE BANK :

- might be Advisable, but no definite knowledge possessed as to practicability 3382-5, 3428
possible Difficulty of working owing to area 3383, 3426, 3536-52
Issue of debentures, question of 3457-61
Nucleus of, in Presidency Banks 3456-7
Opinions of directors of Bank of England 3379-81
Currency business, very well done by Indian Government 3384
Deposits with London banks, security should be taken 3424-5

EXCHANGE :

- Business very well done by Indian Government 3384
Crisis, India should be prepared to carry its own burden in time of 3406, 3416
Gold in circulation of value for support of 3396-402, 3479-86

COLE, ALFRED CLAYTON—*continued.*

GOLD MINT:

- Amount of gold in circulation would not be affected by . . . 3392
 would Coin local gold and possibly gold from South Africa, gold would not be sent from London if coinage charge exceeded cost of freight, &c., of coined gold . . . 3389-91, 3437
 special Indian coin would not effect question of exchange as gold taken by weight . . . 3567-9
 not Objected to, but unnecessary as long as sovereigns used . . . 3388
 Sovereigns should be coined if mint were set up . . . 3393, 3565-6

GOLD STANDARD RESERVE:

- Accounts, wording of "cash . . . at short notice," objection to . . . 3412, 3499-506

Gold:

- Amount, opinion *re*, and five millions not considered sufficient . . . 3405-6, 3570-4
 Holding of reserve only in, would be advantageous in case of exchange crisis, but in that case profit on investment would be lost . . . 3519-35
 Portion accumulated for support of exchange should be held in England, not India . . . 3403-5, 3431-5, 3554-8
 not Taken into account in market calculations in London . . . 3411-2

Securities:

- not Objected to, with sufficient amount of gold . . . 3405-9
 Short-dated securities preferred, but others should not be definitely excluded . . . 3410
 not as Useful as gold in crisis . . . 3413
 Indian money market, no direct relations between London market and, but indirect relations . . . 3347

LENDING BY GOVERNMENT IN ENGLAND:

- Advantages and disadvantages . . . 3450-4
 below Bank rate . . . 3420-1
 Indian credit not damaged by . . . 3360
 Interest, too low sometimes from point of view of maintaining discount rate in London . . . 3348-9
 Objection to system, control of Bank of England over money market may be weakened by, and market rate lowered . . . 3348-59, 3372-3, 3427-30, 3463-78

Securities:

- Colonial securities, inclusion of, considered to be against interests of British Government . . . 3361
 Difficulty owing to large amount of money to be lent . . . 3423
 Other than those registered at Bank of England, question from point of view of Bank . . . 3507-9
 Taking of Indian at par value and British at market value considered bad business . . . 3361-5
 Temporary abstention from, might help rate . . . 3421-2

LOANS, ISSUE BY GOVERNMENT IN ENGLAND:

- Credit of India not declined relatively to that of other borrowers . . . 3371
 Loans, &c., too much under Government control, money would be more readily obtained if bigger facilities given for private enterprise in India . . . 3552
 if Money required on large scale, loan would have to be issued with fixed date for redemption . . . 3368-71, 3553
 Quotations for, kept down by knowledge that Government will continue to borrow annually . . . 3368

NOTES:

- Increasing circulation of . . . 3418
 Investment of, in trade bills, or advances to banks would not be considered in the case of the English paper currency system . . . 3438-40

PAPER CURRENCY RESERVE:

- Advances to banks for short terms, proposal not favoured . . . 3445-9

COLE, ALFRED CLAYTON—*continued.*PAPER CURRENCY RESERVE—*continued.*

- Increase of fiduciary issue would be approved if recognised that issue should be reduced if note issue decreased as it might if cheques largely introduced . . . 3418-9, 3487-96

SILVER, PURCHASE OF, FOR COINAGE:

- Payment with gold in paper currency reserve instead of from balances, 1912, question as to effect on London market . . . 3559-64
 Question as to possibility of buying regularly . . . 3376-8

- Sovereigns, loss from wear and tear should fall on India . . . 3388
 Collection of revenue, civil service and famine relief, and insurance expenditure, 1909-10 to 1913-4, *Abrahams* . . . p. 81
 Commercial undertakings, net revenue, 1909-10 to 1913-14, *Abrahams* . . . p. 81

Co-operative Credit System:

- Assistance of societies by Bank of Madras and Bank of Bengal, *Hunter*, 6588, 6926-7, 6974; *Dunbar*, 7965.
 Assistance of societies by joint stock banks, *Smith* . . . 8854-6, 8873
 "Co-operation in India," by S. H. Fremantle, *Hamilton* . . . p. 530-6
 Encouragement desirable, and suggestions, *Hamilton*, 2483-5, p. 524-8; *Toomey and Fraser*, 2621, p. 537; *McLeod*, 7045-9, 7096-7, p. 597; *Pandya*, p. 643-4.
 Extension of system and Government assistance desirable, *Sundara Iyer* . . . 3900-2, 4014-6
 Growing, *McRobert* . . . p. 548
 Money might be attracted out of hoards, *Fraser* . . . 2974
 Need for men to develop and scheme, *Hamilton* . . . 2484, p. 525, p. 528
 System, *Reed* . . . 10,017-26
 Tendency to attract money from hoards, *McRobert*, 4082; *McLeod*, 7047; *Raid*, p. 575.

Council Bills and Telegraphic Transfers:

- Advantage of system (Bengal Chamber of Commerce), *McLeod* . . . p. 603-4
 Amounts drawn on India from 1892-3 to 1912-3 with average rate of exchange, *Newmarch* . . . p. 227
 on Account of gold reserve standard, practice re crediting amount to reserve, *Abrahams* . . . 894-9, 935-9
 Amounts paid for, in first and second half of each financial year, 1894-5 to 1912-3, *Newmarch* . . . p. 233
 Basing of budget estimate on forecast of what Secretary of State can sell and Government can meet, and limitation of sales to amount of estimate, question of, and effect, *Abrahams* . . . p. 23-4
 Date of commencement and history of system, *Newmarch* . . . 1330, p. 217
 Definition of council bills, *Webb* . . . 5611-20, p. 569

DEMAND FOR:

- Causes of a decrease in, *Abrahams*, 289-92; *Newmarch*, p. 218.
 Dependent on activity of trade, and would decrease in case of no surplus of revenue over expenditure, *Newmarch* . . . 1446-7
 Reduction, 1913, *Newmarch* . . . p. 759
 Disbursements, 1907-8 to 1913-4, *Abrahams* . . . p. 67-75
 Drawn through currency, amount of currency gold held at home has not been excessive from point of view of Secretary of State's requirements, *Newmarch* . . . 1606-12
 Effect of, to restore to circulation currency abstracted, *Ross* . . . 3721-4
 Extension of system to Delhi and Karachi advocated, *Webb* . . . p. 557, p. 569
 Fixing budget estimate of at amount of home charges and actual sales at amount of estimate, impossibility, *Abrahams* . . . p. 22-3
 Gold point kept in touch with, *Newmarch* . . . 1494-500
 Management of, by Central Bank, *see under Functions under Central or State Bank.*
 Manipulation of Presidency Bank balances with view of forcing demand for, denial of . . . p. 41, p. 47

Council Bills and Telegraphic Transfers—continued.

| | |
|--|--|
| Market rate for, not undercut by Secretary of State. | |
| <i>Toomey</i> | 2828-7 |
| Meeting of, by withdrawal of rupees from gold standard reserve, correspondence between Government of India and Secretary of State, 1912-3, <i>Abrahams</i> | p. 204, p. 206 |
| Methods of meeting, <i>Abrahams</i> | 95, 580 |
| OBJECT OF : | |
| to Provide funds for Secretary of State's requirements now of secondary importance, <i>Hunter</i> | 6314, p. 591 |
| to Settle balance of trade and reduce movement of gold coin from Europe to India, <i>Hunter</i> | 6314-5, 6819-24, 6826-40, 6872-8, p. 591 |
| against Paper currency reserve, no fixed rate, <i>Abrahams</i> | 471-3 |
| Payment for purchase of silver by, see under Silver. | |
| Policy not adopted in interests of City of London instead of those of India, <i>Newmarch</i> | 1395, p. 223 |
| Policy different from that in any other country, as conditions different, <i>Newmarch</i> | 1428-30 |
| Portion of debt to India covered by, discharged by shipment of over-foreigns, <i>Newmarch</i> | p. 218-9 |
| PRICE : | |
| Fixed rate, not desirable, <i>Meston</i> | 9458 |
| Fixed rate of 1s. 4d. : | |
| should be Absolute minimum, <i>Hunter</i> | 6332-7 |
| advocated, <i>Hamilton</i> | 2411-3, 2477, 2538 |
| | 6589-610, 6883-9 |
| not Advocated, <i>Howard</i> | 8269-72, 8325-32 |
| Objection to, <i>Le Marchant</i> | 7720-4 |
| below Gold import point, see below Specie point below. | |
| 1s. 4d. only, or not below rate at which rupees can be procured from other sources, objection, <i>Ross</i> | 3780-2, p. 544 |
| below 1s. 4d. : | |
| Desirable sometimes, <i>Toomey and Fraser</i> | 2958 |
| Justification, <i>Abrahams</i> , 480-5; <i>Newmarch</i> , 1415. | |
| 1909-10, <i>Newmarch</i> | 1415-6 |
| Objected to, <i>Webb</i> , 5133, 5909-11; <i>Chundal</i> p. 769 | |
| not Objected to in certain circumstances, <i>Meston</i> | 9458-60 |
| Policy re, <i>Newmarch</i> | 1331-6 |
| Reply to criticism, <i>Howard</i> | 8273-2 |
| Sale of large amount at, opinion re, <i>Meston</i> | 9072-4 |
| below or above 1s. 4d., according to supply and demand, approved, <i>Le Marchant</i> | 7716-24 |
| over 1s. 4d., profit should be put into special reserve fund of sovereigns, and when rate less than 1s. 4d., fund should be drawn from, <i>McRobert</i> | 4000-3, p. 548 |
| 1s. 4d. : | |
| Gold not kept from circulation in India by, <i>Howard</i> | p. 585 |
| 1898-9, criticism, <i>Webb</i> | 5939-42, p. 555-6 |
| should be Minimum, <i>Webb</i> | 5261-74, p. 555-6 |
| Tends to keep gold from going to India, <i>McRobert</i> , p. 548; <i>Smith</i> , p. 616. | |
| Undertaking to sell without limit of amount at, <i>Abrahams</i> | 474-5 |
| 1s. 4d., 1900, objected to by Government of India, <i>Newmarch</i> | 1376, p. 221-2 |
| 1s. 4d. (bills) and 1s. 4½d. (transfers), when impossible sterling bills should be sold in India on London at 1s. 3½d. instead, <i>Hunter</i> | 6338-47, 6546-58, 6539-610, p. 591 |
| of Bills and transfers, comparison, <i>Newmarch</i> | p. 217 |
| Limitation, <i>Abrahams</i> | 113, 115, 485, p. 11 |
| Lower rates might be obtained if system of lending in India for purposes of trade were introduced, <i>Barrow</i> | 3048-50, 3266 |
| Minimum, <i>Newmarch</i> | 1341, 1449, p. 217 |
| Offer to sell transfers at 1s. 4½d., 1898, and subsequent withdrawal, 1900, <i>Newmarch</i> | 1369-70, p. 221-2 |
| Offer to sell freely at 1s. 4d. (bills) and 1s. 4½d. (transfers), 1904, <i>Newmarch</i> | 1448, p. 222 |
| Question as to connection with rate of exchange, <i>Toomey and Fraser</i> | 2628-47 |
| below inward Specie point, additions to silver currency by, procedure approved, <i>Howard</i> | 8361-5 |

Council Bills and Telegraphic Transfers—continued.

| | |
|---|---|
| PRICE—continued. | |
| above and below Specie point, effect on trade, <i>Webb</i> | 5593-602 |
| below Specie point : | |
| Against new coinage, objection to, <i>Ross</i> | 3616, |
| | 3783-93 |
| Approved, <i>Meston</i> | 8511-7 |
| Considerations affecting, <i>Newmarch</i> | 1341 |
| Objection to, <i>Webb</i> | 5555, p. 564 |
| Preference given to circulation of rupees, <i>Meston</i> | 8068 |
| Refusal, probable result, <i>Meston</i> | 9312-5 |
| Reply to criticism and explanation of advantages of system, <i>Newmarch</i> | 1501-3, p. 219 |
| Uniform price of a shade below import point (1s. 4½d.) advocated, <i>Webb</i> | 5118-59, 5175-87, 5483-544, 5623-6, 5603-4, 5683-9, 5943-69, p. 569 |
| Public satisfied with present system, <i>Abrahams</i> | 233 |
| Purchase by Government of India against gold standard reserve, question of, <i>Bhupendra Nath Mitra</i> | 4860-6 |
| PURCHASE OF SOVEREIGNS IN TRANSIT FROM EGYPT AND AUSTRALIA AGAINST TRANSFERS : | |
| Conditions, <i>Newmarch</i> | p. 230-1 |
| Particulars re, <i>Newmarch</i> | 1348-9, p. 218, p. 219 |
| Periods during which offer in force, <i>Newmarch</i> | 1635-7 |
| Terms largely taken advantage of, <i>Newmarch</i> | 1434-5 |
| Withdrawal of offer in August, 1910, <i>Newmarch</i> | 1436-42 |
| Purposes of system, <i>Abrahams</i> | 464-7 |
| Receipts, 1907-8 to 1913-4, <i>Abrahams</i> | p. 67-73 |
| Request by exchange banks for issue of telegraphic transfers, 1907, refusal, telegrams between Viceroy and Secretary of State, <i>Abrahams</i> | p. 164 |
| SALE : | |
| 1908-9 and 1911-2, <i>Chundal</i> | p. 763 |
| on Abolition or restriction to actual requirements of India Office, amount of gold shifted to India would increase on subsequent remittance home, <i>Hunter</i> | 6324-31 |
| Advantage of sale of transfers to relieve money stringency, <i>Newmarch</i> | 1510-24 |
| Advantages, <i>Forrest</i> | p. 638, p. 639 |
| on Any day of the week should be possible with properly constituted reserve, <i>Ross</i> | 3637, 3699, p. 547 |
| Allocation over year according to what might be convenient for Government and public desirable, <i>Graham</i> | 4896-7 |
| Balances released by, for benefit of public and internal trade reached through banks, <i>Ross</i> | 7246-90 |
| Bills and transfers sold and net imports of sovereigns on private account for each month 1911-2 and 1912-3, <i>Newmarch</i> | p. 238 |
| Bills drawn against Treasury and against currency reserve, allocation at time of sale, difficulty, <i>Newmarch</i> | 1473-7 |
| Bi-weekly, suggestion, <i>Sansoon David</i> | p. 716 |
| Cession when requirements of Secretary of State met, injurious effect on trade, <i>Newmarch</i> | p. 219-20 |
| Comparative table showing, for period October to March inclusive, 1911-2 and 1912-3, <i>Newmarch</i> | 1370, p. 237 |
| Comparison of budget estimates with actual drawings, and average rates of exchange, <i>Abrahams</i> , p. 29, p. 28; <i>Newmarch</i> , p. 232. | |
| Comparison of, 1909-10 to 1912-3, and estimated sales for 1913-4 with sales if regulated by any alternative methods, <i>Abrahams</i> | p. 15 |
| Consultation of Indian Government re, <i>Schuster</i> , 11,159-60, 11,195-8; <i>Abrahams</i> , 11,652-7. | |
| Criticism of system and proceedings, <i>Webb</i> , 5457-82, 5545-50, p. 554-7; <i>Chundal</i> , p. 763-4, p. 766. | |
| Date of commencement of practice, <i>Abrahams</i> | 140 |
| Defence of system, <i>Incheupe</i> | 10,748-51 |
| Differences between estimates and working results, <i>Newmarch</i> | 1478-89 |

Council Bills and Telegraphic Transfers—continued.

SALE—continued.

- Drain of wealth from India to England by popular belief in, *Reed* 9658
- possible Effect on, of loans to Presidency Banks
Bhupendra Nath Mitra 4341-6, 4376-7,
4568-78
- Effect on amount of money available in India.
Hunter 6387, 6676-9, 6964-6
- Effect on exchange, *Webb* * 5641-7
- Effect of fall in exchange on, *Newmarch* p. 224-5
- Effect on import of gold into India, *Abrahams*,
177-8, p. 21; *Newmarch*, 1459, 1591-6; *Toomey*,
2582-3.
- 1993-8, mismanagement of, *Webb* 5903-8, p. 555
- Estimate:
no Earmarking in advance for capital payments
in England, *Bhupendra Nath Mitra* 4554-6
should Separate drawings for home charges, for
capital outlay and discharge of debt, *Dalal*
p. 683
- Estimated, 1909-10 to 1913-14, and estimated
home charges, *Abrahams* p. 23
- in Excess of requirements:
Advantages, *Abrahams*, 468-70; *Hamilton*,
2546-52, p. 521-2; *Newmarch*, 1356-8, 1525-
43, 1565-87, p. 223; *Howard*, p. 580; *Smith*,
8805-11,
not Advocated, *Graham* 4912-5
- Amount of capital available in India not
reduced by, *Newmarch* 1355
- Approved and not antagonistic to interests of
India (Bengal Chamber of Commerce), *McLeod*
p. 603
- Approved as long as exchange near 1s. 4d.,
Furrest p. 699
- Cases of, since 1863-4, *Newmarch* 1331
- Continuance advocated, *McLeod* p. 597
- Convenience of trade and inconvenience of
accumulation of sovereigns in paper currency
reserve in India, the reasons for, *Newmarch*:
1504-9
- for Convenience of trade, alleged and criticism
of, *Pandya* 9604-20, 9648-62
- little Criticised, *Newmarch* p. 223
- should Depend chiefly on nature of trade demand
for currency, *Ross* p. 544
- Distinction between demands for revenue and
for capital purposes, *Newmarch* 1333-5
- Interference of system with foreign exchanges,
Webb 5639-40, p. 557
- Justification, *Newmarch* 1367-8, p. 220-1
- should be Kept within moderate limits, but no
definite rule advocated, *Fleetwood-Wilson*
11, 466
- not Objected to, to extent of full trade demand,
McLeod 7179-85, p. 598
- Objections to, *Webb*, 5100-15, 5155-9, 5302-4,
5457-8, 5653-9, p. 556; *Dalal*, 11, 352-9,
p. 682-4,
below 1s. 4d., see under Price above.
- Practice of, and benefit to Government and trade
from, *Bhupendra Nath Mitra* 4526
- Free, advantages of, and continuance advocated,
Abrahams p. 12, p. 18
- Free, and up to total demands of trade approved
as far as balances in India permit, but objection
to selling more, *Ross* 3586-7, 3615-6
- Free sale, question of amount of capital in India
being restricted by, *Newmarch* 1395-6, 1613-21
- Government should sell as many as trade will
take, *Hamilton* p. 548, p. 526
- Holding back of, in 1894 for certain rates, notifi-
cation issued after, and result, *Webb* 5605-10
- Intermediate or special:
Abolition advocated, *Dalal* p. 683
- Demand on following Wednesday not considered
to be affected by, *Newmarch* 1345
- Price, *Newmarch* 1342, 1344, p. 218
- System and advantages of, *Newmarch* 1342-3
- Invitation of tenders on Wednesdays and allot-
ment system, *Newmarch* p. 2178
- Issue of paper currency notes against gold held in
paper currency reserve in London, system and
advantages, *Newmarch* 1349-52, 1374, p. 221

Council Bills and Telegraphic Transfers—continued.

SALE—continued.

- without Limit when rate at maximum, but no
obligation before, *Newmarch* 1343
- Limitation of amount that can be issued by Secre-
tary of State, and steps taken to increase
amount, *Abrahams* p. 55
- at Low rate, 1909-10, question of competition
with gold, *Abrahams* 921-9
- Maximum indicated by Government of India, up
to which Secretary of State acts on own initia-
tive, *Bhupendra Nath Mitra* 4339-40, 4552-8
- to Meet home charges and sales connected with
currency, shown separately in accounts,
Newmarch 1469-73
- Meeting of, from Gold standard reserve, 1907-9,
Newmarch p. 224
- Method, *Abrahams* 488-98, p. 11-5
- not a Necessary factor of British Indian trade,
Webb p. 564
- Often more than once a week suggested, *McRobert*
3097-9, 4225
- Policy, *Abrahams* 169-70, 264-71, 331-46, 486-7,
537-41, 1005-7
- Price, see that title above.
- Published notice regarding, 1909, *Newmarch*
p. 228-9
- Receipts from 1st April to 31st October, and
1st January to 31st October, 1913 and 1912,
Newmarch p. 759-60
- Reduction of, and substitution of remittances by
shipment of gold, cost of, *Abrahams* p. 26-30
- Regulation:
Alternative methods, and effect of, *Abrahams*
p. 15-8 p. 22-5
- Difficulty, *Abrahams* p. 55-6
- not to Interfere unduly with flow of gold to India,
Abrahams 114-7
- Methods, and considerations, *Newmarch* 1392,
p. 218, p. 222-3
- Policy advocated, *Webb* p. 556-7
- Policy, correspondence between Secretary of
State and Government of India, 1912,
Abrahams p. 199, p. 201
- to Prevent closing balance of India Office from
exceeding 4,000,000l., question of, and effect,
Abrahams p. 24-5
- Proposal of Government of India and reply by
Secretary of State, 1909-10, *Abrahams* p. 185,
p. 187
- Remittances by, Jan.-Oct. 1912, 1913, *Newmarch*
p. 761
- to Replenish gold standard reserve, *Abrahams* 476-9
- Restriction:
not Advocated, *Currie*, 10, 563-6, p. 609; *Punjab*
Chamber of Commerce, p. 713.
- to Amount of home charges, question of, and
effect, *Abrahams* p. 23
- to Amount budgeted for:
Advocated, *Sassoon David* p. 716
- Advocated, with possibility of supplementary
budget in certain circumstances, *Reed*,
10, 035-7, 10, 107-12; *Dalal*, p. 683.
- Objection, *Newmarch* p. 219
- to Amount required to meet home charges and
purchase of silver, *Webb*, 5291-3, 5649-52,
5586, p. 569; *Chunilal*, p. 769.
- Disadvantages anticipated, *Abrahams* 179-80,
p. 12-3, p. 18
- during First half of financial year and free sale
during rest, at higher rate, question of and
difficulties, *Newmarch* 1481-91, p. 218-9
- to Secretary of State's requirements:
Desirable, *Meston* 9452-7
- Objection to, *Inchcape* 10, 752-5
- when Sum equivalent to home charges realised,
no more bills should be sold until proportion
of sovereigns in currency exceeded public
requirements, *Webb* 5160-73, p. 556
- Telegram from Viceroy to Secretary of State,
22nd January 1913, *Abrahams* p. 66
- against Rupees or notes in paper currency reserve
approved, *Forrest* p. 699

Council Bills and Telegraphic Transfers—continued.

SALE—continued.

- Secretary of State must sell from April to December to provide for requirements, and consequent impossibility of sticking out for *ls. id.*, *Bhupendra Nath Mitra* 4603-13
- Set programme of amount of bills to be allotted at each sale should be issued from time to time, *Dalal* p. 683
- against Silver coinage by auction, question of, *Ross* 3784-8
- Statistics, January, February, and March, 1913 and 1912, *Abrahams* 282-8
- so as to Stop import of gold into India objected to, *Pandya* 9646-62, p. 638
- Stoppage of, at present moment (July 1913) advocated, *Hunter* 6883-4
- Subsequent submission of account of, to Finance Committee, Council and Secretary of State, *Newmarch* 1346-7, p. 218
- of Telegraphic transfers only, advocated, *Dalal* p. 683
- of Telegraphic Transfers, 1906 and 1907 :
Account of proceedings, *Meaton* 9085-6
- Correspondence between Government of India and Secretary of State re method of meeting, *Abrahams* p. 151
- Loan from Indian Branch of Gold Standard Reserve to meet, see under Gold Standard Reserve.
- Telegrams between Secretary of State and Viceroy, *Abrahams* 842-3, p. 146-51, p. 164, p. 165-8
- Time, question of consultation with Government of India, *Schuster* 11,195-8
- Total capital gain to India by, and loss that would result in absence of system, *Hamilton* p. 522
- against Treasury balances justified in every case during last three or four years by Government interests, *Newmarch* 1597-605
- Unlimited, how provision should be made for, *Hunter* 6348-52, p. 592
- to Unlimited extent at rate under gold point, desirable at present, *Hunter* 6975-82, p. 591-2
- Variations from estimates, *Abrahams* p. 12
- Section of trade benefitting by system, *Abrahams* 530-2
- continual Support of exchange at *ls. 3½d.* by Secretary of State, doubt as to, *Reid* 7501-8
- Suspicion in India that maintenance of exchange is at times subordinated to other interests, *Reid* 7373-80, p. 573

SYSTEM :

- Approved, *Hamilton*, 2280; *Toomey and Fraser*, 2566, 2659-67, p. 536; *Ross*, p. 548; *Smith*, p. 615; *Harrison*, 10,352-4; *Currie*, 10,561-2, p. 669.
- Government of India satisfied with, *Meston* 9072
- Popular in Calcutta, *Fleetwood-Wilson* 11,466
- Transfer of proceeds into paper currency reserve, system, *Abrahams* 994-8
- against Treasury balances and against paper currency reserve, distinction, no necessity seen for, *Abrahams* 999-1000
- Use of, some loss incurred by alternative shipments of gold, *Abrahams* 929-2
- Weekly auctions in London, approved while mints were open to free coinage of silver, but difference now, *Webb* 5408-15, p. 555
- Working of system since 1872-3, *Newmarch* p. 224

Council Bills on London :

- at *ls. 3½d.*, scheme, *Hunter* 6338-47, 6546-58, 6589-90, p. 591
- Purchase by Secretary of State at *ls. 3½d.*, exchange profit made on, *Abrahams* 1085-8

SALE AT *ls. 3½d.* :

- without Limit, formal notification offering, would be advantageous, *Reid* 7501-8, 7569
- Proposal not approved, *Le Marchant* 7718-9
- Statistics, 1908, *Abrahams* p. 103

Currency :

see also Gold, Rupees, Silver, and Sovereigns.

- Business very well done by Indian Government, *Cole* 3384

Currency—continued.

CHESTS :

- Holding of, by branches of Presidency Banks, system, *Hunter* 4644-53
- None, at sub-treasuries as a rule, *Bhupendra Nath Mitra* 4725
- Object of, *Bhupendra Nath Mitra* 4832-3
- at all Surplus treasuries and most deficit treasuries, *Bhupendra Nath Mitra* 4724
- Taken over usually by branches of Bank of Bengal, but not by Bank of Bombay, *Bhupendra Nath Mitra* 4726-31
- Transfers between branches of Presidency Banks, and system, *Bhupendra Nath Mitra* 4732-40
- Use of, to economise Treasury balances, *Harrison* 10,183

CONTROL OF :

- by Central or State Bank, see under Central or State Bank.
- Should be in money markets and commercial centres, *Reid* 7307-13, p. 572
- Criticism of, as a managed system and not automatic, *Frewen* 9519 (pp. 30, 31) 9534-43, 9551-6
- Currency Commission considered advisable by Bengal and Karachi Chambers of Commerce in 1907 p. 174, p. 175
- Duty of Government to give people kind of currency desired, *Abrahams* 1035-7
- Encouragement by Government of different forms of, question of, *Abrahams* 1196-200
- Extended use of other forms than silver (such as gold, notes, and cheques) possible, *McLeod* 7149-52
- Free trade in, desired, *Meston* 9264, 9268-78, 9366-7
- Government should aim at being in position to supply form in demand, *Howard* 8205, p. 584
- Import would be unnecessary if funds not locked up by Government, *Dunbar* 8107-8
- Increase, by coining of additional rupees would be preferred under present circumstances to putting additional sovereigns in circulation, *Le Marchant* 7820
- Increase, methods, *Newmarch*, 1763-6, 1772; *Howard*, 8366-81.
- Interests of India the predominant consideration, *Abrahams* 1007
- Large areas where payments made in kind and by barter, *Meston* 9461
- Managed as far as possible on automatic lines, *Abrahams* 575, 912-20
- Management of, by Central Bank, see under Functions under Central or State Bank.
- Metallic, believed in by workmen in India, *Chunnilal* p. 764
- limited Monetary union, possibility of establishing, and suggestion re, *Frewen* 9522, 9573-80, 9583-9
- Note on some features in the Indian trade and currency figures for the first 10 months of 1913, *Newmarch* p. 759-62
- Offices, people prefer to deal with bank, *Dunbar* 7906-7
- People should be given form they desire, *Meston*, 9264, 9268-78; *Harrison*, 10,342-51, 10,437-9, 10,478.
- Principle of giving the public what they desire believed to be acted on, *Howard* 8221
- Standard nominally a gold one and currency conducted largely on lines of exchange standard, *Howard* 6345-50, p. 586
- Statistics showing extent of use of different forms of, in various branches of the National Bank of India, *Toomey* 2760-82, 2993-7
- Success of, *Ross* 3617-23, p. 543-4
- System would become automatic if mints re-opened, *Frewen* 9543-4
- Theory of evolution of different forms of, *Webb* 5860-79
- Currency Department, should be more in touch with trade and commerce, and posts thrown open to men trained in banking, *Forrest* p. 689

CURRIE, LAURENCE, Member of the Indian Council and its Finance Committee :

10,479-10,662, p. 669-670

CURRIE, LAURENCE—*continued.*

- BALANCES:**
 High, causes 10,485-8
 in London:
 present Amount 10,483-4, 10,588
 Keeping of large balances in London necessary p. 669
 Use of, in 1913 10,588-90
- BANK OF ENGLAND:**
 Charges by, not low but not considered unreasonable 10,519-21
 Charge for printing currency notes high, but attempt being made to obtain reduction 10,521-2
- CENTRAL BANK:**
 if Established should be on lines of Bank of France 10,579 *note*
 Establishment not advocated unless strong demand for, in India 10,579
 Objections to 10,579-80
- COUNCIL BILLS:**
 Sale, restriction not desirable 10,563-6, p. 669
 System approved 10,561-2, p. 669
- DEPOSITS WITH BANKS IN ENGLAND:**
 when Capacity of approved borrowers exhausted would not like to revert to, still less to establish as part of regular practice, and reasons 10,498-507, p. 669
 Justifiable as temporary expedient but establishment as part of regular practice not desirable 10,497-502, p. 669
 Objections to, owing to lack of security and possible difficulty of choosing between banks 10,500-7
 Exchange, gold in reserve more useful for support of, than gold in circulation 10,578-8
 Gold should not be pressed on people 10,571-5
 Gold mint, not advocated, and genuine demand for, among commercial community doubted 10,567, p. 669-70
- GOLD STANDARD RESERVE:**
 Amount:
 should Depend on trade rather than on amount of rupee circulation 10,552-4
 More than 25 millions desirable 10,540
 Gold:
 Holding of whole amount in, objection to 10,659 *note*
 about One-fifth of total approved 10,555-60, 10,649-59
 Location in London:
 Mainly, advocated 10,541-4, p. 669
 not Taken into account in market calculations in London 10,660-2
 Securities, gradual sale of all irredeemable stocks and holding of English portion in short dated securities, loans against securities and gold at Bank of England advocated 10,545-7, 10,557-60, 10,596-602, 10,622-41, p. 669
- INDIA OFFICE:**
 Broker:
 Appointment, joining of firm approved by Secretary of State made condition of, and no disadvantage from 10,515-8
 Payment not excessive 10,512
 Criticism that London interests are considered more than Indian not fair 10,587
 Financial administration, work very well done, but takes longer than it would in commercial business 10,582-6
- LENDING BY GOVERNMENT IN ENGLAND:**
 Approved borrowers' list, question of enlargement, all large firms believed to be on 10,491-6
 through Bank of England:
 Bank might not care to undertake, owing to competition with their own operations 10,511 *note*
 Best rate might not always be got 10,604
 would Cost more than present method 10,509-11
 against Bank bills, with certain restrictions, suggestion 10,523-4, 10,531-3, p. 669
 two Cases of failure to pay 10,493-4
 Deposits with Banks, *see that title above.*

CURRIE, LAURENCE—*continued.*

- LENDING BY GOVERNMENT IN ENGLAND—*continued.***
 Interest, rate sometimes rather low, and reasons 10,603
 Period approved, and question of extending 10,609-21
 Securities other than those registered at Bank of England, no objection to, but question from point of view of bank 10,525-30
 System satisfactory, and no loss incurred p. 669
 Up to 10 millions always possible to approved borrowers p. 669
- LENDING BY GOVERNMENT IN INDIA:**
 from Balances, not desirable 10,534-5, 10,595, p. 669
 from Paper Currency Reserve, *see under Paper Currency Reserve below.*
 Loans, issue by Government in England, none issued in 1913 10,590
 Loans, issue of, in India, possibility of increase 10,605-8
- PAPER CURRENCY RESERVE, LENDING FROM, IN INDIA:**
 for About half a year suggested 10,593-5, 10,642-4
 possible Objection 10,645-8
 Suggestion approved 10,534-9, 10,591-2, p. 669
 Sovereigns, rupee coinage more suitable to India 10,573-4
- Customs revenue, excess over estimate, since 1909.
Meston 9028, 9035-7
 Curzon, Lord, minute *re* Gold Exchange Fund, 1900.
Abrahams p. 121-2
- DALAL, DADIBA MERWANJEE** 11,239-11,424, p. 670-687
- BALANCES:**
 Amalgamation with reserves not advocated p. 679-80
 should be Applied to education, &c., and railway development carried out by borrowing 11,360-71, 11,420-4
 in England:
 Amount:
 1912 p. 684
 Four million advocated as maximum p. 684
 Monthly statement should be published p. 684
 Bank of England, "export corners" in sovereigns p. 678
- CENTRAL BANK:**
 not Advocated p. 685
 Amalgamation of Presidency Banks, time not ripe for p. 685
 Area difficulty p. 685
 Head office, difficulty p. 685
- CHEQUES:**
 should be Able to be drawn and signed in the vernacular p. 676
 Increased use of, desirable and need for education of people p. 677
 Stamp duty, abolition advocated p. 676
- COUNCIL BILLS AND TELEGRAPHIC TRANSFERS, SALE:**
 Estimate should separate drawings for home charges, for capital outlay and discharge of debts p. 683
 in Excess of requirements, objections to 11,352-9, p. 682-4
 Intermediate, should be abolished p. 683
 should be Limited to budget estimate, and supplementary estimate be issued in October if necessary p. 683
 Set programme of amount of bills to be allotted at each sale should be issued from time to time p. 683
 of Telegraphic transfers only, advocated p. 683
 Deposits with Banks in England, amount, 1913 p. 684
 Exchange, mass of the people have no interest in 11,317-24
 Economic development of India p. 679
- GOLD:**
 Acceptance of bullion by Government at mint, cessation of, objection to 11,395

DALAL, DAHIBA MERWANJEE—continued.

| | |
|---|--------------------|
| Gold—continued. | |
| Continuation of, of principal countries in industrial | |
| arts, 1911 | p. 675 |
| Demand for, for industrial arts | 11,301-6, p. 674-5 |
| Exports in excess of imports, 1878-9, 1892-3, | |
| 1894-5, and statistics | p. 673 |
| Imports and exports, 1900-1 to 1911-12 | p. 673-4 |
| Imports, nature of, and statistics | p. 672 |
| India's just share of annual production of | p. 675-6 |
| Indian demand for, and reason | p. 671 |
| Methods of reducing demand for | p. 676-7 |
| Movements in famine years, 1877-8, 1896-7, 1899- | |
| 1900 | p. 672 |
| Overland gold parcel post service between India | |
| and England, advocated | p. 677 |
| Provision of, under Gold Note Act, suggestions | p. 683 |
| Transportation charges and reduction advocated | p. 677 |
| Gold bars, corners, 1890-7 | p. 762-3 |
| GOLD CURRENCY: | |
| Encouragement advocated owing to ignorance of | |
| the people | 11,253-60, p. 671 |
| Increase | |
| Advocated, and question of effect on reserve | 11,287-99 |
| Gold standard reserve will eventually become | |
| unnecessary | 11,278, 11,283-5 |
| Question of effect on circulation of notes and | |
| rupees | 11,408-14 |
| GOLD MINT: | |
| Advocated | 11,337, p. 677-9 |
| Bullion for coinage: | |
| Gold from Indian mines anticipated ultimately | 11,341-3 |
| Question of | 11,344-6, 11,351 |
| estimated Cost | p. 678 |
| Manufacture of gold by Government of various | |
| fineness for ornaments, suggestion | 11,401, p. 678 |
| Necessity of | 11,347-50, p. 679 |
| Obstruction by English Government | p. 679 |
| Purchase and sale of gold, suggestion | 11,395-400, |
| 11,402-4, p. 678 | |
| Refineries, suggestion re | p. 678 |
| Seignorage should not be charged | p. 679 |
| Sovereigns the better coin from the Imperial | |
| point of view, but 10-rupee coin better from | |
| national | 11,338 |
| Standard of value at present non-existent in India | |
| would be created | 11,348-50 |
| 10 Rupee coin, would not compete seriously with | |
| 10-rupee note | 11,339-40 |
| GOLD STANDARD RESERVE: | |
| Amalgamation with paper currency reserves and | |
| balances not advocated | p. 679-80 |
| Amount, 25 millions advocated | 11,279-82, p. 680 |
| Gold, whole amount should be in actual gold, and | |
| 25 millions advocated | 11,277, p. 680 |
| Location in India advocated and reasons | 11,275-7, |
| 11,310-35, p. 671-7, p. 680. | |
| Main function of, for exchange purposes, but can | |
| be used for other purposes in exceptional | |
| circumstances | 11,316-23 |
| Securities: | |
| Liquification of, and suggestion re | 11,415-6, |
| p. 680 | |
| Statement of investments should be published | |
| monthly | p. 680 |
| Subsidiary Branch in India (Silver): | |
| should be Closed | 11,336 |
| Transfer to paper currency reserve in exchange | |
| for consols and gold advocated | 11,415, p. 680 |
| HOARDS: | |
| Gifts of gold ornaments on marriage, practice of | |
| of Gold, denial of | 11,301-6, p. 672 |
| Ornaments | p. 672 |
| INDIA OFFICE: | |
| Finance Committee, constitution, suggestion | p. 687 |
| General banking business should not be carried | |
| on by | p. 684 |

DALAL, DAHIBA MERWANJEE—continued.

| | |
|---|----------------------------------|
| Industrial debentures, free use of, hindered by stamp | |
| duties | p. 676 |
| Lending by Government in England, amount, 1912, | |
| p. 684 | |
| Loans, issue of, by Government in India, increase | |
| possible under certain conditions | 11,372-3 |
| Memorandum adhered to | 11,211-3 |
| NOTES: | |
| Active circulation, no great proportionate increase | 11,271 |
| should be made Bullion certificates pure and | |
| simple | 11,261-6, p. 671, p. 676, p. 681 |
| Circulation: | |
| Amount | p. 671 |
| Encouragement advocated and notes should be | |
| based on metallic reserves and discounts | 11,266-8, 11,272-4 |
| Question of effect of increased circulation of | |
| gold | 11,408-14 |
| Encashment, further facilities necessary | p. 681-2 |
| PAPER CURRENCY RESERVE: | |
| Amalgamation with gold standard reserve and | |
| balances not advocated | p. 679-81 |
| Gold, transfer to India advocated | p. 682 |
| Investments should be liquidated | p. 681-2 |
| Location in India advocated | 11,275-7, 11,307-9, |
| p. 671 | |
| no Portion should be invested till people more | |
| advanced | 11,272-4 |
| PRESIDENCY BANKS, BRANCHES: | |
| Increase advocated | 11,376, p. 676 |
| People should be permitted to draw and sign | |
| cheques in vernacular | p. 676 |
| Railways, loans should be raised for purpose of, | |
| 11,360-71, 11,418-24 | |
| RESERVE TREASURIES: | |
| Abolition, and placing of all surpluses with Presi- | |
| dency Banks advocated | 11,374-8, p. 685 |
| Balances in, statistics | p. 684 |
| Criticism of system | p. 684-5 |
| RUPEES: | |
| Circulation: | |
| Amount | p. 671 |
| Excessive | 11,214-51 |
| Question of effect of increased circulation of | |
| gold | 11,408-14 |
| Coinage: | |
| Cost | p. 678 |
| Further, should be avoided as far as possible | |
| 11,244, p. 671 | |
| Coinage and minting, profits, 1900-1 to 1912-13 | |
| p. 673 | |
| Savings Banks, Government liabilities | 11,314-5 |
| SILVER: | |
| Duty: | |
| Re-export, part of duty only repaid | 11,386-8, |
| p. 676 | |
| Unfairness of, and abolition advocated | p. 676, |
| p. 686 | |
| Establishment of warehouses in Bombay and issue | |
| of warrants for each bar imported, advocated | p. 676 |
| Purchase of, for coinage: | |
| in Bombay, advocated | p. 686 |
| Procedure advocated | p. 686 |
| Procedure and monopoly | p. 685-6 |
| Regular purchases advocated | p. 686 |
| SOVEREIGNS: | |
| Circulation, estimated amount | 11,379-80, p. 671 |
| Exported from England not full weight | p. 678 |
| Imports and exports, 1900-1 to 1911-12 | p. 673-4 |
| Light weight, cost of remittances to England, and | |
| cost would be avoided by establishment of Gold | |
| Mint | 11,389-94, p. 678 |
| Stock Exchanges, opening of, advocated | p. 676 |
| Taxation, over-taxation owing to sales of bills in | |
| excess of requirements | p. 682-3 |
| TRADE: | |
| Development | p. 670 |
| Excess of exports over imports from 1898-9 to | |
| 1912-13 | p. 671 |

- DAVID, SIR SASSOON, Bart., Millowner, Bombay
p. 715-7
- BALANCES, IN ENGLAND:**
5-7 millions advocated p. 715
2 millions at least should be kept with Bank of
England in current account, and remainder lent
for short periods on securities, preferably to
Indian exchange banks p. 715
Central bank, no opinion to be expressed at present
p. 716
- COUNCIL BILLS, SALES:**
Bi-weekly, suggestion p. 716
of Budgetted amount only, advocated p. 716
- GOLD MINT:**
Bullion, sufficiency not contemplated p. 716
Desirable, to bring India into line with other
civilised nations p. 716
no inconvenience from want of, and not anticipated
for some years p. 716
Sovereigns only, should be coined p. 716
- GOLD STANDARD RESERVE:**
Amount, no limit advocated p. 716
Form, half in India in sovereigns and half in
London, advocated p. 716
Lending of London portion, for short periods,
advocated, instead of locking up in securities
p. 716
Lending by Government in India, against securities,
when Bank rate over 5 per cent., suggestion
p. 715
Notes, gold currency notes advocated p. 716
Paper Currency Reserve, whole amount of metallic
reserves, except 10 per cent. of total note issue
should be in India in rupees and sovereigns p. 716
Presidency banks, Government deposits, continuance
of system advocated p. 715
- SILVER, PURCHASE OF, FOR COINAGE:**
Programme should be settled in advance and form
part of budgetted amount of drawings p. 716
by Public tender in London, advocated p. 716
Sovereigns, should be declared available in exchange
for rupees when sufficient gold in circulation and
in reserves, &c. p. 716
- Dawkins, Sir Clinton:**
Quoted *re* loans from paper currency reserve, *Howard*
p. 590
Speech *re* relaxing of restrictions on Presidency
Banks, 1899, *Abrahams* p. 358-61
- Debt:**
see also Loans, issue of, by Government.
Amount of, *Webb* 3395-401
Annual rates of charge made by Banks of England
and Ireland for issue and management of, *Badock*
p. 331
- DISCHARGE OF:**
Disbursements on, 1907-8 to 1913-4, *Abrahams*
p. 67-73
Explanation of policy *re*, *Abrahams* 27-8, 124
Expenditure on debt services, 1909-10 to 1913,
Abrahams p. 81
Management by Central Bank advocated, *Dunbar*
8115
- TEMPORARY:**
Holding of balances to meet maturing obligations,
Abrahams 76, p. 65-6
Maturing obligations, 1911-12 to 1918-19 p. 65
Reduction of expenditure on discharge of, antici-
pated disadvantages, *Abrahams* p. 17-8
- UNFUNDED:**
Explanation, *Abrahams* 17-8
Receipts, 1907-8 to 1913-14, *Abrahams* p. 67-73
Unproductive, insignificance of, *Reed* p. 666
- Delhi:**
Location of Central Board of Central Bank at, *see*
under Central Bank.
new Capital, lapses on expenditure, 1911-3, *Meston*
9037
- Deposits and Advances:**
Explanation, *Abrahams* 20-1
Receipts, 1907-8 to 1913-4, *Abrahams* p. 67-73
- Deposits with Banks in England:**
Amount, 1912, *Dalal* p. 684
Applications for, by banks, objection to, *Schuster*
11,238
Banks represented on Council not in better position
to obtain deposits, *Badock*, 2011-2; *Inchcape*,
10,707-11, 10,927-34.
- INTEREST REALISED FROM:**
Best possible rates obtained, *Inchcape* 10,701,
10,707-31
Gross and net amounts of, and broker's commis-
sion, 1893-4 to 1912-3, *Badock* p. 318
considered Satisfactory, *Schuster* 11,006
List of banks and amounts deposited, 1912, *Webb*
p. 552
Making of, by India Office, on some such principle as
the sale of Council bills, suggestion, *Smith* p. 617
Method of selecting banks, *Badock* 1906-8
Names of banks, *Badock* 1967-71
Objected to, *Pandya* p. 635
not Objected to, and continuance advocated, *McLeod*,
p. 597; (Bengal Chamber of Commerce) p. 604, 607
Objections to, owing to lack of security and possible
difficulty of choosing between banks, *Currie*
10,500-7
Particulars *re*, *Abrahams*, 52, p. 8; *Badock*, p. 312.
Period, system of fixing, and question of extension,
Inchcape 10,712-3
Principle objected to, *Webb* 5058-60, p. 552
Procedure *re* placing, *Scott*, 2201-74; *Inchcape*,
10,691-711, 10,744, 10,924-6; *Schuster*, 10,998-
11,002.
Purchase of bank bills through Bank of England in
lieu of, objection to proposal, *Schuster* 11,090-1
Range of competition might be widened, *Smith*
8591-2, p. 617
Reason for, *Inchcape* 10,689-90
Refusal of London City and Midland Bank to renew,
Inchcape 10,744-5
Reply to criticism, *Hamilton* p. 518
no Security received, and explanation, *Abrahams*,
130, 197-201; *Badock*, 1938-45, 1972-3.
- WITHOUT SECURITY:**
Approved, and equally good terms would not have
been obtained otherwise, *Le Marchant* 7839-46
Explanation of, when exchange banks on approved
borrowers' list do give security, *Schuster*
11,217-20
Joint Stock Banks do not usually give security for
any deposits, *Inchcape* 10,717-8
Securities would not have been obtained, *Schuster*
11,007-8
Security should be taken, *Cole* 3424-5
Statement submitted weekly to Finance Committee,
Inchcape 10,690
Statement showing transactions for each day in
1912-13, *Badock* 319-27
a Temporary expedient, *Badock* 1909-11, 1944-5
as Temporary expedient justifiable, but establishment
as part of regular practice not desirable, *Currie*
10,497-502, p. 660
was a Temporary measure only, but door should not
be shut to, in future, *Schuster* 11,094
Two members of Council connected with banks, and
possibility of hostile criticism was fully considered,
Badock 1946-50
Use of money by banks, *Schuster* 11,002-3
Dickson, George, minute *re* proposed amalgamation of
Presidency Banks, *Abrahams* p. 369-75
Disbursements, proportion made in England, and met
from proceeds of loans raised in England, *Abrahams*
p. 11
District Treasuries, *see under* Treasuries.
Duke, Sir William, Speech of, 5th March 1913, quoted,
Hamilton p. 519-20
- DUNBAR, L. G., Secretary and Treasurer, Bank of
Bengal** 7854-8121, p. 596
Balances, policy approve 7806-7

DUNBAR, L. G.—continued.

BANK RATE IN INDIA:

9 per cent. only in 1906 and 1908 for a few weeks 7874

Number of borrowers, broadly speaking, dependent on trade not on . . . 7992-8, 9003-4

Banking, tendency towards concentration in sea-ports . . . 7949, 8053

BENGAL BANK OF:

Assistance of co-operative societies . . . 7965

Branches, no difficulty in dealing with people of different interests over wide areas, &c. 7952-4

Deposits:

More money obtained than can be used 8087-91, 8111-2

Rate of interest, and reduction as too much obtained . . . 7950-1, 7984-90

Discounting of bills at branches . . . 8050-1

Issue of Government paper by . . . 7966-7

CENTRAL OR STATE BANK:

Advantages to be derived . . . 7945-6, 8027-32, 8113-6

Amalgamation of Presidency Banks, advocated 7960, 8117, p. 596

Area, no difficulty anticipated . . . 7952-5

Attitude of Bank of Bengal *re* . . . 8023-5, 8062

Bank of Bengal prepared to formulate scheme p. 596

Capital, 5 million pounds, paid up, should be maximum . . . 7930-1, p. 596

Central Board:

no Difficulty anticipated *re* directors . . . 8039-49

Location, Calcutta, a *sine qua non* . . . 7936-41, 7959, 8054-60

no Enthusiasm about, in India . . . 8026

Functions:

Advocated:

Bankers to Government, and all Government balances should be handed over to . . . 7925, 7932-3, 7961-2, 8115

Management of note issue . . . 7926, 8115

Management of public debt . . . 8115

Purchase of sterling bills to certain extent but not general exchange business 7928-9

Issue of Government paper, question of 7966-7

Government should be strongly represented on board of directors . . . 7934, 7968-9

Government balances, weekly statement would be issued . . . 8066-9

Government control and responsibility, question as to extent . . . 7942-4, 8070-2

some Government Treasuries would still have to be maintained . . . 7947-8

Local boards, necessary . . . 7935

London office should be established . . . 7927, 8115

Notes could be better pushed by, than by Government . . . 8006-8

Rates of Interest in India would be decreased 7932

Currency, import would be unnecessary if funds not locked up by Government . . . 8107-8

Currency Offices, people prefer to deal with bank 7906-7

Exchange, gold in circulation and hoards would not support, in time of crisis . . . 7920-1

EXCHANGE BANKS:

Business of . . . 8094-3

Engaging in local business . . . 7957-8

Head offices should be in India . . . 8104-6

Gold, large amount not in circulation, but in form of ornaments . . . 7896-7

GOLD CURRENCY:

no Demand for, known . . . 7917

Encouragement by Government at Lahore, Agra and Delhi . . . 7908-16, 8019-22

not Required and considered a wasteful and expensive luxury . . . 7895, 7918-9

GOLD STANDARD RESERVE:

Form:

Gold, about 5 millions advocated 7878-86, 7891

Securities, desirable, so as not to have money lying idle . . . 7887-96

Location, in London, advocated . . . 7876

Subsidiary branch in India (silver), no objection to 7892-4

DUNBAR, L. G.—continued.

LENDING BY GOVERNMENT IN INDIA:

to Approved banks:

Advocated . . . 7861-4

Security, suggestion 7865-6, 7869-71, 7970-4

Distribution, question . . . 8080-2

at 4 per cent. advocated, and Bank rate would never rise above 6 per cent. 7867-8, 7871, 7984-6, 7999, 8002, 8005, 8083-6

1 per cent. below bank rate, Bank of Bengal would refuse, as most unenergetic 7872-3, 8016

Loans, issue of, in India, issue of local Treasury bills would be possible . . . 7963-4

NOTES:

no Currency office at Dacca, and notes consequently little used in Eastern Bengal . . . 8009-15

Encashment, difficulty . . . 7960

Encouragement by Government advocated 7918

Government could encourage, by opening more offices . . . 7905, 8012-4

Increased use desired, and steps taken by Bank of Bengal to encourage . . . 7903-4

Increased use of, and reason . . . 7901-2

PRESIDENCY BANKS:

Access to London market, unnecessary 8109-10, 8121

Borrowing, no resort outside India, according to strict letter of charter, but possible 8094, 8103

Government work, expense of, and loss on 7922-4

Loans by, nature of securities . . . 7973-8

Paper currency and balances could perhaps be made over to, separately, but would be difficult 8118-20

Relations between, friendly . . . 8117

RESERVE TREASURIES:

Amount in, should be made available for loans to Presidency banks or selected bankers . . . 7861

Sums in, considered in India to be unduly large 7858-60

Sovereigns, buyer of grain prefers, but seller prefers rupees . . . 7898-9

Treasuries, up country, economically worked 7979-83

Eastern Bengal, little silver currency until recently, *Meston* . . . 9265

Economic development of India, *Dalal* . . . p. 670

Economic, social, and political changes in India, and consequent need for change of system of financial administration, *Reed* . . . 9889-90, p. 662-6

Education, primary, if free all over India and compulsory in some towns currency difficulties would be easier for Government, *Chunilal* . . . p. 764

Educational grants, explanation of under-expenditure, and justification for, *Meston* . . . 9033, 9204-7

Egypt, purchase of sovereigns in transit from, against transfers, *see under Council Bills and Telegraphic Transfers*.

England, small silver notes, question of, *Froben* 9580-1

Exchange:

not Affected actually by amount of silver taken coin in circulation, *Abrahams* . . . 1274-7

BUSINESS:

by Central Bank, *see under Functions under Central or State Bank*.

very Well done by Indian Government, *Cole* 3384

Continuous support of, by Government at fixed point of 1s. 4d. desired, *Hunter* . . . 6338-43

CRISIS:

Gold in circulation will not be useful for purposes of exports, *Chunilal* . . . p. 764

India should be prepared to carry its own burden in time of, *Cole* . . . 3406, 3416

Issue of gold in:

to All applicants, not desirable, *Abrahams* 11,516

no Distinction should be made between issues for circulation and for remittances, *Bhupendra Nath Mitra* . . . 4844-52

to Exporters, objection to, *Abrahams* -11,517

Free issue in India a valuable supplement to sale of sterling bills on London, *Hoccard* 8218-9, 8302, p. 586

Exchange—continued.

CRISIS—continued.

Issue of gold in—continued.

Free use of gold advocated, *Meston*, 9080, 9081-4, 9087-91; *Harrison*, 10,210-51; *Inchcape*, 10,763, 10,806-7; *Schuster*, 11,227-31; *Abrahams*, 11,514-5.

in India:

Doubt as to effect of, *Schuster* . . . 11,208-9
should be stopped, *Hunter* . . . 6448-9, 6452
for internal purposes, suggested policy re, *Abrahams* . . . 11,540-5

Release of gold first from paper currency reserve, and then realisation of securities in gold standard reserve, advocated, *Hunter* . . . 6443-9

Release of gold in London would be more effective than in India, *Meston* . . . 9082
Sovereigns should be issued freely until exhausted, and then securities sold, *Inchcape* . . . 10,764-6, 10,768-73, 10,778-9, 10,799

Sovereigns in reserve in London more useful than sovereigns in circulation in India, *Meston* . . . 9141

Shipment of gold home and sale of bills against it advocated and suggested policy re, *Abrahams*, 11,516-9, 11,539

CRISIS OF 1907-8:

Buying of foreign imports a more important factor now, *Abrahams* . . . 748-53
possible Effect of difficulties among exchange banks in a future crisis, *Abrahams* . . . 754-5

Exceptional severity of, *Abrahams* . . . 597-602, 747-8, p. 105, p. 106, p. 107, p. 108

as Guide to amount of gold required in gold standard reserve, see under Amount under Gold under Gold Standard Reserve.

Issue of gold:

Account of proceedings re, *Meston*, 9085-6; *Harrison*, 10,209, 10,232-7; *Inchcape*, 10,758-9, 10,762.

Action of Government criticised, *Fraser*, 2940; *Webb*, 5762, 5912-6.

for Exportation:

Explanation of proceedings, *Abrahams* 838-42
Telegrams between Secretary of State and Viceroy, *Abrahams* . . . p. 164-5;

Hesitation owing to crisis being the first, *Schuster* . . . 11,132-5

Resources should have been used freely and without delay, *Reed*, 9963-6, 10,054; *Harrison*, 10,209-11.

not Successful in supporting exchange, *Le Marchant* . . . 7633-5

Question of, as severest strain possible, *Inchcape* . . . 10,767-8

Sale of sterling drafts on London at earlier date would have created a better feeling, *Le Marchant* . . . 7725-6

should not be Taken as example of severest strain probable, *Barrow*, 3274; *Sundara Iyer*, 8920-6, 8933; *Meston*, 9077; *Schuster*, 11,227.

Effect on, of issue of loans by Government, question of, *Hamilton* . . . 2423-9

FALL IN:

Additional taxation imposed 1885-95 to meet burdens owing to, *Newmarch* . . . p. 225, p. 226

Drawing on central reserve the simplest method in case of, *Harrison* . . . 10,212, 10,215, 10,220, 10,245, 10,442-3

Effect of, in times of scarcity or famine, *Freuen* . . . 9519 (p. 30, p. 32)

Increase in burden of home charges, *Newmarch* . . . p. 225

Question as to possibility of, and extent, *Abrahams* . . . 1044

Realisation of Treasury bills to meet, actual gold not necessary, payments can be made in banker's money, *Abrahams* . . . 646

Undertaking by Government in case of, to sell exchange on London at fixed price, question of, *Abrahams* . . . 1045

Exchange—continued.

FIXING OF, AT 1s. 4d.:

Benefits from, *Newmarch*, 1408, p. 225-6; *McRobert*, 4004-5, p. 548; *McLeod*, 6996-7, p. 602; *Howard*, 8203-4, p. 582-3; *Smith*, 8526, p. 615.

Burdens on exchequer limited and more serious uncertainties in budgeting removed, *Newmarch* . . . p. 255

Effect on trade with other countries, *Newmarch* . . . 1397-401, 1431, p. 289-93

Gold currency not necessary to maintain parity of, *Abrahams* . . . 1036-7

GOLD IN CIRCULATION AS SUPPORT OF:

Effect not material and gold in reserves of more value, *Abrahams*, 718, 722-3, 1123, 1127, 1133, 1152-3, 1270-3, 1305; *Toomey*, 2619-20; *Barrow*, 3024, 3271-3; *Ross*, 3767; *Hunter*, 6450-3, 6970-2; *McLeod*, 7027-9; *Reid*, 7386 8; *Le Marchant*, 7646, 7652-5, 7764-5; *Dunbar*, 5920-1; *Howard*, 8211-7; *Smith*, 8553-6; *Sundara Iyer*, 8942, 8961-9004.

Gold in circulation had little effect on crisis 1907-8 and 1908-9, but question of if more widely in circulation, *Newmarch* . . . 1704-26

Gold in reserve more useful, *Currie* . . . 10,576-8

Question of, *Reed* . . . 9985-6, 10,074-81, 10,127-30, 10,150

Value of, *Cole*, 3396-402, 3479-86; *McRobert*, 4009-13; *Webb*, 5713-26, 5749-51, 5759-68, 5909-17, 6127-40; *Harrison*, 10,408-22, 10,455-74; *Chunilal*, p. 764.

Gold in circulation and in hoards might at future time assist in support of, *Meston* 9092, 9121, 9171

Gold in hoards would not give support in crisis, *Barrow*, 3075; *Dunbar*, 7920-1.

Gold issued in India in times of difficulty does support, *Blupendra Nath Mitra* . . . 4659-63, 4765-81

Maintained when kept within gold points, *Abrahams* . . . 954

MAINTENANCE OF, AT 1s. 4d.:

Announcement by Government of responsibility for, question of, *Schuster* . . . 11,128-31, 11,136
not Guaranteed, and guarantee not advocated, *Abrahams* . . . 844-50, 854-5

Importance of, *Abrahams* . . . 693-4

Obligation recognised at present by Secretary of State, and question of giving guarantee, *Newmarch* . . . 1451-8

Mass of the people have no interest in, *Dada* . . . 11,317-24

Movements in India take place in response to activities of Secretary of State, and comparison with other countries, *Webb* . . . 5416-28

Obligation by Government of India to support, at minimum rate, statutory obligation would be objected to, *Meston* . . . 9446-9

Parity of, with gold-using countries and between rupees and sovereigns in India, *Abrahams* . . . 1113

People afraid to invest in India owing to doubt as to stability of, *Webb* . . . 6109

Possibility of supporting, by system of reserve, *Meston*, 9389-99; *Harrison*, 10,432-6.

Procedure for building up sterling resources for support of, correspondence between Government of India and Secretary of State re, 1909-10, 1912, *Abrahams* . . . p. 184-5, p. 186-8, p. 195-200

RATE OF:

Increase above 1s. 4d., exports curtailed and gold standard reserve weakened, *Hamilton* . . . p. 527

Making of, by Secretary of State, and competitors undersold, *Webb* . . . 5627-38

Question as to connection of demand for Council bills with price offered, *Toomey and Fraser* . . . 2628-47

September 1907 to December 1908, *Abrahams* . . . p. 103

Steady and high, dependence of trade on, *Freuen* . . . 9519 (p. 30)

Regulation, unusual responsibility taken by Government re, *Newmarch* . . . 1371-3

Rise above gold point, importance of preventing, *Newmarch* . . . 1376, p. 222

Exchange—continued.

Risk of large amount of rupees in circulation at time of crisis and advantages of increase gold currency instead, *Bhupendra Nath Mitra* 4679-87

UNDETTAKING BY SECRETARY OF STATE TO PROTECT:

Advocated, but Secretary of State practically bound now, *Toomey and Fraser* 2759, 2936-42
within Certain prescribed limits, question as to possibility, *Abrahams* 1090-4
Value, dependence on balance of international trade and international indebtedness, *Abrahams* 662-4, 718-9, 1275-6

Exchange Banks:

Antagonism between Presidency banks and, *Harrison* 10,333
Assistance by Government, telegrams between Viceroy and Secretary of State, 1906, *Abrahams* p. 148-9

Business of, *Abrahams*, 248; *Dunbar* 8094-8
in Case of crisis would take telegraphic transfers and ship sovereigns to India, *Fraser and Toomey* 2083-90

Competition with Presidency Banks to certain extent, *Toomey and Fraser* 2854-8, 2970-2
Deposits, 1901, 1910, *Smith* p. 614

DEPUTATION TO GOVERNMENT OF INDIA, DECEMBER 1899. BY INDIAN OFFICES OF:

Particulars p. 407
Repudiation of connection with, *Toomey and Fraser* 2648-53

Despatch from Secretary of State, March 1900, acknowledging receipt of memorial from, *Abrahams* p. 422

Duty of laying down gold at destination when exported for payment of balance of trade might be left to, *Pandya* p. 639

Engaging in local business, *Dunbar* 7957-8

Exchange in India, protest against withdrawal of facilities without notice, 1900, *Newmarch* 1369, p. 221-2

Export of gold from India, *Fraser and Toomey* 2706-8, 2036-7

Exports of uncoined gold to India, *Toomey* 2697-8
Government approached by local branches, 1907, for loans, but Council bills preferred by head offices, *Bhupendra Nath Mitra* 4586

Head offices should be in India, *Dunbar* 8104-6

Import of half sovereigns by, but coins not popular, *Abrahams* 1286-9

Indian deposits, increase, *Toomey* 2860-7

Interests not confined to India, *Howard* 8180-3

Letter of Government of India, February 1900, forwarding protest against Central Bank carrying out exchange business p. 407-9

LOANS TO:

not Desired, *Toomey* 2944-7

no Objection to, *Howard* p. 579-80

Question of, *Abrahams* 258-68

Statistics, &c., *Abrahams* 250-60, 450-1

Memorial of, re proposed Central Bank, February 1900, *Abrahams* p. 409-13

Offer of loan to railways by, and refusal, *Fraser* 2954

Position of, *Abrahams* p. 6

PUBLICATION OF ACCOUNTS:

Distinguishing Indian deposits and cash from outside Indian, no objection to, if other banks agreed, *Toomey and Fraser* 2924-7

Distinguishing between fixed deposits and deposits on current account, no objection to, if all the banks agreed, *Fraser and Toomey* 2928-33

Publication of average balance sheets of Indian business, question of, *Fraser* 2934-5

Rates for sterling bills based on London rate, *Hunter* 6615-21

Relations with Central Bank, question of, *Fraser* 2916-20

Relations with Presidency Banks, *Toomey and Fraser*, 2875-7, 2913-5; *Hunter*, 6633-4; *Smith*, 8778-82; *Meston*, 9303.

Representation on Board of Presidency Banks suggested, *Hamilton* p. 526, p. 528

Exchange Banks—continued.

Request by, for issue of transfers, 1907, refusal, telegrams between Viceroy and Secretary of State, *Abrahams* p. 164

no Restrictions on, *McRobert* 4262-3

State bank would adversely affect, *Pandya* p. 643

State bank would not unreasonably interfere with interests of, *Abrahams* 11,561

Undertaking of deposit banking by, advocated, *Harrison* 10,333

Work well done, *Incheup* 10,862

Exports, see under Trade.

Famine, increased resistance of people to shock of, *Reed* 10,039-40, p. 665-6

Famine Insurance Fund, correspondence between Government of India and Secretary of State referred to, 1901-4, *Bhupendra Nath Mitra* 4311

Finance Committee, see under India Office.

Finance Department in India:

should be More in touch with trade and commerce, and posts thrown open to men trained in banking, *Forrest* p. 699

System of appointing men not qualified in special duties criticised, *Reed* p. 572

Secretary, position of, *Fleetwood-Wilson* 11,452-4

Finance Minister in India:

free Demi-official and unofficial communication with Finance Department in England, but official recognition of, impossible, *Abrahams* 11,685-93

Difficulty of position owing to his having no recognised channel of demi-official communication with India Office, and suggested improvement, *Fleetwood-Wilson* 11,449-56, 11,464, 11,467-72, 11,474-83

Free to correspond privately with anyone in India Office, *Holderness* 11,706

Position as regards issue of loans in England, &c., *Fleetwood-Wilson* 11,459-64

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,767-8

Unofficial correspondence with some official in India Office possible, *Holderness* 11,

FOREST, E. E. WINDHAM—continued.

GOLD STANDARD RESERVE—continued.

Subsidiary branch in India (silver):

- Dislike of, in India - p. 700
- Transfer to paper currency reserve in exchange for gold advocated - p. 700
- Indian Government should be given free hand, with certain exceptions - p. 700
- India Office, Council, representation of Indian mercantile and banking interests desirable - p. 700
- Loans; issue of, in India, introduction of railway debentures or bonds repayable in 50 years suggested - p. 699
- the Member of Commerce and Industry should have power to influence railway or financial policy p. 700
- Paper Currency Reserve, securities, increase of holding suggested - p. 698

PRESIDENCY BANKS:

- Capital could be increased - p. 699
- Establishment of another bank on same lines would be possible - p. 699
- Loans to, against securities at 1 per cent. to 2 per cent. below bank rate during busy season, advocated - p. 698

RAILWAYS:

- Capital expenditure in London ably managed - p. 699
- Profits should be used for improvement of existing main lines, part retained in India, and part in England for purchase of material - p. 698
- Silver, purchase of, for coinage, more regularity advocated - p. 700
- Sovereigns, not very suitable for India, and paper currency with gold in reserve preferred - p. 699
- Fowler Committee, see Indian Currency Committee.

France:

- Bank of, see Bank of France.
- Demonetisation of silver, 1873, *Frewen* - 9573
- Monetary agreement with, suggestion, *Frewen* 9573-80, 9583-9
- Offer by, 1907, to open mints to free coinage of silver if Indian mints opened, and refusal by Government of India, *Frewen* - 9522

FRASER, T., see Toomey, J. A., and T. Fraser.

Fremantle, S. H., I.C.S., "Co-operation in India," *Hamilton* - p. 530-6

FREWEN, MORETON - 9518-9589

- Buchanan Gold Loan, 1908 - 9538
- China trades, some fixity in exchange required by 9573
- CURRENCY SYSTEM:
 - would become Automatic if mints re-opened 9543-4
 - Criticism of, as a managed system and not automatic 9519 (p. 30, p. 31), 9534-43, 9551-6
 - limited Monetary union, possibility of establishing, and suggestion re - 9522, 9573-80, 9583-9

EXCHANGE:

- Crisis of 1908, effect on trade between Asia and U.S.A. - 9519 (p. 30)
- Fall, effect in times of scarcity or famine - 9519 (p. 30, p. 32)
- Rates, steady and high, dependence of trade on 9519 (p. 30)

GOLD:

- Discoveries in California, effect on trade - 9519 (p. 33-4)
- Large shipments to India, and effect on constructive policies in England - 9560
- Rise of prices, maintenance of gold standard in India and favourable trade balances only due to - 9522
- Goschen, Lord, proposal of small silver notes 9580-1
- Hoards, silver, possibility formerly of pledging to bankers or money lenders, or taking to mint, in times of scarcity or famine, and hardship of closure of mints - 9519 (p. 32-3), 9562-72

MINTS:

- Closure of:
 - a Breach of faith - 9519 (p. 33)
 - Circumstances of, and repeal of Sherman Act as result - 919 (p. 31-2)

FREWEN, MORETON—continued.

MINTS—continued.

Closure of—continued.

- Effect on price of silver bullion 9519 (p. 30-1)
- Effect on silver hoards - 9519 (p. 32-3)
- Improvement of Indian trade not equal to improvement of trade of other countries owing to - 9519 (p. 34), 9520-2
- Rates charged by money lenders increased since 9562-72
- Trade boom in 1893 aborted by 9519 (p. 33-4)
- Re-opening of, to free coinage of silver:
 - Currency would become automatic - 9543-4
 - Offer made by United States and France to open mints conjointly with India, 1907, and refusal by Government of India - 9522
 - Probable recovery of exchange as result - 9573

NOTES:

- Increase in 10,000 rupee notes larger proportionately than increase in 5 rupee notes - 9524, 9526-30, 9582
- 10,000 rupee, large silver hoards believed to be replaced by - 9524, 9531-3, 9544, 9582

RUPEES:

- Arbitrary regulation of coinage by Finance Minister - 9519 (p. 31), 9551-5
- Demonetisation contemplated by the Fowler Committee - 9582
- Difficulty of obtaining, at certain times 9545-50
- Forgeries, possibility of - 9582
- Inflation of currency, circumstances and increase in prices due to - 9524-6, 9532-9, 9544, 9556
- Inter-convertibility of bullion, and importance of, to natives - 9519 (p. 32-3)
- Prices depend on active circulation of small notes and, not on gold - 9557

SILVER:

- Demonetisation by U.S.A., France, and Germany, 1873 - 9573
- Purchase of, for coinage, agreement between nations to purchase regularly so much silver a year, suggestion - 9573-80, 9583-9
- World's consumption and production, statistics 9573
- World's demand for, illimitable - 9573, 9578
- Sovereigns, increase in circulation, coins will go into hoards - 9519 (p. 33), 9557
- U.S.A., Sherman Act, repeal a result of closure of Indian mints - 9519 (p. 31)

"Gamble in Rain":

- Condemnation of system, *Hamilton* 2284-305, 2431-40, p. 519-20
- Explanation, *Hamilton* - 2284-90, 2298-300

GAUNTLETT, M. F., I.C.S., notes on the treasury system - p. 728-40

Germany:

- Demonetisation of silver, 1873, *Frewen* - 9573
- Monetary agreement with, suggestion, *Frewen* 9573-80, 9583-9
- Restriction of silver coinage, *Harrison* - 10,414
- Giffen, Sir Robert, quoted, re proposal to close mints, *Frewen* - 9519 (p. 32)

GOKHALE, GOPAL KRISHNA, correspondence with, re submission of statement to Royal Commission - p. 727

Gold:

- see also Gold Currency and Sovereigns.
- Absorption of, in certain countries for purposes other than addition to bank reserves, 1890-1910, *Pandya* - p. 655
- Absorption by India, remarks by Chairman of Punjab Chamber of Commerce re, 1913 - p. 715
- Additions to the bank and other reserves in gold, of some important countries, 1889, 1899, 1910, *Pandya* - p. 655
- Amount of gold and gold securities held by Government at present, *Abrahams* - 1054-6
- Balance, increase desirable, *Hamilton* p. 520, p. 528

Gold—continued.

BARS :

- Corners, 1890-7, *Dalal* p. 672-3
 Great demand for, in India, question as to use of, *McLeod* 7174-7, 7237-43
 Import formerly when any degree of unsettlement in India, *Le Marchant* 7664-5
 Large Import, *Reed* 9980
 Imported into India, nature of, *Hunter* 6856-60, 6862
 Might, if containing a larger percentage of alloy than a sovereign, be imported cheaper than sovereigns, *Webb* 5931-8
 Sale of, by dealers to people for ornaments, *Toomey* 3011-2
 Capacity of India for absorbing, remarkable, *Toomey* 2728
 Coined in India, amount, 1865-6 to 1872-3, *Sundara Iyer* p. 623
 Consumption of, of principal countries in industrial arts, 1911, *Dalal* p. 675
 Cost of reducing sales of Council bills and substituting remittances by shipment of, *Abrahams* p. 26, p. 30
 Demand for, for industrial arts, *Dalal* 11,901-6, p. 674-5
 no Difficulty in people obtaining, *Abrahams*, 620-1; *Newmarch*, 1393-4.
 Discoveries in California, effect on trade, *Frewen* 9519 (p. 33-4)
 Double meaning attached to, *Abrahams* 559
 Duty of laying down gold at destination when exported for payment of balance of trade might be left to exchange banks, *Pandya* p. 639
 Earmarked, unearmarked, and used on some occasions for other purposes at discretion of Secretary of State without reference to India, *Webb* 6064-73
 Effect on exchange, see under Exchange.
 in England, earmarking of, for Indian purposes alone, *Abrahams* 675-6, 825-33
 Exports and imports, statistics, *Abrahams*, p. 13; *Dalal*, p. 673-4; *Newmarch*, p. 760.
 Exports to India, by Exchange Banks, *Toomey* 2697-8
 Exports in excess of imports, 1878-9, 1892-3, 1894-5, and statistics, *Dalal* p. 673
 Gold, other than British coin, held by Government of India at end of each year from 1900-1 to 1908-9 p. 758
 Government should export to London or take steps to secure export, if large sum in hand in case of exchange crisis, *Abrahams* 1095
 Held in reserves and treasuries, 1901-2 to 1912-3, *Abrahams* p. 85
 Hoarded or in circulation, loss of produce to India from, *Hamilton* 2295, 2318-25, 2403-5, 2409-10, 2444, 2473, 2476-9, 2488-92, p. 521, p. 522-3, p. 527
 Hoards, see that title.
 Holding of, by Government to interests of India, *Hamilton* p. 526-7
 Holding of, in India, correspondence between Government of India and Secretary of State re, *Abrahams* p. 179, p. 194, p. 196-7, p. 199
 Holding of, 1908, 1909, 1910, *Abrahams* 1249-53
 Import continues even in time of crisis, *Bhupendra Nath Mitra* 4849-51
- IMPORTS INTO INDIA :
 1865-6 to 1872-3, *Sundara Iyer* p. 622
 Effect of sale of Council bills on, see under Sale under Council Bills and Telegraphic Transfers.
 Excessive importation into India should be checked, *Barrow* 3077
 on Large scale in last few years, *Newmarch* 1392
 Large amount melted down for ornaments, *Shiith* 8523-9
 Large shipments and effect on constructive policies in England, *Frewen* 9560
 Nature of, and statistics, *Dalal* p. 672
 Question as to possibility of preventing, *Hamilton* 2529-38
 Sale of Council bills not interfered with, and interference not anticipated with free sale, *Ross* 3888-9

Gold—continued.

- Increase in reserve preferable to increase of circulation if both impossible, *Meston* 9330-1
 India's just share of annual production of, *Dalal* p. 675-6
 in India in case of crisis, Government should reserve right to refuse to issue, except for export, *Ross* 3768-72, 3805
 in India, decrease in Government gold between September 1907 and December 1908, *Abrahams* p. 90
 Indian demand for, and reason, *Dalal* p. 671
- INDIAN DEMAND FOR :
 Methods of reducing, *Dalal* p. 676-7
 Question of effect on London and consequently on Indian money market, *Schuster* 11,211-4
- FROM INDIAN MINES :
 see also under Gold mint in India and under Mint.
 Annual amount, *Abrahams* p. 214
 Return p. 744
- ISSUE :
 in Crisis, see under Crisis under Exchange.
 in Exchange for silver or paper, see under Sovereigns.
 Large amount not in circulation, but in form of ornaments, *Dunbar* 7896-7
 Large amount goes into India, but passes out of immediate currency, *Le Marchant* 7640-1
- IN LONDON :
 Use of, not lost to people in India, *Hamilton* p. 518
 Value of, for maintaining exchange, and comparison with value of gold in India, *Newmarch* p. 242, 1379, 1381-3
 Movements in famine years, 1877-8, 1896-7, 1899-90, *Dalal* p. 672
 Obligations, recommendation of Fowler Committee, re restricting, *Abrahams* 488-92, p. 11-2
 Overland gold parcel post service between India and England advocated, *Dalal* p. 677
 in Paper currency reserve and Government Treasuries, receipts and issues, 1899-1900 to 1912-13, *Newmarch* p. 251-3
 Per capita amount held in India smaller than in other countries, *Pandya* p. 639
 Production, great increase in world, *Abrahams* 724
 Provision under Gold Note Act, suggestion, *Dalal* p. 683
 Receipt of bullion by Government of India in exchange for rupees :
 Formerly, but abandonment of, *Abrahams* 1324
 Revival advocated, *Schuster* 11,028
 Receipt of, other than British gold coin, by Government of India, papers handed in, *Abrahams* p. 741-58
 in Reserves, see under Gold Currency Reserve and Paper Currency Reserve.
 Rise of gold prices, maintenance of gold standard in India and favourable trade balance only due to, *Frewen* 9522
 Shipments to England, practice re, *Abrahams* p. 12-3, p. 16
 Supply of, in exchange crisis, 1907-8, see under Crisis of 1907-8 under Exchange.
 Support of Exchange by, see under Exchange.
 present System re, approved by Government of India, *Meston* 9463-5
 Transfer of five to eight millions to London with view to Government undertaking to maintain exchange, question of, *Abrahams* 1092-4
 Transportation charges and reduction advocated, *Dalal* p. 677
 should be Used for development of India rather than for lending to London banks and financial houses, and scheme, *Hamilton* p. 529-1, p. 527
- Gold Currency :
 see also Sovereigns.
 some Advantage in, that liabilities of Government for redemption of rupees would decrease, *Howard* 8206
 Advantage of gold standard possessed at present, *Abrahams* 1144-6

Gold Currency—continued.

- Advantages of, in opinion of Indian Government, *Abrahams* 1127-34
 Advantages of paper currency over, *Hunter* 6486-9
 Advocated and advantages, *Pandya*, 9663-89, 9743-7, 9760-71, 9870-7, p. 638, p. 639; *Harrison*, 10,277-312, 10,400-7, 10,428-31, 10,441, 10,478.
 Attitude of Fowler Committee re, *Abrahams*, 1026-8; *Hamilton*, p. 523.
 Attitude of Government re, *Webb*, p. 557, p. 563-4; *Abrahams*, 1114-22; *Meston*, 9386-8; *Pandya*, p. 637-8.
 Changing of gold coin should be always possible, *Graham* 4928
 if Circulating freely people will not be reluctant to part with, *Webb* 6257-65
 Conditions necessary to, *Abrahams* 1029-32, 1212
 no Demand for, known of, *Dunbar* 7917
 Desirable and liking of people for gold money, *Abrahams* 619, 625
 Desirable and reasons, *Webb* 5727-31, 5841-52, 5880-2, 6001-3, 6307-10
 Difficulties of getting gold into, and retaining it in, circulation, *Sundara Iyer* p. 626-8
 Disadvantage of forcing gold into circulation, *Hunter* p. 593-4
 Effective in Punjab, Northern India, and Bombay, *Le Marchant* 7644

ENCOURAGEMENT:

- Advocated, *Newmarch* 1421, 1701-81; *McRobert*, 3978-82, 4006, 4226-36; *Bhupendra Nath Mitra*, 4672-7, 4776-81, *Webb*, 5744-8, 5757-8, 5776-86, 6004-11, p. 568; *Le Marchant*, 7644, 7821; *Reed*, 9992-8; *Harrison*, 10,477-8; *Dalal*, 11,253-60, p. 671; *Chundial*, p. 766, p. 769.
 Attempt by Government to encourage by paying salaries and postal money orders partly in, but failure, *Sundara Iyer* p. 627
 Desirable in interests of people, *Smith* 8533-53
 not Desirable, *Barrow* 3072-3, 3092-7
 by Government, question of and comparison with encouragement of notes, *Abrahams* 1261-7, 1290-8
 Hoarding would result, *Reid* p. 574
 at Lahore, Agra, and Delhi, *Dunbar* 7908-16, 8019-22
 at Lahore and Delhi believed to be merely a temporary expedient, *Meston* 9324-8
 Measures re increasing circulation (letter of Government of India, 1900) p. 109, 113
 no Special steps advocated, *Howard* 8224-6, 8291
 Question of, *Abrahams* 1201-8
 Steps taken, *Bhupendra Nath Mitra* 4754-3
 Encouragement of notes preferable, but people should be given gold when desired, *Smith* 8553-64
 Essential to proper currency system, *Webb* 5708
 with Establishment of, gold standard reserve will be unnecessary, *Webb* 5305, 5752-6, 5802-10, 5835-8, 5874, 6039, 6127-40
 in Existence practically, *Abrahams* 933-4, 1032
 Five rupee piece, objection to, *Meston* 9402
 should be forced into circulation, and suggestions re, *Pandya* 9678-82, 9744-7, p. 638, p. 639-40
 Gold standard reserve would eventually become unnecessary, *Pandya*, 9689-96, 9740-1, 9760-71; *Dalal*, 11,278, 11,283-5.
 Government interests with regard to, *Abrahams* 626, 799-802
 Government should discourage use of, *Hamilton* 2316, 2486-90
 Impossibility of estimating how much would go into currency and how much as ornaments or into hoards, *Barrow* 3094
- INCREASE:**
 possible Advantage in preventing rise in world's prices, *Howard* p. 586
 not Advocated, and not considered practicable, *Sundara Iyer* p. 621-4, 8936-7
 in Bombay, *Pandya* 9680
 Coins will go into hoards, *Freun* 9519 (p. 33), 9557
 and Decrease in notes and silver would result in decrease of gold in paper currency reserve, *Webb* 6204-22, 6296-8

Gold Currency—continued.**INCREASE—continued.**

- Desirable if desired by people, *Abrahams* 1139-42, 1147-9
 Desirable as educative measure, *Meston* 9120-30, 9144-5, 9246-9
 Desired and circulation might be pushed a little for a time, *Harrison* 10,342
 Desired to extent of forming new additions to currency instead of rupees, and reasons, *Reed* 9983-90, 10,069-73, 10,087, 10,099-106, 10,121-3, 10,127-51
 Effect on rupee currency, question of, *Webb*, 5788-801, 6299, 6304; *Howard*, 8287; *Sundara Iyer*, p. 627; *Meston*, 9138-40, 9252-67; *Reed*, 10,135-45; *Harrison*, 10,325; *Dalal*, 11,408-14;
 to Exclusion of notes and silver not desired, *Reed* 10,087-8, 10,092-7
 at Expense of gold standard reserve would make exchange less stable, *Abrahams* 1209-17
 Increase of gold in circulation and in paper currency reserve anticipated, *Webb* 6300-1
 Increase in reserve preferable if both impossible, *Meston* 9330-1
 Increase of reserves preferred, *Abrahams* 1303-4
 Question of effect on reserves, *Reed*, 9987-8, 10,082-96, 10,104-6, 10,123-6, 10,131-50; *Harrison*, 10,346-51; *Dalal*, 11,287-99.
 Question whether Government or Central Bank more favourable agency, *Newmarch* 1827-30
 Question whether note circulation need be interfered with, *Howard*, 8287-91, p. 585; *Dalal*, 11,408-14.
 Reserves would cease to increase, *Howard* 8207-10
 Rupees not likely to fall to a discount, and no steps should be taken by Government to prevent, *Webb* 5821, 5839-40
 Involving obligation to give gold for rupees not intended, *Webb* 5979-86, 5993
 Limit on amount of rupees that are legal tender will be possible in future, *Webb* 5997-6000
 Mohurs, dies prepared for, 1835, *Graham* 4922
 not a Necessary concomitant of gold standard, but endeavours should be made to meet any demands for gold, *Howard* 8223-6
 Notes will not be displaced by, *Sundara Iyer* p. 626-7
 no Object in forcing upon people, and no such desire on part of Secretary of State or Government of India, *Newmarch* 1800-1
 Objections to, *Hamilton* 2443, p. 523
 Objection to forcing, on India, and Government should not encourage use of, but should not interfere if people desire, *Ross* 3624-9, 3806-16, p. 544
 Opinions of Punjab Chamber of Commerce, 1911, 1913, p. 713, p. 715
 Other forms considered preferable, *Ross* 3628
 Paper currency with gold in reserve more economical, but extension of gold at expense of notes not suggested, *Howard* p. 585
 Position of India as regards, similar to that of many other countries, *Abrahams* 1016-25
 Preferred to rupees, *Schuster* 11,030
 should not be Pressed, *Currie* 10,571-3
 Question as to existence of, in other countries, *Webb* 5972-8
 Reason for change of opinion regarding desirability of, during last 15 or 20 years, *Webb* - 6306, 63110
 Recommendations of Indian Currency Committee re, and carrying out of, advocated, *Webb* 5316-22, 5970-1, p. 555, p. 556, p. 557-9 11.
 Recommendations of Prof. Dunning MacLeod, *Webb*, 5970-1, p. 555, p. 556
 Replacement of notes by, not desired, *Reid* - p. 574
 not Required and considered a wasteful and expensive luxury, *Dunbar* 7895, 7918-9
 Return to centres anticipated, *Le Marchant* 7847-51
 Smaller coin not advocated to start with, but might be struck if found desirable by experience, *Webb* 5987-92
 Suitability of, for India, *Abrahams* 1268
 Support of exchange possible without, *Meston* 9389-99

Gold Currency—continued.**TEN RUPEE PIECE :**

- would not be Available for export on favourable terms, *Le Marchant* 7847
 Advocated, *Harrison*, 10,322-30, 10,384-400; *Thackersey*, p. 719.
 not Advocated and reasons, *McRobert*, 4008-9, p. 548-9; *Chunnilal*, p. 766.
 no Better than a sovereign, *Chunnilal* p. 764
 Cheaper to coin than sovereigns, *Abrahams* 1245-8 might Compete with 10 rupee note, *Le Marchant*, 7844; *Howard*, 8395-6, p. 585; *Meston*, 9402-3; *Harrison*, 10,325; *Schuster*, 11,028.
 would not Compete seriously with 10 rupee note, *Dalal* 11,339-40
 would not compete with 10 rupee note but rather strengthen, *Fleetwood-Wilson* 11,430
 Correspondence between Secretary of State and Government of India, *Abrahams* 1143
 Hoarding and use for ornaments would be encouraged, *McLeod* 7171, 7193, p. 598
 Objections to, *Ross* 3817-26, 3854-62, p. 546
 Question as to popularity, *Abrahams*, 1178-80, 1238-45, 1269; *Barrow*, 3092, 3094; *Sundara Iyer*, p. 627-8.
 Question as to whether demand for gold would be increased, *Barrow* 3279-88
 Sovereigns preferred to, *McRobert* 4007-8, p. 548 would not be Suitable for export, and would be expensive, *Schuster* 11,028
 would be Useless for export except as bullion, and would tend to destroy standing of sovereign, *McLeod* 7162-76, 7192-6, p. 593
 Ten rupee and five rupee pieces, attempted introduction, 1870, *Graham* 4922-3
 possible Tendency to hoard in case of crisis, *Webb* 5812-26
 Three or five rupee piece, objections to, *Meston* 9402
 Use of, marks superior stage in civilisation to use of silver, *Webb* 6307-8
 Wasteful compared with other methods and not as useful for support of exchange as gold in reserve, *Reid* 7386-8
 Gold Currency (Standard) Reserve, abolition when sovereigns everywhere in circulation, and 30,000,000, in gold held in paper currency reserve, advocated, *Webb* p. 569

Gold exchange system :

- Ideal, *Abrahams* 623
 Nature of, *Abrahams* 623-4

Gold Mint :

- Advantage claimed for, that gold currency would largely increase, doubted, *Sundara Iyer* p. 620-4
 no Advantage seen, *Incheape*, 10,858; *Schuster*, 11,028.
 Advantages slight as sovereigns can be and are imported to great extent, *Abrahams* 1124
 Advantages in theory, *Hunter* 6470
 might be Advisable if inexpensive, *Ross* p. 546
 Advocated and advantages to be derived, *McRobert*, 4014-6; *Bhupendra Nath Mitra*, 4664-6; *Graham*, 4919-26, 4930; *Webb*, 5706-31; *Howard*, 8242, p. 585; *Smith*, 8565-82, p. 616; *Meston*, 9332; *Pandya*, 9796, 9751-4, p. 639, p. 640-1; *Reed*, 9976-82, 10,057-78, 10,117-20, p. 667-8; *Harrison*, 10,322-3; *Dalal*, 11,337, p. 677-9; *Punjab Chamber of Commerce*, p. 713; *Thackersey*, p. 719; *Chunnilal*, p. 764, p. 766, p. 769.
 not Advocated at present, but if established sovereigns should be coined, *McLeod* 7032, 7153-5, 7157-61, p. 597, p. 598, (Bengal Chamber of Commerce), p. 604-5, p. 606, 607.
 not Advocated at present and genuine demand for, among commercial community doubted, *Currie* 10,567, p. 669-70
 Amount of coining would be small, *Fleetwood-Wilson* 11,425
 Approved and attitude of Government of India re, *Meston* 9106-8
 Attitude of Mysore gold mines to, *Abrahams* 1174-6

BULLION FOR COINAGE :

- African gold anticipated, *Pandya* 9709-18, p. 640

Gold Mint—continued.**BULLION FOR COINAGE—continued.**

- probable Difficulty of obtaining, *Hunter*, 6471-3, 6861-71, 6975-7, p. 593; *McLeod*, 7033-4; (Bengal Chamber of Commerce), p. 606.
 from Hoards, question of obtaining, *Abrahams*, 214, 1135-8; *Toomey*, 2614-8, 3010-4; *Bhupendra Nath Mitra*, 4671; *Webb*, 5750-1; *Howard*, 8230-4; *Meston*, 9108-9; *Pandya*, 8721-35; *Fleetwood-Wilson*, 11,425; *Forrest*, p. 699.
 Imported from abroad would not go for coinage in normal times, import of sovereigns cheaper, *Toomey* 2699-709
 Local supply, from mines, question of, *Toomey*, 3008-9; *Bhupendra Nath Mitra*, 4666-8, 4786-8; *Webb*, 5694-9; *Howard*, 8247-8; *Meston*, 9410-1; *Pandya*, 9709-18, p. 640; *Dalal*, 11,341-3.
 Purchase of gold by Government at favourable rate not advocated, *Meston* 9341-3
 Question of, and of terms, *Meston*, 9337-40, 9414-22; *Dalal*, 11,344-6, 11,351.
 Question as to source, and difficulty as regards import owing to cost, *Abrahams* 1220-37, 1283-4, 1308-20
 Sufficiency not anticipated, *Sassoon David* . p. 716
 Supply, would depend on price, *Bhupendra Nath Mitra* 4717-9
 Taking of bullion to mint for coinage would not be cheaper than import of sovereigns as general rule, *Toomey* 2998-3018
 Charge for refining would have to be made, but not seigniorage, *Bhupendra Nath Mitra* 4669-70
 Charges, if any, should be same as in England, *Forrest* p. 699
 would Coin local gold and possibly gold from South Africa, gold would not be sent from London if coinage charge exceeded cost of freight, &c. of coined gold, *Cole* 3389-91, 3447
 Coinage of Indian sovereigns advocated if English sovereigns not allowed, *Chunnilal* . p. 766, p. 769
 Coinage of English sovereigns or 10 rupee piece, question of, *Fleetwood-Wilson*, 11,425, 11,426, 11,428-30, 11,473; *Dalal*, 11,338.
 for Coinage of sovereigns unnecessary, and impracticability as regards supply of bullion, *Barrow* 3091
 Control by English Mint would be objected to, *Fleetwood-Wilson* 11,426
 COST :
 Estimate, *Dalal* p. 678
 Estimate of initial expenditure, and annual expenditure should be small, *Meston* 9409
 Question of, and statement of establishment charges of mints in Sydney, Melbourne, and Perth, *Abrahams* p. 214
 Small if special Indian coin adopted, *Abrahams* 1321-3
 strong Desire for, among Indians, *Fleetwood-Wilson* 11,425-6
 Experiment should be tried, *Howard* 8229-30, 8397-8
 for Free coinage of sovereigns would justify cost, *McRobert* p. 540
 Gold in circulation, question of effect on, *Abrahams*, 618; *Cole*, 3392.
 Government realize that change in British law would be required, *Meston* 9412-3
 History of discussions and proceedings re, *Abrahams*, 614-6, p. 212-3; *Webb*, p. 557.
 not very much Importance attached to, *Le Marchant* 7666
 no Inconvenience from want of, and not anticipated for some years, *Sassoon David* p. 716
 SPECIAL INDIAN COIN :
see also Ten Rupee piece under Gold currency.
 would not Affect question of exchange as gold taken by weight, *Cole* 3567-9
 might Conflict with sovereign, *Le Marchant* 7666
 Fineness should be same as sovereign to enable exchange by weight, *Abrahams* 1163
 Introduction of sovereigns as distinctively Indian coin desired, *Meston* 9110, 9333-6
 Objections to (Bengal Chamber of Commerce), *McLeod* p. 606
 Public opinion, question of, *Abrahams* 1166
 Treasury would have no jurisdiction, *Abrahams* 617

Gold Mint—continued.

- Indian feeling would be gratified by, and feeling of having been hampered without, *Abrahams* 1125-6, 1249
- no Justification for, in absence of public demand, *Abrahams* 1167
- Manufacture of gold by Government of various fineness for ornaments, suggestion, *Dalal* 11,401, p. 678
- not Necessary at present, but if opened in future, sovereigns should be coined, *Toomey and Fraser* 2802-8, p. 538
- Necessity of, *Bhupendra Nath Mitra*, 4782-5; *Dalal*, 11,347-50, p. 679.
- no Necessity for, unless arrangement made with Mysore mines to coin their gold, *Forrest* . p. 699
- Note on proposals for, *Abrahams* p. 212-5
- Objected to, *Hamilton* 2466-7
- not Objected to, but unnecessary as long as sovereigns used, *Cole* 3388
- Obstruction by English Government, *Dalal* . p. 679
- Opening of Bombay Mint to free coinage of gold, advocated, *Webb* 5690-8, 5702-3, p. 557, p. 558, p. 568
- Opening of, immediately, was never recommended by Currency Committee of 1898, *Sundara Iyer* p. 628
- Opinion of Sir Guy Fleetwood Wilson referred to, *Abrahams* 1299-302
- Passage of bullion from hoards through, question of, *Smith* 8569-80
- would Provide for conversion of bullion in hoards into currency under pressure of famine, *Reed* 9977-80, 10,057-66, p. 667
- Public feeling *re*, question of, and of importance to be attached to, *Abrahams* 1306-7
- Purchase and sale of gold, suggestion, *Dalal* 11,395-400, 11,402-4, p. 678
- Question of, *Sassoon David* p. 716
- Reason for Fowler Committee recommending, *Le Marchant* 7659-62
- Receipt of gold and issue of rupees in exchange without legislating for minting of gold coins, suggestion, *Hunter* 1474-7, p. 593
- Recommendation by Fowler Committee, and change in circumstances since, *Abrahams* 1168-9, p. 212
- Refineries, suggestion *re*, *Dalal* p. 678
- Relaxation of restrictions and permission to mint masters to coin sovereigns would be a graceful act, *Meston* 9406
- Representative of English mint might be present at tests, but no further control desirable, *Fleetwood-Wilson* 11,426, 11,431-4
- SEIGNIORAGE:**
- Charge should not be made, *Howard*, 8243-6, p. 585; *Webb*, 5703-5; *Meston*, 9407-9; *Pandya*, 9707-8; *Dalal*, p. 679; *Thackersey*, p. 719.
- Question, and question whether better terms should be given than given in England, *Abrahams* 1154-62, 1176, 1181-95
- Sovereigns, or coins identical with, in size, weight, and fineness, should be coined, *Graham*, 4920-1, 4924; *Webb*, p. 557, p. 568.
- Sovereigns should be coined, *Cole*, 3393, 3565-6; *Bhupendra Nath Mitra*, 4714-6; *Howard*, 8320-1, 8399-401, p. 585; *Smith*, p. 616; *Meston*, 9369, 9400-3; *Pandya*, 9719-20; *Schuster*, 11,028; *Forrest*, p. 689; *Sassoon David*, p. 716.
- Standard of value, at present non-existent in India, would be created, *Dalal* 11,348-50
- Supply of sovereigns in India would not be greatly increased, *Newmarch* 1750
- might be Tried if special coin introduced, but introduction not advocated, *Barrow* 3091-3

Gold reserve:

- Amount, and opinion *re*, *Harrison*, 10,356-7; *Inchcape*, 10,800-3, 10,814, 10,822-31.
- in India, 15 to 20 million advocated, *Howard* - p. 589
- in London, definite limit important, *Abrahams* 11,566, 11,571-2
- Opinions of Punjab Chamber of Commerce p. 710-3
- Sufficient already to allow of Government discharging its obligations in gold without taking from gold needed to maintain exchange, *Webb* 5700-3

Gold reserve—continued.

- 30 millions in paper currency reserve in London and gold standard reserve combined would be sufficient, *Abrahams* 11,571

Gold Standard:

- Advantage of, and progress of trade since introduction, *Ross* 3617-23
- with Gold reserve advocated, *Sundara Iyer* - p. 628

Gold Standard Reserve:

- Accounts, wording of "cash . . . at short notice," objection to, *Cole* 3412, 3499-506
- Addition to, of annual interest on investment of Paper Currency Reserve, proposal by Government of India, and opinion *re* p. 119, p. 122, p. 127

AMALGAMATION WITH PAPER CURRENCY RESERVE:

- possible Advantages, but difficulties, *Le Marchant* 7626
- Advocated, *Harrison* 10,277-312
- not Advocated, and reasons, *Barrow*, 3151-3, 3158-66; *Howard*, 8283-4, p. 587; *Schuster*, 11,074.
- never Considered by Government of India, *Meston* 9444
- possible Danger, *Abrahams* 721
- not Desirable and no benefit seen, *Hunter* 6454-6
- Disadvantages, and public would dislike, *Meston* 9444
- Indian public opinion might be shaken, *Abrahams* 721
- no Objection to, *McRobert* 4085-6
- Objection to, *Bhupendra Nath Mitra* - 4692-6
- Possible eventually, but uses in separate systems, *Le Marchant* 7741-3
- not Possible, *Newmarch* 1405-6
- Question of, *Abrahams* 704-12
- Question as to possibility, *Webb* 6104-7, 6125-6
- Amalgamation with paper currency reserves and balances not advocated, *Dalal* p. 679-80
- Amount, and inadvisability of reducing, letter from Government of India, 26th April 1906, *Abrahams* p. 137

AMOUNT:

- Automatic increase, methods (*Law*) p. 119
- Balance of trade considered the proper measure of possible liabilities, not quantum of currency, *Abrahams* 776-9
- should Depend on trade rather than on amount of rupee circulation, *Meston*, 9077-8, 9492-3; *Currie*, 10,552-4.
- should Depend on trade and question of dependence on amount of rupee coinage, *Reed* 9949-51
- should be Fixed on basis of number of rupees in circulation and suggestions *re*, *Ross* 3648-62, 3740-66, 3908-11, p. 546
- Inadequate in opinion of Madras Chamber of Commerce, 1907 p. 172
- Increase:
- Desirable as trade increases and methods of, *Abrahams* 647-9
- above 25 millions, desirable and question of, from profits on coinage or from interest, *Abrahams*, 780-3; *Currie*, 10,549.
- not Less than 25 millions advocated, *Bhupendra Nath Mitra* 4696
- no Limit should be fixed, *Roid*, 7509, 7571-2, p. 573; *McLeod*, 5971; *Smith*, 8533, 1587, p. 616; *Meston*, 9484-91; *Reed*, 9946-52, 9970, p. 667; *Schuster*, 11,072-3, 11,228; *Sassoon David*, p. 716; *Thackersey*, p. 719; *Chunital*, p. 767.
- Number of rupees coined should not be measure of, *Abrahams* 1074-6
- Policy recommended *re* avoiding excessive amount and importance, *Abrahams* 693, 11,566-70
- Present, sufficient, *Sundara Iyer* 8912, p. 629
- Regulation of, with view to amount of gold in paper currency reserve would be advantageous, *Abrahams* 1057
- Regulation, question of bases, *Harrison* 10,279-82
- Suitable, opinion *re*, *Abrahams* 774-5, p. 93
- 10 millions in gold and 20 millions in securities, advocated, *McRobert* 4026-2, 4088

Gold Standard Reserve—continued.

AMOUNT—continued.

- 20 to 25 millions desirable, *Webb* 6039-40, 6155-6, 6249-52
- 25 millions advocated, *Dalal* - 11,277,11, 279-82, p. 680
- 25 millions should be regarded as minimum and adequacy considered when sum reached, *Howard* p. 587
- 30 millions preferred, *Howard* - - - p. 587
- 30 millions advocated, *McRobert* - 4019, 4083-4
- 30 millions accepted as maximum at present, but increase will become necessary as balance of trade alters, &c., *Meston* 9075-9, 9311, 9471-2
- Use of profits on coinage for ordinary or capital expenditure not approved, until reserve 25 or 30 million sterling, interest and profits should then be used to pay off floating and unproductive debts, *McRobert* - - - p. 549
- Amount, composition and location of, 1901 to 1913, *Abrahams* - - - p. 97
- Approach towards unanimity between Secretary of State and Government of India on questions regarding, *Abrahams* - - - 605
- Conferences between India Office and members of commercial community re. would be useful, *Abrahams* - - - 720
- Credit of profits on coinage to, see under Profits under Coinage under Rupees.
- Criticism of system as wasteful, *Webb* 5827-38, p. 558
- Departures from recommendations of Indian Currency Committee, *Webb* - - - p. 559-60
- Diversion of funds allocated to, to railway development, 1907, see Use of, for railway purposes under Profits under Coinage under Rupees.
- Drawing against, by Secretary of State, 1910 and 1911, circumstances, *Bhupendra Nath Mitra* 4810-8
- Effect on, of increase of gold currency, see under Gold Currency.
- Establishment of, correspondence between Government of India, and Secretary of State re. 1900, *Abrahams* - - - p. 109-14, p. 126-8

EXISTENCE OF:

- Approved in India, *Reid* - - - p. 573
- Desirable, *Hunter* - - - 6431

FORM:

- Bullion, unnecessary, *Hamilton* - - 2387, 2414
- Criticism, *Webb* - - - 6170-7

actual Gold:

- Advocated instead of securities, *Chunilal* p. 766, p. 767

fixed Amounts:

- 2 millions insufficient, *Reid* - 7509, 7570
- 5 millions at least, advocated, *McLeod*, p. 597; (Bengal Chamber of Commerce), 7137-9, p. 603.
- about 5 millions advocated, *Dunbar* 7878-86, 7891
- 5 millions not considered sufficient, *Cole*, 3405-6; 3570-6; *Bhupendra Nath Mitra*, 4697-700.
- 5 millions as minimum sufficient at present, but might increase to 10 as trade increases, *McLeod*, 7007-26, 7072-80, 7140, 7220-8, p. 598
- 8 or 10 millions advocated, *Schwester* 11,074, 11,109
- 10 millions advocated, *McRobert* 4020-2, 4068
- 10 millions desired by Government of India and reasons, *Meston* 9080, 9232, 9231-45, 9310, 9474-7
- 10 millions might be sufficient, but sum should not be fixed, as should depend on state of finance, *Sundara Iyer* - 8915-35
- 10-15 millions advocated, *Howard* - 8251-3, p. 587
- Ample, taking into account gold in paper currency department, *Ross* - 3648, 3795-6, p. 546
- Attitude of Government of India re, *Meston* 9305-8

Gold Standard Reserve—continued.

FORM—continued.

actual Gold—continued.

- Bulk of reserve should be in gold in India, *Webb* - - - p. 560-1, p. 568, p. 569
- Correspondence between Government of India and Secretary of State, *Abrahams* - 863-4, p. 168-71, p. 175-80, p. 183, p. 194-6, p. 199-202, p. 204
- Experience of 1907-8 crisis as guide: not Adequate, *Howard*, p. 587; *Toomey*, 2587-90, 3027-35; *Bhupendra Nath Mitra*, 4702-8; *Reed*, p. 667.
- Satisfactory, *Abrahams*, 597-604, 681-3, 953-70; *Ross*, 3649-52, 3748.
- Fixing of limit not suggested at present, *Toomey* 2956-7
- Holding of all reserve in, not objected to if really desired, but would be too expensive and waste of interest, *Toomey* - 2716-43
- Holding of reserve only in, would be advantageous in case of change crisis, but in that case profit on investment would be lost, *Cole* 3519-35
- Holding of whole amount in, objection to, *Currie* 10,659 note
- Idea predominated in minds of Fowler Committee, *Le Marchant* - - - 7617
- Increase advocated, and reason, *Toomey* and *Fraser*, 2584-84, p. 536; *Howard*, 8249-51.
- Increase of, and decrease in sterling resources in paper currency reserve, no advantage seen, *Inchape* - - - 10,936-40
- Increase gradually to 10 and 15 millions desirable, *Howard* - - - 8251-3, p. 587
- should be Independent of amount in paper currency reserve, *Meston* - 9232-9
- Insufficient, and proportion too low, should be half of whole, *Smith* - 8583-4, 8587, p. 616
- Investment of whole amount approved when reserve strong in gold, *Hunter* 6440-3, p. 592
- Laying down of minimum desirable but not by statutory provision, *Meston* - 9450-1
- no Limit should be fixed and coinage profits should continue to be added to, *McLeod* (Bengal Chamber of Commerce) p. 603, p. 607
- Objects of, *Graham* - - - 4934-41
- about One-fifth of total approved, *Currie* 10,555-60, 10,849-59
- One-third of total of whole amount in excess of 25 millions advocated, *Schwester* 11,074, 11,109
- for Portion of, desirable owing to probable difficulty in future of finding sufficient short-dated securities, *Abrahams* - 639-40
- Portion accumulated for support of exchange should be held in England, not India, *Cole* 3403-6, 3431-5, 3554-8
- ideally Preferable to securities, and in any case short-dated securities preferred, *Barrow* 3102-8
- Present amount, *Chunilal* - - - p. 763
- Question of, *Le Marchant* - - - 7637-8
- Question of, and of connection of amount of general balances with, *Abrahams* 764-73, p. 88-9
- Question of, *Toomey and Fraser* - - 2711-2, 2783-96, 2986-96
- too Small and whole amount preferred, in gold, *Webb* - - - 6041-5, 6289-94
- not Sufficient if no gold in paper currency reserve or easily available in London, *Le Marchant* - - - 7620, 7622-5
- Sufficiency of, arguments in favour of, *Abrahams* - - - p. 91-4
- Whole amount in gold the ideal, *Reid* - 7509
- Whole amount should be held in, *Pandya*, 9738-41, p. 641; *Harrison*, 10,254-5, 10,260-76, 10,345-6, 10,355; *Dalal*, 11,277, p. 680.
- Whole or as much as possible should be in, *Reed* - - - 9947, 9953
- Gold or short-dated securities preferred, *Abrahams*, 577-9, p. 88; *McLeod*, p. 597; *Reid*, 7382-3.

Gold Standard Reserve—continued.

FORM—continued.

- Gold or gold securities advocated, *Toomey and Fraser* 2584, p. 536
- Gold, rupees and sterling securities approved, and opinions re amounts, *McRobert* p. 549
- Half in gold or rupees, bulk in London in gold advocated, *Smith* 8586, p. 616-7
- Half in India in sovereigns and half in London advocated, *Sassoon David* p. 716
- History of, *Abrahams* 568-70
- Letter of Bengal Chamber of Commerce re, 6th September 1907, *Abrahams* p. 174
- Liquid gold, see actual Gold above.
- Opinion of Punjab Chamber of Commerce, 1911, p. 713
- Question of, *Reed* 10,113-6
- Question as to intentions of Fowler Committee re, *Abrahams* 559
- Securities:
- Advantages, and approved, *Abrahams*, 635-8, 727-46, p. 88; *Hunsard*, p. 586; *McLeod*, p. 598; (Bengal Chamber of Commerce), p. 605, p. 607; *Sundara Iyer*, p. 629.
- Amount:
- 7 millions should be maximum, *Webb* p. 560, p. 569
- 20 millions advocated, *McRobert* 4020-2
- Change in investments, May 1913, *Newmarch* 1797-9
- of certain Colonies should be disposed of, *Pandya*, p. 642
- Correspondence between Government of India and Secretary of State, *Abrahams* p. 129-30
- no Danger from, *Hunter* 6443-9, 6451-2, p. 592
- a Departure from intentions of Fowler Committee, *Ross*, 8896; *Le Marchant*, 7727-34; *Webb*, p. 561.
- not a Departure from recommendations of Fowler Committee, *Abrahams* 559, 812-24, 1098-100
- Description of, bought, sold, and discharged at maturity, 1901-2 to 1912-13 and prices, *Abrahams* p. 99-102
- Desirable, so as not to have money lying idle, *Dunbar* 7887-96
- Distinction between investment of paper currency reserve and, *Barrow* 3080-1
- Improvement in form in which held, since 1907-1908 and before, *Abrahams* 1057
- future Investment, stocks with maturities wiser than securities with no date of redemption fixed, *Le Marchant* 7621
- Investment of greater portion advocated, interest to accumulate in gold coin, *Hamilton* 2386-7, p. 519, p. 527
- Letter of Secretary of State re, 2nd July 1909, *Abrahams* p. 179-80
- Limitation, correspondence between Government of India and Secretary of State, 1907, *Abrahams* p. 160, p. 163
- Liquification of, suggestion re, *Dalal*, 11,415-6, p. 680; *Chanilal*, p. 766, p. 767.
- Loans for short periods instead of locking up in, advocated, *Sassoon David*, p. 716.
- if Loss involved by sale, gold should be shifted from India, but if profit possible should be sold first, *Webb* 6277-81
- Objected to, *Webb*, p. 559, p. 560; *Harrison*, 10,260-76,
- not Objected to, with sufficient amount of gold, *Cole* 3405-9
- no Objection to, *Inchcape* 10,815-31, 10,834-7
- Particulars re, *Abrahams* 563-4
- Possibility of realising, advantages, *Abrahams* 636-8, 641-5, 772, 825, 857, 859-62 1101-7.
- Possibility of realising, question of, *McRobert*, 4063-70; *Webb*, 6234; *McLeod*, 7141-3.
- Question of, *Meston* 9497-503
- not Repayable or payable at distant date, should be disposed of, *Pandya* p. 642
- Reply to criticism, *Newmarch* 1458-60
- Sale of, question of result of, *Abrahams*, 641-5, 659-62; *Le Marchant*, 7735-40.

Gold Standard Reserve—continued.

FORM—continued.

Securities—continued.

- gradual Sale of all irredeemable stocks and holding of English portion in short-dated securities, loans against securities and gold at Bank of England advocated, *Currie* 10,545-7, 10,557-60, 10,596-602, 10,622-41, p. 669
- Securities due for early redemption at fixed date, desirable, *Howard* p. 587
- Short term:
- Advocated as far as possible, *Toomey and Fraser* 2584, p. 536
- Approved, *Thackersey* p. 719-20
- not Necessary, *McRobert* 4023-5
- Preferred, but others should not be definitely excluded, *Cole* 3410
- Statement of investments should be published monthly, *Dalal* p. 680
- Statement of stock and securities, 1913, *Abrahams* p. 203
- Suggestion re, *McRobert* p. 549
- Telegrams between Viceroy and Secretary of State re shipment of gold for investment in England, *Abrahams* p. 128
- not as Useful as gold in crisis, *Cole* 3413
- Valuation of, 31st March 1913, interest received, loss on sale, depreciation, and net profit, *Abrahams* p. 98
- Silver:
- see also Subsidiary Branch in India below.
- 1900-9 p. 190
- Correspondence between Punjab Chamber of Commerce and Government of India re, 1906-7 p. 706-10
- Holding of, in India necessary, *Hunter* 6433-4, p. 592
- Need for, *Barrow* 3078-9
- Objection to, *Toomey and Fraser*, 2584, 2595, 2599, 3015-26, p. 536; *Webb*, 6164, p. 559, p. 560; *Chanilal*, p. 764, p. 767.
- Rupees should be held in India and made available for advances to banks at 6 per cent. on security when bank rate over 6 per cent., *McRobert* p. 549
- Suggestions re, *Abrahams*, p. 88-9; *Forrest*, p. 700.
- Holding of, by Central Bank, see under Functions under Central or State Bank.
- Increase of gold currency at expense of, would make exchange less stable, *Abrahams* 1209-17
- India office balances not affected by, *Abrahams* 109
- India Office transactions, 1st September 1907 to 31st December 1908, *Abrahams* p. 92, p. 106
- Indian branch, see Subsidiary branch in India below.
- Intermingling of, with paper currency reserve and Treasury balances at option of India Office complained of, *Webb* p. 559
- LOCATION:
- Approved, *Hunter* 6432
- of Bulk in London, silver portion only, in India, advocated, *McRobert* 4017-8, 4021
- History of, *Abrahams* 568-70
- in India:
- Address of Karachi Chamber of Commerce in favour of holding bulk of gold in India, and reply of Viceroy, *Abrahams* p. 195
- Advocated and reasons, *Webb*, 6044-6, 6052-63, 6178-9, 6230-3; *Reed*, 8954-68, 8974, 10,038-42, 10,042-56; *Dalal*, 25,117-71, 11,310-35, p. 671-7, p. 680; *Chanilal*, p. 764, p. 766-7.
- Disadvantages, *Abrahams* 630-4, 717, 942-7, p. 89-91
- of Portion approved, but not essential if sufficient rupees and sovereigns held in paper currency reserve, *Hunsard* p. 587
- in India or London not very material, and either would be effective, *Inchcape* 10,808-13
- Indian opinion re, question of, *Abrahams* 629
- Keeping of 20 millions in India and 10 millions in England in gold, and everything else made out of currency in sterling securities, objections to proposal, *Abrahams* 679-81

Gold Standard Reserve—continued.

LOCATION—continued.

in London:

- Advantages, and need for, *Abrahams*, 628, 631-4, 908-11, 936, p. 89; *Toomey*, 2979-85; *Hunter*, 6435-6, p. 592; *Le Marchant*, 7632-6.
- Advocated, and reasons, *Hamilton*, 2384-5, p. 519, p. 527; *McLeod*, 7000-2, p. 597; (Bengal Chamber of Commerce), 7137-9, p. 602-3; *Ross*, p. 546; *Dunbar*, 7576; *Harrison*, 10,255-9; *Schuster*, 11,053-4.
- Amount to which reserve to accumulate before profits on further coinage used for capital expenditure, *Abrahams* - p. 90-1
- Appropriation for needs of State feared in time of crisis or panic, *Webb* 6057-8, 6064-73, 6230-3, 6288
- Approved, *Graham*, 4931-2; *Meston*, 9081, 9423
- Consideration of, as possible resource for England, no importance attached to suggestion, *Howard* - p. 586
- Criticism that reserve tends to become rather a reserve for London money market, disagreed with, *Abrahams* - 627
- Criticism of use in interests of London money market, entirely wrong, *Toomey* - 2985
- Desirable as resource against fall in exchange, *Newmarch* - 1361
- no Distinction in use of gold in paper currency reserve and with reference to support of exchange, *Abrahams* - 762-3
- of Gold, objection to, *Webb* - p. 560
- Gold and sterling securities should be held in, *McRobert* - p. 549
- Gold should be ear-marked at Bank of England, *McRobert*, p. 549; *Smith*, p. 617.
- of Greater portion approved, and reasons, *Barrow*, 3098-100, 3115-20; *Howard*, 8254, p. 586; *Currie*, 10,541-4, p. 669.
- Mostly in gold and a little in securities advocated, *Sundara Iyer* - 8913-4, p. 629
- Reason for, and considered in interests of India, *Bhupendra Nath Mitra* 4652-8, 4853-9, 4867
- not Taken into account in any market calculations in London, *Cole*, 3411-2; *Currie*, 10,660-2.
- of Whole amount advocated, *Toomey and Fraser* 2584, 2596-8, 2755-8, p. 536
- MANAGEMENT:**
- Fuller information to public desirable, *Abrahams* 907
- Policy re, confidence weakened by, *Reed* - 9955, 9957, 10,043
- Question of, *Abrahams* - 704-9
- Want of confidence in, in India, *Reid* 7364-80, p. 573
- Want of confidence in, by public, caused by action of Government in diverting funds, &c., in 1907, *Howard* - 8261-3, p. 587
- Minute by the Hon. Sir E. Law, 1900, *Abrahams* p. 114-21, p. 123-6
- Minute by Lord Curzon, 1900, *Abrahams* p. 121-2
- OBJECT OF:**
- Main function, for exchange purposes, but can be used for other purposes in exceptional circumstances, *Dalal* - 11,316-23
- for Maintaining exchange only, should be stated, *Sundara Iyer* - p. 629
- Primary and main object of, *Abrahams*, 1096-7; *Meston*, 9080, 9087.
- to Provide gold in India if required, *Webb* 6047-51, 6199-203
- to Support exchange and (through silver branch) to supply rupees in exchange for gold when abnormal demand for rupees, *Bhupendra Nath Mitra* - 4639-51
- Origin, distinction from origin of paper currency reserve, *Abrahams* - 756-61
- Original purpose of, and modifications - p. 154-5
- not Peculiar to India, *Abrahams* - 877-9
- Policy of India Office coming nearer to that advocated by Government of India, *Meston* - 9075
- Position, 1907 - p. 157

Gold Standard Reserve—continued.

- Position of, question in Parliament 9th July 1907 by Sir Edward Bassoon, and reply by Mr. Morley, *Abrahams* - p. 159
- Publication of information re, correspondence between Secretary of State and Government of India re, *Abrahams* - p. 181-2, p. 205-7
- Purposes of, and difference from that of gold in paper currency reserve, *Abrahams* 549-58, 689-91, 851, p. 87-8
- Remittance of profit on coinage of silver to London, *Abrahams* - 560-3
- Returns, more interest taken in, during last five years, *Chunilal* - p. 765
- Sale of securities in paper currency reserve and application to, not considered practicable, *Newmarch* - 1427
- Silver branch, change of name to Indian branch, correspondence between Government of India and Secretary of State, 1912, *Abrahams* p. 205, p. 206-7
- no Statutes governing, *Abrahams* - 701-2
- STATUTORY REGULATIONS:**
- Address of Karachi Chamber of Commerce in favour of, *Abrahams* - p. 195
- would be Advantageous, *Reid* - 7381, 7568-9
- not Advocated, *Bhupendra Nath Mitra*, 4709; *Le Marchant*, 7627-8; *Howard*, 8262-4, p. 587; *Harrison*, 10,423-5.
- Attitude of Government of India re, *Meston* 9098
- Desirable, *Ross*, 3631-40, 3733-9, 3904-7, p. 544, p. 546; *Webb*, 6122-4; *Reid*, 7381, 7568-9; *Reed*, 9954-6, 9969-74; *Chunilal*, p. 764.
- Direction in which desired and not desired, *Meston*, 9445-51
- Letter of Government of India re, 6th July 1911, *Abrahams* - p. 194-51
- Strengthening, advocated, *Hamilton* - p. 529
- SUBSIDIARY BRANCH IN INDIA (SILVER):**
- Abolition, possible methods of carrying out, *Abrahams* - p. 196
- Advantage of (and considered as practically part of currency reserve), *Ross* - 3641-4
- Amount of, and correspondence between Government of India and Secretary of State re, *Abrahams* p. 94, p. 183, p. 185-94, p. 196-8, p. 207
- Amount, policy, *Newmarch* - p. 245-6
- Amounts, 1907-8 to 1912-3, *Newmarch* - p. 254
- Approved, *Barrow*, 3101-2; *Howard*, p. 587.
- Borrowing from, to meet bills and transfers, recognised as to be resorted to only in extreme urgency, *Newmarch* - p. 224
- should be Closed, *Dalal* - 11,330
- Decrease, inadvisability of, letter of Government of India, 30th September 1909, *Abrahams* p. 183
- Departures from normal amount, *Abrahams* 1002-4, p. 97
- Difficulty of question, *Schuster* - 11,041-5
- Dislike of, in India, *Forrest* - p. 700
- might be Done away with, with power to make temporary investments of paper currency reserve, *Barrow* - 3080, 3196-7
- Establishment of:
- Correspondence between Government of India and Secretary of State, 1906, *Abrahams* p. 139-43
- Reasons for, *Abrahams*, 713-4, p. 94; *Howard*, 8256-8.
- Form, securities not approved, *Howard* - p. 587
- Gold or rupees may be held as circumstances warrant, *Smith* - p. 616
- History of, *Newmarch* - p. 244-5
- Holding of, in rupees:
- Admitted to be not easily comprehensible to public, *Abrahams* - 784
- Correspondence between Government of India and Secretary of State, 1906, *Abrahams* p. 144-6
- as Last line of reserve for rupees considered important by Government of India, *Abrahams* 11,507-10, 11,513
- Increase of paper currency reserve and abolition of, disadvantages, rupees more easily obtained from gold than from paper currency reserve, *Abrahams* - 651

Gold Standard Reserve—continued.

SUBSIDIARY BRANCH IN INDIA (SILVER)—continued.

- Investment in shares of Central Bank, suggestion, *Hunter* - 6500-2, 6775-7, 6948-53
no Justification for, and mistrust caused by, *Reed*, 9999-10,003
- Lending from, not desirable, *Barrow* 3053-4, 3253
- Loans from, 1906 to meet sales of transfers, and purchase of silver to repay :
Correspondence between Government of India and Secretary of State *re. Abrahams* p. 151-2, p. 154, p. 197, p. 204, p. 206
Telegrams between Viceroy and Secretary of State, 1906, *Abrahams* - - - 147-51
- Maintenance of :
Desired by Government of India, and reason, *Meston* - - - 9439, 9442-3
Unanimity of opinion between Government in India and Government at home, *Abrahams* 654-5
not Necessary if sufficient gold available for purchasing silver, *Sundara Iyer* - - - 8907
Object of, *Bhupendra Nath Mitra*, 4639-51, 4691; *Inchape*, 10,804-5; *Abrahams*, 11,503-13.
not Objected to, *McRobert*, 4026-32; *Dunbar*, 7892-4.
not Objected to, but holding of silver in paper currency reserve would be preferred, *McLeod* 7244-6
no Objection to, but more logical to hold reserve only in gold, *Thackersey* - - - p. 720
Opinion *re. Harrison* - - - - 10,313
Policy *re. correspondence between Government of India and Secretary of State, Abrahams* p. 198-9, p. 201, p. 204-5
Practice of meeting bills, &c. from, *Abrahams* 580-3
Profit on coinage of rupees credited to, *Abrahams* 715-6
Replacing of silver in excess of 6 crores by sterling, correspondence between Government of India and Secretary of State, 1909-10, *Abrahams* p. 185, p. 187
Serves much the same purpose as addition to paper currency reserve, *Abrahams* - - 650-5
Temporary loan from, for strengthening of Treasury balances, correspondence between Government of India and Secretary of State, 1906, *Abrahams* - - - p. 144-6
Transfer to paper currency reserve in exchange for gold :
Advocated, *Webb*, 6269-76, p. 560; *Meston*, 9240-5, 9440-1; *Schwartz*, 11,046; *Dalal*, 11,415, p. 680; *Forrest*, p. 700.
Correspondence between Government of India and Secretary of State *re* - p. 199, p. 201
Difficulty, *Barrow* - - - 3078-9, 3087-90
no Objection to, *Le Marchant*, 7629-31; *Howard*, 8255, 8259, p. 588.
Question of, and disadvantages, *Abrahams* 785-91, p. 94-5
Used on several occasions, *Abrahams* - 834-7
System approved, but simplification suggested, *Howard* - - - - p. 586
Title of gold reserve preferred, *Webb* - - 6038
Transfer of gold from Treasury to currency in England, particulars *re proceedings, Abrahams* 571-5
Transfer and retransfer of funds between London and India, 1907-9 and 1908-11, *Newmarch* 1571-6, p. 224
would be Unnecessary with establishment of gold currency, *Webb*, 5305, 5752-6, 5802-10, 5835-8, 5874, 6039, 6127-40; *Pandya*, 9689-96, 9740-1, 9760-1; *Dalal*, 11,278, 11,283-5.
Use of, should be restricted exclusively to maintaining exchange, *Ross*, 3646; *Chunilal*, p. 767.
Use of, only for supporting exchange advocated until definite figure reached, *Meston* 9098, 9445
free Use of, for support of exchange on adverse balance of trade, should be made statutory, *Reed*, 9970-3
Use of sovereigns to buy silver and keeping of silver in India, justification, *Abrahams* - - 692-4
Use of, for reproductive purposes, suggestion, *Hamilton* - - - - 3415-40

Gold Standard Reserve—continued.

- would be Used first for support of exchange, gold in paper currency reserve being treated as subsidiary reserve, *Newmarch* - - - - 1384-91
Use of, to maintain exchange, 1907-8, *Abrahams* 792, 1041-2, p. 88, p. 153, p. 168
Goschen, Lord, proposals *re gold and small silver notes, Freuen*, 9580-1; *Harrison*, 10,409.
- Government of India :
Greater freedom of action should be allowed to, in matters of local concern, *Webb*, p. 570; *Chunilal*, p. 769.
should be Given free hand with certain exceptions, *Forrest* - - - - p. 700
Relations with India Office, *Meston* - - 9470
Government departments, brokers, method of payment, *Scott* - - - - 2098-100
- GRAHAM, JAMES N. - - - - 4869-4955
Balances in England, unnecessarily large floating balances undesirable - - - - 4898-905
- CENTRAL OR STATE BANK :
Board of Directors, Government should be represented, but majority would be representatives of shareholders - - - - 4879-80
Consideration advocated - - - - 4872
Deposits, question of attracting treasure from hoards - - - - 4885-8
Functions :
Advocated :
Exchange business as far as sale of Council Bills concerned, not general exchange 4876, 4889-91
Loaning of balances - - - - 4873-4
Management of currency - - - - 4875
Purchase of silver for coinage - - 4943-5
general Banking business throughout India, question of - - - - 4877
Government control would be necessary - 4947
Local boards in separate Presidencies, suggestion 4881-2
Nature of, would be a new departure absorbing Presidency banks - - - - 4880
Reasons for advocating - 4873, 4883, 4892, 4948
- COUNCIL BILLS AND TRANSFERS, SALE :
Allocation over year according to what might be convenient for Government and public desirable 4896-7
in Excess of requirements, not advocated 4912-5
- GOLD CURRENCY :
Changing of gold coin should be always possible 4928
Mohurs, dies prepared for, 1835 - - 4922
10-rupee and 5-rupee pieces, attempted introduction, 1870 - - - - 4922-3
- GOLD MINT :
Advocated, and reasons - - - - 4919-26, 4930
Sovereign or coin identical with, in weight and fineness, should be coined - - 4920-1, 4924
Gold reserve and restriction of coinage of silver, desirable - - - - 4916-8
- GOLD STANDARD RESERVE :
Gold in, objects of - - - - 4934-41
Location in London approved - - 4931-2
Lending by Government in India, loans to Presidency banks preferable - - - 4906-9
Loans, issue of, in India, advocated as far as possible 4910
Paper currency, no objection to - - - 4929
Revenue, surplus, use of, for development works desirable - - - - 4901-4
Silver, purchase of, for coinage, business would be better carried out through bank - 4943-5
Sovereigns, obtained easily in India - - 4927
Grants, criticism of system, *Thackersey* - p. 717
Hambro, E. A., note by, *re establishment of central bank*, 1898, *Abrahams* - - - - p. 357
- HAMILTON, Sir DANIEL MACKINNON : 2275-2501, p. 518-536
Agriculture, need for financial system for encouragement of, and scheme - 2480-5, p. 524-6, p. 527
Balances, high, no objection to - - 2278-9

HAMILTON, Sir DANIEL MACKINNON—continued.

Banking in India, defect, no provision made for financing agriculture, and need for . . . 2480-5, p. 534-6, p. 527

BORROWING BY GOVERNMENT:

Question of effect on exchange . . . 2423-9

Scheme . . . 2292-305, 2394-401, 2436-7, 2352-3, 2463-75, 2508-28, p. 519-20

Central or State Bank, not necessary . . . 2459

CO-OPERATIVE CREDIT SYSTEM:

"Co-operation in India," by S. H. Freemantle . . . p. 530-6

Development, need for . . . 2483-5, p. 524-6, p. 527-8

Need for men to develop, and scheme . . . 2484, p. 525, p. 528

COUNCIL BILLS AND TELEGRAPHIC TRANSFERS:

Sale of:

in Excess of requirements, advantages . . . 2546-52, p. 521-2

Government should sell as many as trade will take . . . p. 518, p. 526

at 1s. 4d. advocated . . . 2411-3, 2477, 2538

Total capital given to India by, and loss that would result in absence of system . . . p. 522

System approved . . . 2280

Deposits with London joint stock banks, reply to criticism . . . p. 518

Duke, Sir William, speech of, 5th March 1913, quoted . . . p. 519-20

Exchange, rate of, increase above 1s. 4d., exports curtailed and gold standard reserve weakened . . . p. 527

"GAMBLE IN RAIN":

Condemnation of system . . . 2284-305, 2431-40, p. 519-20

Explanation . . . 2284-90, 2298-300

GOLD:

Balance, increase desirable . . . p. 520, p. 528

in Circulation, none seen in Bengal . . . 2407-8, 2542

Export to India, question as to possibility of preventing . . . 2529-38

Hoarded or in circulation, loss of produce to India from . . . 2295, 2318-25, 2403-5, 2409-10, 2444, 2473, 2476-9, 2488-92, p. 521, p. 522-3, p. 527

Holding of, by Government, to interests of India . . . p. 526-7

Issue in exchange for silver or paper, Government should reserve right to refuse . . . p. 523, p. 527

in London, use of, not lost to people in India . . . p. 527

should be Used for development of India rather than for lending to London banks and financial houses, and scheme . . . p. 520-1, p. 527

GOLD CURRENCY:

Fowler Committee quoted *re* . . . p. 523

Government should discourage use of . . . 2316, 2486-90

Objections to . . . 2443, p. 523

Gold Mint in India, objected to . . . 2466-7

GOLD STANDARD RESERVE:

Bullion, unnecessary . . . 2387, 2414

Investment of greater portion advocated, interest to accumulate in gold coin . . . p. 519, p. 527, 2386-7

Location in London advocated . . . 2384-5, p. 519

Strengthening, advocated . . . p. 529

Use of, for reproductive purposes, suggestion . . . 2415-40

HOARDING OF GOLD:

Increased . . . 2441-2, p. 523

Question as to extent . . . 2406-8, 2540-2, 2553-4

India Office, Finance Committee, suggestion *re* constitution . . . 2460-5, p. 526, p. 528

LENDING BY GOVERNMENT OF INDIA:

from Balances or paper currency reserve immaterial . . . 2454-6

Government bond, to be kept as part of investments of paper currency reserve, suggestion . . . 2392-401, p. 521

to First class banks at 1 per cent. under London Bank rate, for purposes of trade, scheme . . . 2368-81, 2493-6, p. 529

Freely to first class banks, when required to finance trade, advocated . . . 2367, p. 518-9, p. 527

HAMILTON, Sir DANIEL MACKINNON—continued.

LENDING BY GOVERNMENT OF INDIA—continued.

no Limit suggested as to amount . . . 2445

Security:

not Considered important . . . 2447-8

Possibility of banks providing, question as to extent . . . 2497-503

Short loans desirable as matter of business, but not necessary for safety . . . 2449-53

Lending by Government in London, approved only if money could not be better used in India . . . 2281-2

London money market, condition, importance of, to India . . . 2309-12

Notes, Government should encourage use of . . . 2313-5

PAPER CURRENCY RESERVE:

Coined silver, lending of, to Treasury department when required by trade, suggestion . . . p. 529

Gold portion:

in Excess of amount needed to encash notes, and use of, for strengthening gold standard reserve and reproductive purposes advocated . . . 2306-12, p. 528-9

12 millions in hand, being difference between gold written at 15 and at 22 rupees to the sovereign . . . 2306-8, 2331-6, 2429-30, p. 521

Use of, for development of railways and irrigation, scheme . . . 2306-12, 2326-66, p. 529

should be Held partly in London and partly in India . . . p. 527

Investment portion of, decrease, and loss to India from . . . p. 521, p. 527

Silver, sufficient must be kept in hand for encashment of notes and rest lent out at interest to Treasury balance department . . . 2388-91, 2526, p. 519, p. 527

PRESIDENCY BANKS:

Board, representation of exchange banks and Government on, suggested . . . p. 526, p. 528

Linking up of, with co-operative credit system, advocated . . . p. 526

Rupees, coinage of average number required, and little more every year, advocated . . . 2555-61, p. 529

Taxation, increase desirable for good of the people . . . 2382-3, p. 518-9

Hamilton, Rt. Hon. Lord George:

Despatch *re* gold standard reserve and investment of paper currency reserve, 13th October, 1900, *Abrahams* . . . p. 126-8

Despatch, 4th May 1899, objecting to proposal *re* temporary loans to Presidency banks at less than Bank rate, *Abrahams* . . . p. 62-4

Despatch *re* loans to Presidency banks, 4th May 1899, *Abrahams* . . . p. 2

HARRISON, F. C., C.S.I. . . . 10,156-478

BALANCES:

in England:

Decrease desired . . . 10,104

System of management criticised . . . 10,193

High, reasons . . . 10,158-76

in India, treasuries worked with minimum amount compatible with proper discharge of functions . . . 10,182-3

Question whether balances belong primarily to India and surplus should only go to England or *vice versa* . . . 10,180-2

Bombay, Bank of, failure in 1866 referred to . . . 10,183

Budget estimates, caution due to vicissitudes of weather and to weak position of Finance Minister . . . 10,158, 10,177-9

CENTRAL OR STATE BANK:

Amalgamation of Presidency Banks, objection to . . . 10,332

Disadvantages and difficulties . . . 10,331

Council Bills, sale, present system preferred . . . 10,552-4

Currency, people should be given form they desire . . . 10,542-51, 10,437-9, 10,478

Currency chests, use of, to economise Treasury balances . . . 10,183

EXCHANGE:

Crisis of 1907, gold should have been issued at once and freely . . . 10,209-11

HARRISON, F. C., C.S.I.—*continued.*EXCHANGE—*continued.*

Fall:

Drawing on central reserve the quickest and simplest method 10,212, 10,215, 10,220, 10,245, 10,442-3

Free issue of gold advocated in case of 10,210-50
Possibility of supporting, by means of reserves 10,432-6

Value of gold in circulation for support of 10,408-22, 10,455-74

EXCHANGE BANKS:

Antagonism between Presidency Banks and 10,333
Undertaking of deposit banking by, advocated 10,333

GOLD:

40 to 50 millions against total currency liabilities desirable 10,356-7
Issue in 1907, proceedings *re* 10,209, 10,232-7

GOLD CURRENCY:

Advocated and advantages 10,277-312, 10,400-7, 10,428-31, 10,478

Increase:

Desired, and circulation might be pushed for a time 10,342

Question of effect on gold standard reserve 10,346-51

might be Encouraged by giving greater facilities 10,477-8

GOLD MINT:

Advocated and reasons 10,322-3

10 rupee piece:

Advocated 10,322-30, 10,384-400
would Compete to some extent with 10-rupee note, but mainly with rupee 10,325

GOLD STANDARD RESERVE:

Amalgamation with paper currency reserve advocated 10,277-312

Amount, regulation, question of basis 10,279-82

Form:

Actual gold:

Holding of, in London advocated 10,255-9
Whole amount should be held in, at present 10,254-5, 10,260-76, 10,345-6, 10,355

Securities, objection to 10,260-76

Statutory regulations, not advocated 10,423-5

Subsidiary branch in India (silver), opinion *re* 10,313

LENDING BY GOVERNMENT IN ENGLAND:

through Bank of England, suggestion *re* 10,338-40, 10,358-83

Objection to present system 10,183-8, 10,338, 10,377

Lending by Government in India, not advocated.

Increase of deposits with Presidency Banks preferred instead 10,186-9

Loans on revenue account, issue of, in India, during

first months of year, and repayment when revenue collected, question of 10,202-8

NOTES:

Encashment, increase of centres for, advocated 10,320

Increase in circulation:

Advocated and suggestion *re* method 10,314
Result of definite policy 10,316-9

Universalisation of higher denominations not advocated, and reasons 10,320-1

Paper currency reserve, hard cash in, decrease suggested 10,314

PRESIDENCY BANKS:

Access to London, question of 10,333

Antagonism between exchange banks and Government Deposits 10,333

in Excess of fixed minimum 10,183-6
Increase suggested 10,186-9, 10,199

Government partnership scheme 10,189-92, 10,332

Public Works Department, difficulty of budgetting owing to lapse of grants in 10,158-64

RAILWAYS, LAPSED GRANTS:

Barmarking of, question of, and objection to 10,165-8, 10,171-3

no Tendency towards wasteful expenditure in order to avoid 10,174

Reserve Treasuries, reason for establishing 10,183

Herschell Committee:

Quoted *re* proposed closure of Mints, *Freuen* 9519
(p. 31-2)

Referred to, *Meston* 9387

Hoards:

by Agricultural classes, *Fraser* 2949-50

ATTRACTING OF MONEY FROM:

Attempt should be made, and education of people advocated, and suggestions. *Reid* 7317-21, 7389-94, 7490, p. 575-6

Causes. *Webb*, 6282-5; *Le Marchant*, 7642-3; *Sundara Iyer*, 8939-41.

by Central Bank:

Anticipated, *Hunter*, 6579-87; *Reid*, 7390, 7490-4.

not Likely, *McLeod* 7095

Question of, *Graham* 4885-8

Co-operative credit system tends to, *Fraser*, 2972-5; *McRobert*, 4082, p. 548; *McLeod*, 7047-9; *Reid*, p. 575.

Desirability of, and possibility of, a strong argument in favour of State Bank, *Schuster* 11,214-6

by Extension of banking facilities more probable than by establishment of gold mint, *McLeod* 7033-5

by Gold mint, *see under* Bullion for coinage under Gold Mint.

Issue of railway debenture bonds might help, *Reid* 7413-4, 7423-4, p. 575

by Issue of loans in India:

not Anticipated, *McRobert*, 4080-1; *Hunter*, 6357.

Probable if people educated, *Reid* 7435-7

gradual Decrease anticipated as people educated to use of gold, *Pandya* p. 641, p. 657

Difference between rupees and sovereigns not realised by some of poorer type, *Fraser* 2950

Explanation of nature of, and reason, and decrease anticipated as education advances and railways constructed, *Webb* 5786, 6306-7

Extent of, *Smith*, p. 615-6; *Hamilton*, 2406-8, 2540-2, 2553-4; *Howard*, p. 584.

Famine would bring out, *Meston* 9093-7

Gifts of gold ornaments on marriage, practice of, *Dalal* 11,301-6, p. 672

Gold in, denial of, *Dalal* 11,300-6, p. 671-4

little Gold in, *Pandya*, 9723-4; *Thackersey*, p. 719

Gold gradually displacing silver, *Bhupendra Nath Mitra*, 4672; *Hunter*, 6480; *Meston*, 9315; *Reid*, 9977-8.

Gold in, would not support exchange in time of crisis, *Barrow*, 3075; *Duهار*, 7920-1; *Chundel*, p. 704

Hoarding would result from gold currency, *Reid* p. 574

Impossibility of estimating how much would go into, if gold currency established, *Barrow*, 3094.

Increasing, *Hamilton*, 2441-2, p. 253; *Toomey*, 2615-6, 2950.

Melting down of sovereigns; extent of practice, and reason, *Abrahams*, 1132; *Hunter*, 6862; *Sundara Iyer*, p. 624-6.

Middleman has difficulty in disposing of gold from, at present, *Pandya* 9733-5

Natives gradually investing more in securities, *Fraser* 2948-9

Nature of, *Fleetwood Wilson* 11,425

Notification of readiness to exchange bullion for notes and rupees would be desirable, *Meston* 9113-9

Ornaments, *Inchape*, 10,774-5; *Dalal*, p. 672.

Question of, *McRobert* 3975, p. 548

Reasons for, *Pandya* p. 641

Reasons for, and laws of succession and inheritance a cause, *Hunter*, p. 594, 6480-1; *Sundara Iyer*, 8938.

Reasons for, and decrease not anticipated, even with advance of education, *see*, *Sundara Iyer* 8999-9003

Release of money from, in time of famine or for wedding or pilgrimage, *Inchape* 10,776-7

Removal of tax on silver bullion might possibly stimulate hoarding of silver instead of gold, *Newmarch* 1422-3

Hoards—continued.**SILVER :**

- Possibility formerly of pledging, to bankers or money lenders, or taking to mint, in times of scarcity or famine, and hardship of closure of mints, *Frewen* - 9519 (p. 32-3), 9562-72
 Replacement of, by 10,000 rupee notes believed to be taking place, *Frewen* - 9524, 9531-3, 9544
 Sovereigns of certain dates specially popular, *Abrahams* - 674
 Strong inference that gold put out goes into, *Hunter* p. 594
 Temptation not increased by excess of rupees in circulation relatively to gold coins, *McLeod* 7173
 10 rupee piece would encourage hoarding, *McLeod* 7171, 7193, p. 598
 possible Tendency to hoard gold currency in case of crisis, *Webb* - 5812-26
 can be Turned into sovereigns, but often at very high price, *Meston* - 9111-2

Holden, Sir Edward H., Bart. :

- Letter to, re deposit with his bank and refusal to renew, *Inchcape* - 10744-5
 Quoted re advantages of State bank, *Abrahams* p. 342

HOLDERNESS, Sir THOMAS W., K.C.S.I., Permanent Under Secretary of State in the India Office :

- 11,738-904, p. 692-7
 Central or State Bank, expenditure in India Office would not be materially reduced by - 11,845-6
 Financial administration, growth of criticism in India - 11,763-4

FINANCE MINISTER IN INDIA :

- Free to correspond privately with anyone in India Office - 11,766
 Unofficial correspondence with some official in India Office possible - 11,767-8

INDIA OFFICE :

- Appointment of officer of financial experience in India in, for five years would not be satisfactory 11,759-62, 11,765
 Committees :
ad hoc Committees might be better than present system - 11,785, 11,891-3
 Good deal of work sent to, which need not be, but Committees useful for larger questions 11,876-81, 11,891
 Reviewed every year and alterations made in constitution - 11,834-5

Council :

- City finance member, question of - 11,781-3
 City member and member with non-official Indian financial knowledge as financial member, question of - 11,804-9
 Constitution at present - p. 692-3
 Constitution proposed - 11,780-803, 11,882, p. 696-7
 Eight members only, might be possible 11,899-904

Finance member :

- would have to be ex-Indian Civil Servant 11,810-2
 Proposed, and question as to sufficiency of salary and terms of appointment 11,758, p. 697
 Relationship with permanent head of department - 11,813-5
 Indian finance member, necessary 11,781-2
 Member with City financial knowledge would be possible, and would be more useful than only on Finance Committee - 11,896-8
 Member engaged in commerce or banking in London, value of - p. 696-7
 Organisation might be different if State Bank established - 11,801-3, p. 696

Members :

- Number - 11,825-8
 Pay, increase desirable - 11,868-70
 Financial representation important, but military representation more important - 11,770-4

HOLDERNESS, Sir THOMAS W., K.C.S.I.—continued.**INDIA OFFICE—continued.****Council—continued.****Indian members :**

- Question of possibility of selecting man with financial experience as one - 11,844
 Reasons for selection - 11,836-43
 Practice of leaving papers on table for a week and possibility of shortening period 11,817-24
 Relations between Secretary of State and p. 693-4
 Representation of London financial experience, important - 11,775-7
 Representation, nature of - 11,857-64
 Whole-time members, advantage of 11,865-7

Finance Committee :

- Chairman, a City banker, not necessary and some advantages seen in another system 11,778-9
 ex-Comptroller General or Secretary to Finance Department in India might be appointed 11,753-7
 Lack of Indian financial experience on 11,751-3
 Meetings twice a week would be possible 11,816
 Members, number - 11,829-33
 standing Finance Committee under reorganised Council :
 Constitution question - 11,870-5, 11,894-5
 Possibility of establishing - 11,785-800
 Finance Department, strengthening suggested by creation of Deputy Secretary - 11,743-9
 Financial-Secretary, position of - 11,739-42
 Secretary of State :
 Delegation of certain powers of sanction to Indian authorities - p. 694
 Difference of powers in financial and non-financial matters - 11,847-56
 permanent Establishment of :
 According to Government of India Act of 1858 - p. 694
 Arrangement re financial business - p. 695
 Transaction of business satisfactory on the whole, but some unnecessary delay and formalism 11,884-90
 assistant Under-Secretary should be recognised as Assistant Under-Secretary for financial duties 11,750
 Under Secretary of State or Assistant should have financial experience - 11,738A, 11,749

Home charges :

- Definition, *Newmarch* - 1465-8
 Suggested payment of, through medium of certain Indian banks, objection to, *Ross* - 3614, p. 544
 Hong Kong and Shanghai Banking Corporation, objection to relaxing restrictions on Presidency banks, 1904, and London, *Abrahams* - p. 491-3
 Hope, Sir Theodore, evidence before Herschell Committee re closure of mints, quoted, *Frewen* - 9519 (p. 32)

HOWARD, H. F., C.I.E., I.C.S., Collector of Customs Calcutta - 8122-8431, p. 576-591

Agriculture, statistics, 1899-1900, 1909-10 - p. 583

BALANCES :

- Close budgetting impossible and dangerous in India 8281-2
 High :
 Causes - 8123-52, p. 576-8
 Justification for 8156-9, 8176-8, 8280, p. 578-9
 Location in London, justification for - p. 578-80
 Reduction of amounts borrowed, or discharge of temporary debt, might have been possible earlier 8126, 8158-9, p. 577
 Use of, for paying off debt (other than temporary), objection to - p. 578-9

BUDGET :

- Preparation, communication between Finance Department and Secretary of State - 8161
 Secretary of State not misled by, or induced to borrow excessively by caution in estimating in India - 8166

HOWARD, H. F., C.I.E., I.C.S.—*continued.*

BUDGET YEAR, CHANGE TO AN OCTOBER TO SEPTEMBER YEAR:

- possible Advantage but careful consideration necessary 8153-5, 8382, 8386
 no Insuperable difficulties that would outweigh advantages 8382-6
 Question of impediment to Governor coming down to plains 8315
 Rough budget for six months suggested for transition stage 8273-7

CENTRAL OR STATE BANK:

- Head office, possible difficulties re . . . p. 581
 Opinion would depend on scheme . . . 8265-8
 Permission to Presidency banks to borrow in London might answer purpose . . . p. 581
 Coin, total holding in India, 40 crores suggested . . . p. 580

COUNCIL BILLS AND TELEGRAPHIC TRANSFERS, SALE:

- in Excess of requirements, advantages to Government and trade . . . p. 580
 Fixed price of 1s. 4d. irrespective of specie points, not advocated . . . 8269-72, 8325-32
 below Inward specie point, additions to silver currency by, procedure approved . . . 8361-3
 below 1s. 4d. reply to criticism . . . 8271-2
 at 1s. 4½d., gold not kept from circulation in India by . . . p. 585

CURRENCY:

- Government should aim at being in position to supply form in demand . . . 8305, p. 584
 Increase, methods . . . 8366-81
 Principle of giving the public what they desire, believed to be acted on . . . 8221
 Standard nominally a gold one, and currency conducted largely on lines of exchange standard . . . 8345-50, p. 586

EXCHANGE:

- Crisis, free issue of gold in India during, valuable as supplement to sale of sterling bills on London . . . 8218-9, 8302, p. 586
 Gold in reserve more valuable than gold in circulation . . . 8211-7
 Exchange banks, interests not confined to India . . . 8180-3

EXPORT TRADE, EXTENSION DESIRABLE . . . p. 582

GOLD:

- Issue in exchange for silver, Government should aim at always being in position to redeem . . . p. 586
 Question whether gold would come back from circulation for export in crisis . . . 8220

GOLD CURRENCY:

- some Advantage in, that liabilities of Government for redemption of rupees would decrease . . . 8206
 Encouragement, no special steps advocated . . . 8224-6, 8291
 Increase:
 possible Advantage in preventing rise in world's prices . . . p. 586
 Reserves would cease to increase . . . 8207-10
 not a Necessary concomitant of gold standard, but endeavour should be made to meet any demands . . . 8223-6
 Paper currency with gold in reserve more economical, but extension of gold at expense of notes not suggested . . . p. 585
 Question whether note circulation need be interfered with by increase in . . . 8287-91, p. 585
 Rupees may be interfered with to some extent . . . 8287
 10-rupee piece might compete with 10-rupee note more than sovereign does . . . 8395-6, p. 585

GOLD MINT:

- Advocated for coinage of sovereigns . . . 8320 2, 8323-4, 8399-401, p. 585
 Bullion, question of local supply from mines . . . 8247-8
 Bullion and ornaments might be attracted from hoards . . . 8230-41
 Experiment should be tried . . . 8229-30, 8397-8
 Reasons for advocating . . . 8242, p. 585
 Seigniorage should not be charged . . . 8243-6, p. 585

HOWARD, H. F., C.I.E., I.C.S.—*continued.*

- Gold reserves in India, 15 to 20 millions, advocated . . . p. 589

GOLD STANDARD RESERVE:

- Amalgamation with paper currency reserve, not advocated, objects of, entirely different, and distrust and suspicion would be roused . . . 8283-4, p. 587

- Amount, experience of 1907-8 crisis not adequate standard . . . p. 587

- Diversion of funds allocated to, to railway development, 1907, not approved . . . 8260, p. 587

FORM:

Gold, amount:

- Increase advocated, and reason . . . 8249-51
 Increase gradually to 10 and 15 millions desirable . . . 8251-3, p. 587

Securities:

- Approved . . . p. 586
 Securities due for early redemption at fixed date desirable . . . p. 587

LOCATION:

- in India of portion approved, but not essential if sufficient rupees and sovereigns held in paper currency reserve . . . p. 587
 in London:

- Amount, 30 millions preferred . . . p. 587
 Consideration of, as possible resource for England, no importance attached to suggestion . . . p. 586
 of Main portion, approved . . . 8254, p. 586
 25 millions should be regarded as minimum, and adequacy considered when sum reached . . . p. 587

- Management, want of confidence in, by public, caused by action of Government diverting funds in 1907 . . . 8261-3 p. 587

- Statutory regulations not necessary at present . . . 8262-4, p. 587

Subsidiary branch in India (silver):

- Approved . . . p. 587
 Form, securities not approved . . . p. 587
 Reason for . . . 8256-8
 Transfer to paper currency reserve in exchange for gold, no objection to . . . 8255, 8259, p. 588
 System approved, but simplification suggested . . . p. 586

- Hoarding of gold, question of extent . . . p. 584

- Indian Banks, clearing house figures, 1907-12 . . . p. 581

- Indian debentures, appreciation in securities of large port trusts, &c. . . p. 581-2

- Irrigation, statistics . . . p. 583

- Jute cultivators, Eastern Bengal, silver preferred by, to gold or notes . . . 8393

LENDING BY GOVERNMENT IN INDIA:

- should be Confined to Presidency and (if desired) to Exchange banks . . . 8172-4
 Demand would probably be very small . . . p. 579
 previous Discussions re . . . 8169
 to Exchange banks, no objection to . . . p. 579-80
 to Firms and institutions other than banks, not advocated . . . p. 580
 from Treasury balances, not objected to . . . 8186
 LOANS, ISSUE OF, BY GOVERNMENT IN ENGLAND:
 Net amount of, 1909-10 to 1912-13, and provision for railway programme . . . p. 578
 Renewal of bills, question whether Government of India consulted . . . 8164-5

LOANS, ISSUE BY GOVERNMENT IN INDIA:

- Increase possible to certain extent, but Indian market limited as compared to London . . . 8200-2, p. 582
 Policy to place as much as possible in India . . . 8202
 Taken up mainly by banks . . . 8200

NOTES:

- Encashment, if present arrangements inadequate improvement should be considered . . . 8298
 Encouragement of, steps taken approved . . . 8292
 Increase in circulation, 1909-13 . . . p. 589
 Net circulation, 1909-10, 1910-11, 1911-12 . . . p. 580
 Opening of additional currency offices, approved . . . 9294

- Opium revenue, deliberate under-estimating . . . 8124-31, p. 577

HOWARD, H. F., C.I.E., I.C.S.—*continued.*

PAPER CURRENCY RESERVE:

Fiduciary portion:

Increase desirable - - - - - 8189

Increase, no limit suggested, circumstances of the time should be considered - - - 8191-2

Loans from:

possible Advantage - - - - - p. 590

Objection of Sir Clinton Dawkins to - - - 8194-5, p. 590

Question whether demand for, would coincide or not with period of greatest demand for encashment of notes - - - 8196-9

as Temporary investment, suggested - - - 8187-93

Gold portion:

Accumulation as result of limiting Council bills to certain extent - - - - - 8356-7

in India:

Amount, 11 to 16 millions suggested - p. 589

Desirable - - - - - p. 588

in London:

Amount, 5 millions, suggested - - - p. 588

Justification - - - - - p. 587-8

Investment:

Government 3½ per cent. rupee paper until rupee investment reaches Re. 15 crores suggested - - - 8402-5, p. 590

Increase to 20 crores in near future, suggested - - - p. 589-90

Issue direct to paper currency department suggested - - - - - p. 590

Rupee paper preferred - - - - - p. 590

Silver portion, policy approved - - - p. 587

System approved, but simplification suggested - - - p. 586

Use of, as supplementary to support exchange, no objection to if primary object of secured p. 588

Post Office transactions, statistics, 1900-1 and 1910-11 - - - - - p. 583

PRESIDENCY BANKS:

Deposits, growth, 1870, 1890, 1910 - - - p. 581

Loans to:

no Demand recently, possibly owing to loans being only at Bank rate - - - 8169-76

Demand, question as to extent - - - 8171

no Objection to, but demand would probably be very small - - - - - p. 579

as Payment for service, suggested - - - 8176-7

Power to borrow in London:

Absence of, not at present a serious defect - - - 8178, 8316-7

might be Useful - - - - - 8178-83, p. 581

Provincial Governments, grants to, underspending and question as to entry in statement of accounts - - - 8143-8

RAILWAYS:

Earlier information to, of amount to be spent, question of - - - - - 8139-40

Expenditure, continuity made possible by high balances - - - 8167-8, 8210, p. 578

Five-yearly programme for expenditure irrespective of allocation from balances, proposal not considered practicable in present circumstances - - - 8278-9, 8406-13

Lapsed grants:

Earmarking of, suggested - - - - - 8140-2

Question has been considered several times - - - 8414-6

Re-allotment, question should be considered - - - 8285-6, 8309-14, 8417-25

Over-certifying indents, system - - - 8140, 8314

Railway Board and policy of borrowing five years ahead in London, question of - - - 8426-31

Statistics of mileage and traffic, 1900 and 1910 - - - p. 583

Three years' provisional programme formerly - - - 8407-9

Underspending, and causes - - - - - 8136-8

Revenue surplus, possibility of, would be brought to notice of Secretary of State - - - 8160-3

RUPEES:

Coinage, since 1899, not excessive - - - p. 591

Fixity of, at 1s. 4d., financial position of Indian Government ameliorated and trade assisted - - - 8203-4, p. 582-3

HOWARD, H. F., C.I.E., I.C.S.—*continued.*RUPEES—*continued.*

Limitation of legal tender, not likely to be warranted in near future - - - - - p. 591

Refusal to give, in exchange for sovereigns, not likely to be warranted in near future - - - p. 591

SILVER, PURCHASE OF:

Payment by sale of Council bills, 1912, increase of total currency in India would result, and question of increase had payment been made by gold in reserves - - - - - 8372-81

Regular purchase every year, difficulty - - - p. 591

SOVEREIGNS:

Absorption by public, 1910-11, 1911-12, and 1912-13 - - - - - p. 589

Absorption by public and balance in paper currency reserve in India, 1910-11, 1911-12, 1912-13 - - - - - p. 585

Extent of use - - - - - p. 584

Refusal of Currency Department to issue, from 1908 to 1910 or 1911, position has been criticised as one of weakness - - - 8333-8

Refusal of Government to issue, in order to build up their reserve, question as to whether people would complain - - - 8339-44

Suitability of, for India - - - - - 8387-96, p. 584

Supply from Australia - - - - - 8326-9

Standard of living, improvement - - - p. 583

Trade, manufactured goods, decrease in imports and increase in exports, 1879, 1882, and 1907-8 p. 583

Hundis, discounting of, by Bank of Bengal. *McRobert* - - - 407-36

HUNTER, WILLIAM BERNARD: 6312-6991 p. 591-5

Agriculture, high rates of interest paid by small cultivators, owing to being in hands of native moneylenders - - - - - 6920-4

BALANCES:

High, due to unusual circumstances, and no complaint made - - - - - 6364

in London, no objection to, as plenty of money left in India - - - - - 6336

should be Put at disposal of market (English or Indian) most in need of relief - - - p. 582

Bank rate in England, importance as regards Indian trade - - - - - 6615-21, 6967-9

BANK RATE IN INDIA:

Fluctuations caused by inelasticity of currency accentuated by withdrawal of sums by Government - - - - - p. 594

High, causes - - - - - 6624-32

CENTRAL OR STATE BANK:

Advocated, and reasons - - - 6492-5, 6538-44, 6364, 6656-75, p. 595

Amalgamation of Presidency banks: - - -

Advocated and advantage in case of crisis 6498, 6669-75, 6723

no Movement towards, known of 6530-4, 6562-3

certain Amount might be attracted from boards - - - 6579-87

Area not an insuperable difficulty 6565-7, 6757-63

Balance sheet, financial strength of India would be more apparent from - - - - - 6850-2

Banks would be inclined to carry more investments in balance sheets if there was central institution where they could borrow on investments - - - 6973

central Board, power of veto over local boards would be necessary - - - - - 6740-51

Boards, question of constitution - - - 6725-26

Branches should be opened at places with head quarters treasury - - - - - p. 595

Capital:

Bringing of relation between capital and reserve of the three Presidency banks to same ratio, and offering shares to existing shareholders *pro rata*, 20 per cent. only of new capital to be called up, proposal not objected to - - - 6571-8

Dividends, question of rate - - - - - 6959-61

Increase to 10 millions suggested, and possibility of employing - - - 6499, 6946-58, 6962-3, p. 595

Shares, uncalled liability, not advocated 6596-8, 6990-1

Taking up of shares by Government through silver branch of gold standard reserve, suggestion - - - 6500-2, 6775-7, 6944-53

HUNTER, WILLIAM BERNARD—*continued.*CENTRAL OR STATE BANK—*continued.*

Estimated capital and reserve, liabilities and specie reserve, and comparison with Bank of England, Bank of France, and Imperial Bank of Germany - 6513, p. 595

Functions:

Advocated:

- Assistance of agriculturists, suggestions 6799-804
- Control of paper currency - p. 595
- Exchange business for Exchange banks 6522, 6525, 6789
- Lending to co-operative credit societies within certain limits 6588
- Sale of bills and lending out of balances 6508-9
- Support of exchange as agent of Government, any profit to belong to Government 6318-23, 6496-7, 6510-2
- Paper currency, Government would have to receive certain remuneration 6764
- all Government balances in India and London (excluding gold standard reserve) should be deposited with 6505, 6513-5, 6845-8, p. 595
- Government audit, suggestion 6717, 6736
- Government representation on, suggested, but not essential, and responsibility would be largely left with Government 6322, 6503-5, 6521, 6535-7, 6716-22, 6769-70
- Government should be guided largely by advice of, as to when necessary to coin fresh rupees 6526
- Local boards in London, Bombay, and Madras with head offices and central board in Calcutta advocated, head office in London not favoured 6503, 6519-21, 6568-70, 6683-98, p. 595
- London Branch:
 - Control question 6796-8
 - would be essential 6778-9, 6825
 - Lending and borrowing by, suggestions, &c. re, and question as to interference with exchange banks 6778-95
 - Power to borrow in London advocated, and exchange banks not likely to object with proper safeguards 6523-4
 - Reasons for advocating 6825
 - Reduction of expenditure in Government of India's Department as result of, question of 6766-9

COUNCIL BILLS AND TRANSFERS:

Object of:

- to Provide funds for Secretary of State's requirements now of secondary importance 6314, p. 591
- to Settle balance of trade and reduce movement of gold coin from Europe to India 6314-5, 6819-24, 6826-40, 6872-8, p. 591

Sale:

- on Abolition or restriction to actual requirements of India Office, amount of gold shipped to India would increase, and subsequent remittance home 6324-31
- Effect on amount of money available in India 6087, 6676-9, 6964-6

Price:

- 1s. 4d. should be absolute minimum 6832-7, 6589-610, 6883-9
- at 1s. 4½d. (transfers) and 1s. 4d. (bills), when impossible, sterling bills should be sold in India or London, at 1s. 3½d. instead 6338-47, 6546-58, 6589-610, p. 591
- Stoppage of, at present moment (July 1913) advocated 6883-4
- Unlimited, how provision should be made for 6348-52, p. 592
- to Unlimited extent at rate under gold point, desirable at present 6975-82, p. 591-2

EXCHANGE:

- Continuous support of, by Government at fixed point of 1s. 4d. desired 6333-43
- Crisis:
 - Gold in circulation not available for support in 6450-3, 6970-2

HUNTER, WILLIAM BERNARD—*continued.*EXCHANGE—*continued.*Crisis—*continued.*

Gold should first be released from paper currency reserve and then securities in gold standard reserve realised 6443-9

Issue of gold in India should be stopped 6448-9, 6452

Exchange banks, rates for sterling bills based on London rates 6615-21

Gold bars, imported into India, nature of 6856-60, 6862

GOLD CURRENCY:

Advantages of paper currency over 6486-9

Disadvantages of forcing gold into circulation p. 593-4

Extent of use of, in Madras 6497-83

GOLD MINT:

Advantages in theory 6470

Bullion for coinage, probable difficulty of obtaining 6471-3, 6861-71, 6975-7, p. 593

Receipt of gold and issue of rupees in exchange without legislating for minting of gold coin, suggested 6474-7, p. 593

GOLD STANDARD RESERVE:

Allocation of whole profits on coinage to, should be continued indefinitely 6437-9

Amalgamation with paper currency reserve not desirable, and no benefit seen 6454-6

Existence of reserve desirable 6431

Form:

Gold:

Holding of, in London necessary 6435-6, p. 592

Investment of whole amount approved when reserve strong in gold 6440-3, p. 592

Securities, no danger from 6443-9, 6451-2, p. 592

Silver:

Holding of, in India necessary 6433-4, p. 592

Investment in shares of Central Bank, suggestion 6500-2, 6775-7, 6948-53

Location, approved 6432

HOARDING OF GOLD:

Reasons for, and Mahomedan law of succession a direct cause 6490-1, p. 594

Strong inference that gold put out goes into hoards p. 594

Replacement of rupees in hoards by 6480

Indian money market, question of connection with London market, and reason for little interchange of capital 6912-9

LENDING BY GOVERNMENT IN INDIA:

Bank rate on deposits might be reduced 6896-8

Demand, question as to extent and growing demand anticipated 6401-8, 6611-4, 6623

to Other than Presidency banks without securities advocated, within reasonable limits, but not to private firms 6394-400

Proposal not contingent in establishment of Central Bank 6662-8

Question as to risk from trade depending on 6409-16

Letter to Royal Commission, October 1913 p. 721-2

LOANS ISSUED BY GOVERNMENT IN INDIA:

Class of people taking shares 6358-60

little Demand on part of small people at present, but might increase if certain difficulties were minimised 6361-3

Desirable, if terms equally favourable and even if terms higher if money could be extracted from hoards 6354-5

for Development of India, approved as long as market can take up securities without depreciating 6353

Extent to which possible, question of 6808-18

Holding of, in London, extent 6814-6

Increase might be possible if better terms offered, but securities would be depreciated 6561, 6818

Increase not possible to any material extent on present terms and conditions 6356, 6559-60

Loans issued by Government in London, attracting of money from hoards by, not anticipated 6357

HUNTER, WILLIAM BERNARD—continued.

MADRAS, BANK OF :

| | |
|--|----------------|
| Assistance to co-operative credit societies - | 6588 |
| | 6926-7, 6974 |
| Board, constitution, furlough, &c. | 6743-9, 6771-3 |
| Cash balance, minimum | 6935-42 |
| Directors, method of appointment, remuneration, &c. | 6983-9 |
| Government deposits, percentage to capital and reserve | 6943-5 |
| Mints, reopening to free coinage of silver, not recommended, but recommendation has been heard | 6879-86 |

NOTES :

| | |
|---|----------------|
| Encashment, opening of numerous agencies for, without undertaking legal obligation, suggested | 6465-7, 6640-3 |
| Encouragement of, desirable | 6702, p. 594 |
| Encouragement easier by Central Bank than by Government | 6656, 6805-7 |
| Steps taken to encourage use of, and reasons | 6485-6 |
| Universalisation of higher denominations, no objection to | 6468-9 |

PAPER CURRENCY RESERVE :

| | |
|--|-------------------------|
| Fiduciary portion : | |
| Increase to 40 per cent. of total circulation suggested | 6457-64 |
| Lending from : | |
| would be Advantageous, but would not have same effect as State bank | 6364, 6541-4 |
| Advocated, on securities, trade bills to be included | 6461-4, 6637-9, 6657-61 |
| Loans would be most required by trade when reserve most able to give | 6417-30 |
| Gold : | |
| if Exchange weakens sterling bills on London should be made available, instead of gold being given out | p. 593 |
| Holding of practically all, in London, advocated | p. 592-3 |
| Invested portion, elasticity lacking and amendment of Act needed | p. 593 |

PRESIDENCY BANKS :

| | |
|--|------------------------------------|
| Borrowing in London should be permitted, but not dealing in exchange | 6527-9, 6680 |
| Branches : | |
| Closing of reserve treasuries and transfer of balances to, would be advantageous | 6377 |
| Government guarantee, no inducement except for first five years, and then unremunerative | 6378-86 |
| Holding of currency chests, system | 6644-55 |
| Capital and reserve and private deposits, 1898 and 1913 | 6840-4, p. 594 |
| Deposits, rates paid on | 6891-5 |
| Lending by, in India, relaxation of restriction, advocated | 6681-2 |
| Loans to : | |
| Advocated without security or interest | 6368-76 |
| in Busy seasons at rate offered by banks for short term fixed deposits would be advantageous | 6391-3 |
| Power to borrow in London, suggestion | 6415-6, 6929-34 |
| Relations of exchange banks with | 6633-4 |
| RESERVE TREASURIES : | |
| Abolition of system advocated | p. 592 |
| Closing of, and transfer of balances to Presidency banks would be advantageous | 6377 |
| Rupees, difference between price of silver for coinage and circulating price of rupees should be held in trust for public and invested | 6437 |
| SOVEREIGNS : | |
| Issued in Madras in 10,000 <i>l.</i> at a time only, but no real difficulty in obtaining | 6478 |
| Melting down and manufacture of, into imitation coin | 6862 |
| Receipts at currency offices larger than demand | p. 593 |
| Sterling bills on London, scheme | 6316-7, 6338-47, 6546-58, 6589-610 |
| Trade, methods of assisting, in time of stringency | 6899-911 |

Imports, see under Trade.

INCHCAPE, THE LORD, G.C.M.G., K.C.S.I., K.C.I.E.

| | |
|---|---------------------------------------|
| | 10,663-10,983 |
| Balances, location in London for advantage of London market, reply to criticism | 10,748-51 |
| BANK RATE IN INDIA : | |
| Average rate not unduly high | 10,943, 10,967-74 |
| no Difficulty experienced in borrowing money on good security | 10,982-3 |
| High seasonal rate, decrease would be advantageous | 10,943-50 |
| Central or State Bank, no advantage seen and establishment not advocated | 10,862, 10,941 |
| COUNCIL BILLS, SALE : | |
| Defence of system | 10,748-51 |
| Effect of selling freely on gold imports into India | 10,758-9 |
| Restrictions to amount of requirements, objection to | 10,752-5 |
| DEPOSITS WITH BANKS IN ENGLAND : | |
| Banks represented on Council in no better position with regard to, and no objection seen | 10,707-11, 10,927-34 |
| Interest, best possible rates obtained | 10,701, 10,707-11 |
| Joint Stock banks do not usually give security for any deposits | 10,717-8 |
| Period, system of fixing, and question of extension | 10,712-3 |
| Procedure <i>re</i> placing | 10,691-711, 10,744, 10,924-6 |
| Reason for | 10,689-90 |
| Refusal of London, City and Midland Bank to renew | 10,744-5 |
| Statement submitted weekly to Finance Committee | 10,690 |
| Exchange Banks, work well done | 10,862 |
| EXCHANGE CRISIS : | |
| 1907-8 : | |
| Gold, issue in India | 10,758-9, 10,782 |
| Question of, as severest strain possible | 10,767-8 |
| Gold in Gold Standard Reserve should be used freely | 10,763, 10,806-7 |
| Sovereigns should be issued freely until exhausted, and then securities sold | 10,764-6, 10,769-73, 10,778-9, 10,799 |
| Financial administration in India Office, opinion on | 10,867 |
| Gold Mint in India, no advantage seen | 10,858 |
| Gold produced in India, expense of sending to England for coinage would be less than establishing and maintaining mint in India | 10,858 |
| Gold reserve, amount and opinion <i>re</i> | 10,800-3, 10,814, 10,822-31 |
| GOLD STANDARD RESERVE : | |
| Gold, increase of, and decrease in sterling resources in paper currency reserve, no advantage seen | 10,936-40 |
| Location of gold in India or England not very material and either would be effective | 10,808-13 |
| Securities, no objection to | 10,815-31, 10,834-7 |
| Subsidiary branch in India (silver), reason for | 10,804-5 |
| HOARDS : | |
| Release of money from, in time of famine, or for wedding or pilgrimage | 10,776-7 |
| Gold hoarded chiefly in form of ornaments | 10,774-5 |
| Holden, Sir Edward, Bt., letter to, <i>re</i> deposit with his bank, and refusal to renew | 10,744-6 |
| INDIA OFFICE, BROKER : | |
| Appointment, joining of firm approved by Secretary of State made condition of, and no disadvantage | 10,732-5 |
| Paid official, objections to | 10,731, 10,736 |
| Payment : | |
| by Commission, working of, and success | 10,730-1, 10,887-900 |
| Note <i>re</i> , Badock | 1887-8 |
| Reduction of, in 1911 | 10,728-9 |
| LENDING BY GOVERNMENT IN ENGLAND : | |
| Approved Borrowers' List : | |
| Application for admission, possibility of, &c., known by firms | 10,680-2 |

INCHCAPE, THE LORD, &c.—*continued.*LENDING BY GOVERNMENT IN ENGLAND—*continued.*Approved Borrowers' List—*continued.*

Changes made on responsibility of chairman of Finance Committee, under orders of Secretary of State 10,677-9

Changes in, reported to Finance Committee 10,683-4

through Bank of England, less good terms would be obtained 10,737-41

Defaults, but no ultimate loss in capital 10,880-5

Deposits with Banks in England, *see that title above.*

Extension of period of loan, question of 10,714-5

Interest, holding back of money to get better rate, would not be desirable 10,743-4

Period approved, firms preferred short period and question of extension 10,714-5, 10,901-23

Securities:

Other than those registered at Bank of England, question of 10,720-7

Railway debentures taken at par, explanation 10,875-9

certain. Taken at par value and others at market value, reason 10,886

System 10,667-75

by Tender, would not be satisfactory 10,742

all Transactions reported to Finance Committee 10,676-7, 10,685-8

Loans, factors affecting India's credit 10,853-7

Loans, issue of, by Government in England, restriction as far as possible, desirable 10,860

LOANS, ISSUE OF, BY GOVERNMENT IN INDIA:

Borrowing during early part of year and repayment when taxes collected, not advocated 10,863-4

Increase, possibility of 10,859, 10,861

Paper Currency Reserve, fiduciary portion, increase to one-third of amount of notes outstanding, suggested 10,859

PRESIDENCY BANKS:

Capital could easily be increased 10,862, 10,975-6

Lending to, advocated, but Government should have nothing to do with bank rate 10,963-6, 10,862

Reserve Treasuries, locking up of balances in, reply to criticism 10,951-62

RUPEES:

Circulation, Government has no means of forcing rupees into circulation if not desired by public 10,756-7

Coinage, use of profits for railway purposes:

Advocated in future 10,846-52

in the Past, defended 10,838-45

SILVER, PURCHASE OF, FOR COINAGE:

in Bombay, no advantage to be derived and purchase in London preferred 10,871-4

Regular purchases advocated 10,868-70

Sovereigns, no difficulty in obtaining, in India 10,758-62, 10,832-3, 10,858

Taxation, increase in 1910, explanation 10,749

Income-tax, as applied to natives, objection to, *Ross* 8719-20

India a debtor, not a creditor country, *Schuster* 11,054-5

India, from certain point of view, a debtor country, *Barrow* 3096-7, 3109-14

India bills, surplus balances might have been used to pay off, *McRobert* 3916-24

India Office:

Accountant-General, functions and difference from those of Financial Secretary, *Abrahams* 11,599-602

Appointment of officer of financial experience in India in, for five years, would not be satisfactory, *Holderness* 11,759-62, 11,765

Assistant or Deputy Financial Secretary, would be advantageous, functions, &c., *Abrahams*, 11,662-6, 11,731-3, 11,736-7; *Holderness*, 11,743-9.

ASSISTANT UNDER-SECRETARY OF STATE:

Financial training desirable, *Schuster* 10,991, 11,086-9

should be Recognised as Assistant Under-Secretary for financial duties, *Holderness* 11,750

Audit of accounts, *Abrahams* p. 689, p. 691-2

Auditor, position of, *Abrahams* 11,659, p. 689

Balances, *see in London under Balances.*

India Office—*continued.*

BROKER:

Appointment, mode and period, *Budock* 1881-2

Appointment, joining of firm approved by Secretary of State made a condition of, and no disadvantage seen, *Scott*, 2071; *Currie*, 10,515-8; *Inchcape*, 10,732-5.

Commission paid to, 1893-4 to 1912-3, *Budock* 1887, p. 318, p. 330

Fully in touch with market, *Scott* 2137-9

Functions, *Scott* 2072-4, 2133-6

Increase in amount and responsibility of work, *Scott* 2106, 2129-32

India Office has first call on time of, *Budock* 1974

Office expenses, *Scott* 2140

Paid official, objections to, *Inchcape* 10,731, 10,736

Payment:

Arrangements and justification for, *Budock* 1883-902, 1926-30, 1975-8, 1983-95, 2840-6, p. 311

by Commission, working of, and success, *Inchcape* 10,730-1, 10,887-900

not Excessive, *Currie* 10,512-3

Former systems, *Scott* 2182-5

Note by Lord Inchcape *re. Budock* 1887-8

Particulars *re method, &c.*, *Scott* 2098-107

Reduction of, in 1911, *Inchcape* 10,728-9

on Volume of business instead of rate of interest earned, question of, *Scott* 2175-81

Whole time taken up by India Office business, *Scott* 2126-8

no Business can be placed before any Committee or before Council, and no member of Council can take part in business of any Committee unless requested by or on behalf of Secretary of State, *Budock* 1955

CASH TRANSACTIONS:

September 1907 to August 1908, *Abrahams* p. 106

September 1907 to December 1908, *Abrahams* p. 92, p. 104

Summary, 1909-10 to 1913-4, *Abrahams* p. 83

COMMITTEES:

ad hoc Committees might be better than present system, *Holderness* 11,785, 11,891-3

Good deal of work sent to, which need not be, but committees useful for larger questions, *Holderness* 11,876-81, 11,891

Reviewed every year and alterations made in constitution, *Holderness* 11,834-5

System, advantages of, *Abrahams* 11,667

Communication of Finance Minister in India with, *see under Finance Minister in India.*

Communication with Government of India, question of extent and sufficiency of, *Abrahams* 11,648-9

Correspondence with National Bank of India, Chartered Bank of India, Australia, and China, Hong Kong and Shanghai Banking Corporation and Mercantile Bank of India *re enlargement of powers of Presidency Banks*, 1904, *Abrahams* p. 491-8

COUNCIL:

City advice can be obtained without representative on Council, *Abrahams* 11,672-6

City finance member:

City member and member with non-official Indian financial knowledge as financial members, question of, *Holderness* 11,804-9

Essential from point of view of lending loans from balances, *Abrahams* 11,677-8

Question of, *Holderness* 11,781-3

Constitution at present, *Abrahams*, p. 687; *Holderness*, p. 692-3.

Constitution proposed, *Holderness* 11,780-803, 11,882, p. 696-7

Eight members only, might be possible, *Holderness* 11,899-904

Finance member:

would have to be ex-Indian Civil servant, *Holderness* 11,810-2

Proposed and question as to sufficiency of salary and terms of appointment, *Holderness* 11,758, p. 697

Relationship with permanent head of financial department, *Holderness* 11,813-5

Suggestion *re. Flectwood-Wilson* 11,449, 11,468-70, 11,489-95

India Office—continued.

COUNCIL—continued.

Constitution proposed—continued.

- Member with City financial knowledge would be possible and would be more useful than only on committee, *Holderness* - 11,896-8
- Member engaged in commerce or banking in London, value of, *Holderness* - p. 696-7
- Organisation might be different if State Bank established, *Holderness* - 11,801-3. p. 696
- Financial representation important, but military representation more important, *Holderness* 11,769-73

Indian members :

- Question of possibility of selecting man with financial experience as one, *Holderness* 11,844
- Reasons for selection, *Holderness* - 11,836-43
- Member representing Indian finance :
- Difficulty of finding, *Abrahams* - 11,640
- None between 1895 and 1899, *Abrahams* 11,635-9
- Question of necessity, *Abrahams*, 11,643-7
- Holderness*, 11,781-2.

Members :

- Number, *Holderness* - 11,825-8
- Pay, increase desirable, *Holderness* - 11,868-70
- Term of appointment, *Badock* - 1848
- Practice of leaving papers on table for a week and possibility of shortening period, *Holderness* 11,817-24
- Procedure, *Abrahams* - p. 687-8
- Relations between Secretary of State and, *Holderness* - p. 693-4
- Representation of Indian mercantile and banking interests desirable and suggestion, *Forrest* p. 700
- Representation of London financial experience, important, *Holderness* - 11,775-7
- Representation, nature of, *Holderness* - 11,857-64
- Whole-time members, advantage of, *Holderness* 11,865-7

Criticism that London interests are considered more than Indian not fair, *Currie* - 10,587

Deputy Accountant-General, note re advisability of announcing that gold shipments to England are on behalf of paper currency reserves, not for replenishing balances and not available for loan p. 136, p. 288

Disbursements, question as to possibility of reducing, *Abrahams* - p. 17

FINANCE COMMITTEE :

Chairman :

- a City banker, not necessary and some advantages seen in another system, *Holderness* 11,778-9
- a City member for last 30 years, and present chairman appointed by Secretary of State, *Badock* - 1844-7
- Nominated by Secretary of State, *Abrahams* 11,611-2
- Position and powers, *Schuster* - 10,992-4
- Practice of appointing city man as, *Abrahams* 11,715-22

and Changes in approved Borrowers' List, see under Approved Borrowers' List, under Lending by Government of England.

- City members, *Badock* - 1843
- a Committee of the Council, *Badock* - 1849
- Composition, at discretion of Secretary of State, and mode not different from that in connection with any other committee, *Badock* - 1951-3
- ex-Comptroller-General or Secretary to Finance Department in India might be appointed, *Holderness* 11,755-7
- suggested re-Constitution, *Hamilton*, 2460-5, p. 526, p. 528; *Webb*, 6112-20, 6253-6, p. 589; *McLeod*, 7069-70, 7099, 7127-35, 7214-6, p. 598; *Reed*, 9975, 10,006-8, 10,031, p. 668; *Abrahams*, 11,609-12, p. 688; *Dalal*, p. 687; *Chunilal*, p. 768
- Criticism of, *Webb* - 6113-5, p. 568
- Delegation of more business to officials, suggestion, *Schuster* - 10,989-90
- Delegation of powers to Chairman or Chairman and one or two others in some cases, *Badock* 1849-50

India Office—continued.

FINANCE COMMITTEE—continued.

- no Difference between interests served by, and by Government of India, *Abrahams* - 853
- Indian Civil Servant trained in Indian finance as member of, would be advantageous, but definite rule not advocated, *Schuster* - 11,175-81, 11,232-7
- Indian interests not sacrificed to London interests, *Le Marchant* - 7684-8
- Indian experience, extent of representation, *Schuster* - 11,079-81
- every Indian Finance Minister retiring to be on, in turn :
- would be Advantageous, *Webb* - 6253-4
- Advisability doubted, *Le Marchant* - 7754-5
- Lack of Indian financial experience on, *Holderness* 11,751-3
- London experience required for home affairs, and Indian experience for Indian affairs, representation of Indian views desirable, *Le Marchant* 7679-83, 7772-80
- Meetings twice a week would be possible, *Holderness* - 11,816
- Members :
- with Indian financial experience formerly, *Abrahams* - 11,631-4
- all Members of Council, *Abrahams* 11,629-30
- Number, *Holderness* - 11,829-33
- Permanent Under-Secretaries not members of, but are present at meetings, *Abrahams* 11,695-6
- Presence of two London bankers and absence of Indian or Anglo-Indian banker, or experienced European official of Indian Government, criticised, *Webb* - p. 568, p. 570
- Procedure, *Abrahams* - p. 688
- Retention of some form of, desirable, if Lord Crewe's scheme adopted, *Abrahams* 11,667-71
- all Transactions re loans reported to, *Inchape* 10,876-7, 10,685-8
- Unofficial members, advantage, *Abrahams* - 11,669

STANDING FINANCE COMMITTEE UNDER RE-ORGANISED COUNCIL :

- Constitution, question, *Holderness* - 11,870-5, 11,894-5
- Possibility of establishing, *Holderness* 11,785-800

FINANCIAL DEPARTMENT :

- Checks and controls adequate in present system, *Le Marchant* - 7814
- Criticism of, *Webb* - 6113-5, p. 568
- Defects of normal organisation, *Abrahams* 11,616-24, 11,735
- Organisation, staff, &c., *Abrahams* - 11,595-608
- Relations with Finance branch in India, change necessary and suggestion, *Fleetwood-Wilson* 11,439, 11,447-56, 11,467-72, 11,474-93
- Staff, quality of, exceedingly good on the whole, *Abrahams* - 11,613-5
- Financial administration, possibility of facilitating business on any special occasion, *Abrahams* 11,725-30
- Financial organisation, satisfactory and work well and on the whole expeditiously done, *Abrahams* 11,723-4
- Financial organisation and procedure, criticism, *Webb* p. 564-8
- Financial questions, procedure re, *Abrahams* 11,579-94, 11,603-8, p. 689-90
- Financial Secretary, position of, *Abrahams*, 11,599-602; *Holderness*, 11,739-42.
- General banking business should not be carried on by, *Dalal* - p. 684
- Letter to Bank of England re holding of gold portion of paper currency reserve - p. 288
- Machinery, results satisfactory owing to capacity of the men working it, *Le Marchant* - 7808-9
- Means exist for dealing promptly with urgent matters, *Le Marchant* - 7813
- Means of obtaining Indian opinion sufficient, *Le Marchant* - 7815-6

India Office—continued.

- Payments, memorandum on authority required for, and system of control, *Baddock* . . . p. 331-5
 Permanent staff taking part in financial work, members, *Abrahams* . . . p. 688-9
 Purchase of stores for India, system, *Baddock* p. 331-2
 Relations with Government of India, *Moston* . . . 9470

SECRETARY OF STATE:

- Council.** *see* Council *above*.
 Delegation of certain powers of sanction to Indian authorities, *Holderness* . . . p. 694
 Difference of powers in financial and non-financial matters, *Holderness* . . . 11,847-56
 permanent Establishment of:
 According to Government of India Act of 1858, *Holderness* . . . p. 694
 Arrangement *re* financial business, *Holderness* . . . p. 695
 Statement showing balance and cash transactions for each day in 1912-13, *Baddock* . . . p. 319-27
 Store Department, mechanism adequate, *Le Marchant* 7811-2
 Transaction of business satisfactory on the whole, but some unnecessary delay and formalism, *Holderness* . . . 11,884-90
 Under Secretary of State or Assistant should have financial experience, *Abrahams*, 11,625-8, 11,660-1, 11,734-7; *Holderness*, 11,738a, 11,749.
 Indian Currency Committee, 1898-99 (Fowler Committee), report of, referred to, and quoted 488-92, 549-59, 803-24, 1080-1, 9387-8, 9582 p. 11, p. 87, p. 340-1, p. 523

Indian Money Market:

- Agriculturists would probably be outside, *Abrahams* 166-7
 Connection of native with European, question of extent, *Abrahams*, 163-7; *Reid*, 7425-8.
 Connection with London money market, question of, *Abrahams*, 162-8, 240-1, 248-9, 1058-62; *Toomey and Fraser*, 2959-62; *Hunter*, 6912-9.
 no Direct relations between London market and, but indirect relations, *Cole* . . . 3347
 Letters *re* effect of dear money on export trade, *Abrahams* . . . p. 393-4
 Money dear from November to March, *McRobert* 4195-9
 Stringency in busy season unavoidable, *Reid* 7272-3
 Stringency not due to withdrawal of sums by Government, *McLeod* . . . 7091-4
 Indian Railway Finance Committee, interim report, 1907, *Abrahams* . . . p. 156-7
 Industrial debentures, free use of, hindered by stamp duty, *Dalal* . . . p. 676

Interest, Rates of:

- Higher in all comparatively new countries, *Smith* 8602
 Higher than in any other part of the Empire, *Webb* 5347-55
 Investments in India, particulars and statistics, 1890-1912, *Pandya* . . . p. 657

Irrigation:

- see also* Railways and Irrigation Works.
 Capital outlay, 1900-1 to 1910-1, *Pandya* . . . p. 654
 Programme must be continued for several years, *Chinnilal* . . . p. 765
 Statistics, *Howard* . . . p. 583
 Underspensing, *Abrahams* . . . 76
 Use of money in hoards desirable, *Reid* . . . p. 575
 Jackson, Sir Thomas, evidence before Singapore Commission quoted, *Freese* . . . 8519 (p. 30)

Joint Stock Banks in India:

- Borrowers, classes, *Smith* . . . 8850-3
 Capital of (excluding Presidency banks), 1863, 1900 p. 433
 Depositors, classes, *Smith* . . . 8843-9

Joint Stock Banks in India—continued.

- DEPOSITS:**
 1901, 1910, *Smith* . . . p. 614
 Growth of, and more people getting in touch with banking, *Smith* . . . 8454-9
 Increase and question as to adequacy of cash balances, *Fraser* . . . 2868-71
 Position of, *Abrahams* . . . p. 6
 considerable Reserves, and question of proportion of amount at Presidency banks with total, *Smith* 8681-92
 no Sums on deposit with Presidency banks to any important extent, *Toomey and Fraser* . . . 2872-4
 Jute cultivators, Eastern Bengal, silver preferred by, to gold or notes, *Howard* . . . 8393

Karachi Chamber of Commerce:

- Address in favour of holding substantial portion of gold standard reserve in gold in India, and of defining nature, &c. of, by statute, *Abrahams* p. 195
 Letters, 1904 and 1908, *re* proposed increase of invested portion of paper currency reserve p. 270-1, 291
 Letter to, from Government of India, 1899, *re* relaxing restrictions on Presidency banks, *Abrahams* . . . p. 358
 Letter *re* proposal to use half profit on coinage for railway purposes, 1st October 1907, *Abrahams* p. 174-5
 Keynes, J. M., extracts from "Indian Currency and Finance" by, *Webb* . . . p. 566-7

Law, The Right Hon. Sir Edward:

- Minute *re* establishment of Central Bank, January 1901, *Abrahams* . . . p. 428-38
 Minutes *re* Gold Exchange Fund, 1900, *Abrahams* p. 114-21, p. 123-6
 Opinion and policy *re* gold standard reserve, *Abrahams* 560-6, p. 110-11
 Speech *re* bill to enable use of gold in currency reserve for purchase of silver, *Newmarch* . . . 1666

LE MARCHANT, F. C.

- Balances, policy *re*, approved, but alternative of borrowing more largely for development works 7828-36
 Banking, development of, would be advantageous 7852-3
 Bills in India on London, at 1s. 3½d., obligation, proposal not approved . . . 7718-9

CENTRAL OR STATE BANK:

- Central Board, question as to possibility of obtaining members . . . 7798-807
Difficulties:
 re Advances . . . 7704-6
 Branches all over the country, possible expense of . . . 7667, 7700-4
 Nature of representation in London 7697-9
 Risk of interfering with existing institutions 7695-7
 Directors, strong directorate would be necessary, and question as to possibility of obtaining 7791-7
 Disadvantages . . . 7667
 Position, difference from that of State banks in other countries . . . 7756-61
 Purchasers of Council bills prefer dealing with Government through Bank of England . . . 7715
 Question of . . . 7667
 original Reason for, to assist Government in support of exchange policy, no longer of importance 7781-9
 Risk of bank becoming another Government Department . . . 7668, 7707
 Secretary of State and Government of India would not be entirely relieved of responsibility . . . 7668 7709-12

COUNCIL BILLS AND TELEGRAPHIC TRANSFERS,

- SALE:**
 below or above 1s. 4d. according to supply and demand approved . . . 7714-24
 at 1s. 4d. only, objection to . . . 7720-4

LE MARCHANT, F. C.—*continued.*

Currency, increase by coining of additional rupees would be preferred under present circumstances to putting additional sovereigns in circulation 7820
 Deposits with banks in London, without security, approved, and equally good terms would not have been obtained otherwise 7839-46

EXCHANGE:

Crisis of 1907-8:
 Issue of gold not successful in supporting exchange 7633-5
 Use of reserves immediately in form of sterling drafts on London at earlier date would have created a better feeling 7725-6
 Gold in circulation of less value in supporting, than gold in banks, &c. 7646, 7652-5, 7664-5
 Gold, large amount goes into India, but passes out of immediate currency 7640-1
 Gold bars, import formerly when any degree of unsettlement in India 7664-5

GOLD CURRENCY:

Effective in Punjab, Northern India, and Bombay 7644
 Fluctuations in extent of use of 7645
 Pressing of, by Government not advocated 7644, 7821
 Return to centres anticipated 7847-51

GOLD MINT:

special Indian coin might conflict with sovereign 7666
 little importance attached to 7666
 Reason for Fowler Committee recommending 7659-62
 10 rupee piece:
 would not be available for export on favourable terms 7843
 would compete with 10 rupee currency note 7844

GOLD STANDARD RESERVE:

Amalgamation with paper currency reserve:
 possible Advantages, but difficulties 7626
 Possible eventually, but uses in separate systems 7741-3

Form:

Gold:

Actual gold, idea predominated in minds of Fowler Committee 7617
 Amount:
 Question of 7637-8
 not sufficient if no gold in paper currency reserve or easily available in London 7620, 7622-5

Securities:

a. Departure from intentions of Fowler Committee to certain extent 7727-34
 future Investment, stocks with maturities wiser than securities with no date of redemption fixed 7621
 Question of result of sale of, in time of crisis 7735-40
 Gold, location in London, necessity for 7632-6
 Statutory regulations, not advocated till wider experience gained 7627-8
 Subsidiary branch in India (silver), transfer to paper currency reserve in exchange for gold, question of 7629-31
 Hoards, question of circumstances likely to attract gold from 7642-3

INDIA OFFICE:

Finance Committee:

Appointment on, of finance minister on resigning from India, advisability doubted 7754-5
 Indian interests not sacrificed to London interests 7684-8
 London experience required for Home affairs, Indian experience for Indian affairs, representation of Indian views desirable 7674-83, 7772-80
 Means of obtaining Indian opinion sufficient 7815-6

LE MARCHANT, F. C.—*continued.*INDIA OFFICE—*continued.*

Finance Department:

Checks and controls adequate in present system 7814
 Means exist for dealing promptly with urgent matters 7813
 Machinery, results satisfactory owing to capacity of the men working it 7808-9
 Store Department, mechanism adequate 7811-2
 Lending by Government in India, to Presidency banks exclusively, advocated 7671
 Lending by Government in London, difficulty of securities 7838

NOTES:

Encouragement of, preferable 7657-8
 Increased use of 7656

PAPER CURRENCY RESERVE, FIDUCIARY PORTION:

Loans to Presidency Banks, suggested 7673
 Proportion of minimum circulation suggested 7674-8

PRESIDENCY BANKS, LOANS TO, DURING BUNY SEASON:

Advocated 7669-71
 Amount, question of 7673
 Banks could take bills of merchants, and those bills with their endorsement would be reasonable security 7672
 from Fiduciary portion of paper currency reserve, suggested 7673

RUPEES:

Demand for gold in exchange for, question of dependence on balance of trade or amount of coin in circulation 7762-8
 Growth of circulation, no risk seen at present, but risk dependent on circumstances 7648-51
 no Redundancy 7744-50
 Government giving gold for, limit to, on approach of crisis, principle cannot be laid down 7751-3
 Russia, exchange system, and extent of analogy with Indian system 7689-94

SILVER, PURCHASE OF, FOR COINAGE:

Question whether Secretary of State has waited too long before purchasing 7823-7
 Regular purchases, difficulty 7822

SOVEREIGNS:

a Convenient coin for considerable number of community, but cannot be for large portion 7842
 Supply when desired by people advocated, except when demand evidently only in place of bullion 7645

Legislative Councils, changes in constitution and functions, *Reed* p. 662-3, p. 663-4

Lending by Government in England:

Advantages and disadvantages, *Cole* 3450-4
 Advantage to Indian trade and finance, *Schuster* 11,015, 11,199-203
 Advantage to London money market and trade of the country, *Schuster* 11,015
 Agreement for, copy, *Badock* p. 314-5
 Amount, *Badock* 1854-7, 1922, 1934-7, p. 309
 Amounts, system, and question as to deciding minimum amount for loan (at present 50,000*l.* and multiples), *Scott* 2118-25
 Approved, *Ross* 3595
 Approved only if money could not be better used in India, *Hamilton* 2281-2

APPROVED BORROWERS' LIST:

Application for admission, &c., possibility of, known by firms, *Inchcape* 10,680-2
 Changes:
 Made on responsibility of chairman of Finance Committee, under orders of Secretary of State, *Inchcape* 10,677-9
 Reported to Finance Committee, *Inchcape*, 10,683-4; *Schuster*, 10,996-7.
 Enlargement, so as to include some foreign banks, suggestion, *Fraser* 2800-1

Lending by Government in England—*continued.*APPROVED BORROWERS' LIST—*continued.*

- Enlargement question, but all large firms believed to be on list, *Currie* - 10,491-6
 Firms on, list of, *Badock* - p. 315-6
 Method of choosing, *Abrahams* - 533
 One withdrawal in consequence of publicity given by discussion in Parliament, *Scott* - 2096
 System and procedure, *Scott*, 2091-5, 2115-7; *Schuster*, 10,996.
 System, &c., *Badock* - 1839-43, 1851-3, 1956-7, 2036-9, p. 209
 Audit, *Badock* - 1903-4, p. 311
 against Bank bills, with certain restrictions, suggestion, *Currie* - 10,523-4, 10,531-3, p. 669

THROUGH BANK OF ENGLAND:

- Bank might not care to undertake, owing to competition with their own operations, *Currie* 10,511 note
 Best rate might not always be got, *Currie* - 10,604
 would Cost more than present system and no advantage seen, *Currie*, 11,509-11; *Schuster*, 10,013-4.
 Less good terms would be obtained, *Inchcape* 10,737-41
 Suggestion *re. Harrison* - 10,338-40, 10,358-83
 below Bank rate, *Cole* - 3420
 Borrowers practically given permanent loans at rates payable for short term loans, *Webb* 5447-51, p. 552-3
 Borrowings and repayments since 1908, *Webb* p. 552
 Broker, *see under* India Office.
 Cases of failure to pay on due date, *Badock*, 1912-3, 1998-2000, 2006-7, p. 312; *Currie*, 10,503-4.
 Criticism of system, *Webb*, p. 551-3; *Chunilal*, p. 765.
 Defaults, but no ultimate loss in capital, *Inchcape* 10,880-5
 Deposits with Banks, *see that title.*
 Disadvantage to banks, *Schuster* - 11,015
 Indian credit not damaged by, *Cole* - 3360
 Instructions to broker, *Badock* - p. 310-1

INTEREST:

- Average rate of, on, in each month in 1910, 1911, 1912, 1913 (to 31st May), and bank rate during corresponding periods, *Badock* - p. 328
 Close rate believed to be obtained, *Badock* 1965-6
 Holding back of money to get better rate, would not be desirable, *Inchcape* - 10,743-4
 Low rate of, *Webb* - 4985-7, p. 552
 too Low sometimes from point of view of maintaining discount rate in London, *Cole* 3348-9
 Protection against broker accepting wrong rate, *Badock* - 1931, 1964
 Rate of, and question of increasing, *Abrahams* 171-6
 Rate sometimes rather low, and reasons, *Currie* 10,603
 Responsibility rests with broker, *Badock* 1879-80, p. 311
 Same rate obtained from all borrowers on one day, and procedure *re. Badock*, 2030-2; *Scott*, 2158-74, 2186-200.
 Interest realised from, gross and net amounts of, and brokers' commission, 1893-94 to 1912-13, *Badock* - p. 318
 List of firms and amounts lent, 1912, *Webb* p. 551-2
 Making of, direct by India Office, on some such principle as sale of Council Bills, suggestion, *Smith* 8593-4, 8822-4, p. 617
 Maximum total amount usually able to be placed, *Badock* - 2033-5, p. 312
 Method of payment of, *Badock* - 1862, p. 311
 Money sometimes held over, to obtain better rate, *Badock* - 2031
 Objection to, *Harrison*, 10,193-8, 10,338, 10,377; *Pandya*, p. 635, p. 636.
 Objection to system, control of Bank of England over money market may be weakened by, and market rate lowered, *Cole* - 3348-59, 3372-3, 3427-30, 3463-78
 no Objection to, *McRobert* - 3929

Lending by Government in England—*continued.*

- at Par on Indian railway debentures, *Badock* 1923-5
 Period approved, firms preferred short period, and question of extension, *Inchcape* 10,714-5, 10,901-23
 Period, and question of extension, *Scott*, 2149-57; *Currie*, 10,609-21
 Period and system of fixing, *Badock* 1858-9, 1933, 1996-2000, 2005, p. 309-10
 Procedure in case of failure of a borrower, *Badock* 2001-4, 2009
 after Provision for all special liabilities foreseen, rest distributed evenly over each business day, *Badock*, 2014
 when Rates high in India, criticism not unnatural, *Newmarch* - 1362-3

SECURITIES:

- Authorised for acceptance, list, *Badock* 1860-9, p. 310
 Colonial securities:
 Inclusion of, considered to be against interests of British Government, *Cole* - 3365
 Recent acceptance of certain, explanation regarding, *Schuster* - 11,011
 Commercial bills, would be objected to, *Schuster* 11,011, 11,221-2, 11,225
 Confining of, to securities registered at Bank of England, reason for, and difficulties otherwise, *Scott* - 2083-90, 2144-8
 Difficulty of obtaining authorised, *Le Marchant* 7838
 Difficulty owing to large amount of money to be lent, *Cole* - 3423
 Extension:
 Business would be somewhat facilitated by, *Scott* 2147-8
 Question of, *Badock* - 1919-21
 India debentures, explanation, *Badock* - 1980
 India sterling bills as, cause of, *Webb* - p. 553
 Letters to Bank of England and broker giving instructions *re. Badock* - 1893, 1913, p. 812-4
 List sufficient in normal times, *Scott* - 2083-4
 Market more limited now, *Badock* - 2034-5
 Only those registered at Bank of England explanation, *Schuster* - 11,009-10
 Other than those registered at Bank of England, question of, *Cole*, 3507-9; *Currie*, 10,525-30; *Inchcape*, 10,720-7.
 Particulars *re.* 1912, 1913, on certain dates, *Badock* p. 317
 Reason for certain, being taken at par value and others at market value, *Badock*, 1870-1, 1923-4, 1958-63, 1980-82; *Scott*, 2075-6, 2108-11; *Inchcape*, 10,875-9, 10,886; *Schuster*, 11,238.
 Taken at par, no change advocated, *Scott* 2079-82
 Taking of Indian at par value and British at market value, considered bad business, *Cole* - 3361-5
 for Short periods criticised and longer periods advocated, *Webb* - 4988-90, 5197-8
 Small amount sometimes remains unlent for short time, *Badock* - 1855-6
 Statement showing transactions for each day in 1912-13, *Badock* - p. 319-27
 System, *Inchcape* - 10,667-75
 System satisfactory and no loss incurred, *Currie* p. 669
 Temporary abstention from, might help rate, *Cole* 3421-2
 up to 10 millions always possible to approved borrowers, *Currie* - p. 669
 by Tender, would not be satisfactory, *Inchcape* 10,742
 Timing of, to prevent public criticism of borrowing money to meet payments at higher rate than that received from loans, question of, *Badock* 2013-24
 all Transactions reported to Finance Committee, *Inchcape* - 10,676-7, 10,685-8

Lending by Government in India:

- Advocated, *McRobert*, p. 547; *Webb*, 4992-5001, 5008-10, 5053-7, 5371-80, 6093, p. 554, p. 569; *Pandya*, 9783; *Sassoon David*, p. 715; *Thackersey*, p. 718.

Lending by Government in India—continued.

| | |
|---|---|
| Advocated against securities, when bank rate 5 per cent. and over, <i>Sassoon David</i> | p. 715 |
| not Advocated, increase of deposits with Presidency Banks preferred instead, <i>Harrison</i> | 10,186-9 |
| Amount available for, question of, <i>Bhupendra Nath Mitra</i> | 4508-19 |
| Amount would be limited as difficulty of security, <i>Toomey</i> | 2832-4 |
| FROM BALANCES: | |
| Balances not available for, as in London, but no reason against, <i>McRobert</i> | 3934-1 |
| not Desirable unless very small amount, <i>Curri</i> | 10,534-5, 10,595, p. 669 |
| Objections to, <i>Meston</i> | 9067, 9217, 9300-3 |
| Practicable to small extent but not advocated, and reasons, <i>Barrow</i> | 3046-7, 3051-2, 3257-67 |
| from Balances or paper currency reserve immaterial, <i>Hamilton</i> | 2454-6 |
| from Balances and from paper currency reserve not objected to, <i>Schuster</i> | 11,062-3 |
| Bank rate on deposits might be reduced, <i>Hunter</i> | 6896-8 |
| average Bank rate will be lowered, <i>Chunilal</i> | p. 765 |
| Bank rate would be kept down by, say, a 10 crore loan to 6 per cent., <i>Smith</i> | 8437 |
| TO BANKS: | |
| Advocated, <i>Dunbar</i> | 7861-4 |
| Attitude of Government of India re, <i>Meston</i> , 9065-6 to All bank of standing against approved securities advocated, <i>Pandya</i> | 9630-45, p. 635 |
| 5 lakhs should be minimum amount to any one bank, <i>Pandya</i> | 9806 |
| at 1 per cent. under London bank rate, scheme, <i>Hamilton</i> | 2367-81, 2493-6, p. 527, p. 529 |
| Other than Presidency at rate not exceeding 6 per cent. if bank rate over 6 per cent., and the Presidency Banks have not taken loans at rate offered by Government, suggestion, <i>Thackersey</i> | p. 718-9 |
| during Periods of stringency advocated, and loans up to three months suggested, <i>Pandya</i> | 9632-5, p. 636 |
| on Security: | |
| Advocated at 6 per cent. when bank rate above 6 per cent., <i>McRobert</i> | 3933-56, 4048-57, 4094-5, 4186-204, 4211-4, 4217-24, 4265-6 |
| Advocated, below bank rate, but system of tender might be preferable, <i>Ross</i> | 3603-12, 3700-7, 3725-7, 3886, p. 543 |
| Government paper, suggestion and question of effect, <i>Pandya</i> | 9795-809 |
| Suggestion, <i>Dunbar</i> | 7865-6, 7869-71, 7970-4 |
| Central banking institution desirable, and suggestions re, <i>Reid</i> | 7274-9 |
| Class who would benefit, and question as to how far cultivators would benefit, <i>Smith</i> | 8488-98, 8836-42 |
| Competency of Government officers to do work, <i>Meston</i> | 9221-5 |
| should be Confined to banks at first, but not only Presidency banks, but to Presidency banks only would be better than not at all, <i>Smith</i> , | 8470-1, 8474-81 |
| should be Confined to Presidency banks, <i>Toomey and Fraser</i> , 2797-8, 2943-7, 2991; <i>Bhupendra Nath Mitra</i> , 4347, 4374; <i>Le Marchant</i> , 7671; <i>Reed</i> , 9913-6. | |
| should be Confined to Presidency and (if desired) to exchange banks, <i>Howard</i> | 8172-4 |
| Correspondence between Bombay Chamber of Commerce and Government of India re, 1888-9, <i>Abrahams</i> | p. 36-41 |
| Criticism, <i>Webb</i> | p. 565 |
| no general Demand for, telegram from Viceroy to Secretary of State, 22nd January 1913, <i>Abrahams</i> | p. 66 |
| Demand might arise when Government less able to lend, <i>Reid</i> | 7301-3 |

Lending by Government in India—continued.

| | |
|---|-----------------------------|
| Demand, question as to extent, <i>Bhupendra Nath Mitra</i> , 2845-6, 2991; <i>Webb</i> , 4372, 5014-6, 5057, 5389-90; <i>Howard</i> , p. 579; <i>Hunter</i> , 6401-8, 6611-4, 6623; <i>Reid</i> , 7269-71; <i>Smith</i> , 8482-6. | |
| DEPENDENCE OF TRADE ON: | |
| Anticipated to undue extent, <i>Bhupendra Nath Mitra</i> | 4341, 4353-4 |
| Objection from point of view of, not agreed with, <i>Webb</i> | 5017 |
| Question of, <i>Hunter</i> , 6409-16; <i>Reid</i> , 7297-300. | |
| not Desirable in opinion of commercial men, &c., <i>Abrahams</i> | 97 |
| Difficulty in case of Government having to withdraw money at unexpected times, <i>Abrahams</i> | 261 |
| no Difficulty anticipated, and money available would be limited if balances reduced, <i>Webb</i> 5289-96, 5199 | |
| Disadvantages, <i>Abrahams</i> | p. 6-7 |
| previous Discussions re, <i>Howard</i> | 8169 |
| Distribution question, <i>Dunbar</i> | 8080-2 |
| of Excess in January, February and March, no objection to, but possible difficulty, <i>Abrahams</i> | 353-60 |
| to Exchange Banks, see under Exchange Banks. | |
| Extract from Financial Statement, 1889-90, <i>Abrahams</i> | p. 48 |
| Extract from proceedings of Legislative Council, January 1900, <i>Abrahams</i> | p. 396-7 |
| Facilities not comparable to those in London, <i>Neumarch</i> | 1432-3 |
| to Firms and institutions other than banks not advocated, <i>Howard</i> | p. 580 |
| to Firms, should be possible, <i>Webb</i> | 5281-3 |
| First three months of 1913 would have been suitable, <i>Abrahams</i> | 280 |
| not very much Importance attached to, <i>Toomey</i> 2992 | |
| Increased demand for Government securities will result, <i>Chunilal</i> | p. 765 |
| India Office would agree to, if Government of India suggested, <i>Schuster</i> | 11,056, 11,157 |
| Issue of short-term bearer bonds would be useful in connection with, <i>Webb</i> | 5292-4 |
| to Large extent, on security, question of possibility and value of securities, <i>Abrahams</i> | 141-4, 146-7 |
| Letter from Government of India January 1901, to Presidency Banks and replies, <i>Abrahams</i> p. 442-57 | |
| Letter from Government of India to Secretary of State, January 1900, <i>Abrahams</i> | p. 402 |
| no Limit suggested as to amount, <i>Hamilton</i> | 2445 |
| Loans to Presidency Banks preferable, <i>Abrahams</i> , 453-63; <i>Graham</i> , 4906-9. | |
| Objection of Secretary of State to, <i>Abrahams</i> 4614-5 | |
| Objection to, in the past, <i>Meston</i> | 9300-3 |
| Objection to, that amount of balances available would be uncertain, but advantages might possibly outweigh, <i>Barrow</i> | 3047, 3254-6, 3267, 3313-24 |
| to Other than Presidency Banks without securities advocated within reasonable limits, but not to private firms, <i>Hunter</i> | 6394-400 |
| should be from Paper Currency Reserve, as balances a fluctuating item, <i>Smith</i> | 8499-501 |
| from Paper Currency Reserve, see under Paper Currency Reserve. | |
| Power possessed, but never exercised, <i>Abrahams</i> | p. 6, 452 |
| Preference should be given to Presidency Banks, <i>Chunilal</i> | p. 765 |
| to Presidency Banks, see under Presidency Banks. | |
| to Presidency Banks only, in first instance, advocated, <i>Schuster</i> | 11,058 |
| Proposals of Chambers of Commerce re, 1899 p. 384, p. 385 | |
| Procedure, suggestion, <i>Smith</i> | 8698-703, 8825-35 |
| Proposal not contingent on establishment of Central Bank, <i>Hunter</i> | 6662-8 |
| Purposes, <i>Webb</i> | 5284-5 |
| for Purposes of trade during short period of the year, would be advantageous, but Mr. Bryce's opinion against, quoted, <i>Neumarch</i> | 1364-6 |

Lending by Government in India—continued.

- Question of, *Abrahams* - - - 96, 218-9, 450-1
 Question of effect on Indian bank rate, *Toomey and Frazer* - - - 2847-53

RATE OF INTEREST :

- 1 per cent. below bank rate :
 Bank of Bengal would refuse, as unremunerative, *Dunbar* - - - 7872-3, 8016
 Scheme, *Hamilton* 2367-81, 2493-6, p. 527, p. 529
 4 per cent. advocated, and Bank rate would never rise above 6 per cent., *Dunbar* 7867-8, 7877, 7984-6, 7999-8002, 8005, 8083-6
 6 per cent. advocated, when bank rate above 6 per cent., *McRobert* - 3933-56, 4048-57, 4094-5, 4186-204, 4211-4, 4217-24, 4265-6
 below Bank rate advocated, but system of tender might be preferable, *Ross* - 3603-12, 3700-7, 3725-7, 3886, p. 543
 Rates obtained for Council bills might be reduced, *Barrow* - - - 3048-50, 3266
 Refusal of request for loan of 50 or 100 lakhs of rupees on security of Government papers, *Reid* 7553-4, p. 571
 little Risk need be involved, *Smith* - p. 614-5

SECURITIES :

- not Considered important, *Hamilton* - 2447-8
 Difficulty not contemplated *re, McRobert*, 4044-7 ; *Smith* - 8693-7.
 Government paper advocated, *Chunilal* - p. 765, p. 769
 Nature of suggestions, *Webb* - 5011-3, 5292-4
 Possibility of banks providing, question as to extent, *Hamilton* - - - 2497-503
 Question, *McRobert* - - - 4087-93
 should be Required from private borrowers, from banks should be dependent on circumstances, *Webb* - - - 5302-7
 should be Required and question as to nature of, *Smith* - - - 8472-3, 8812-21
 on Short loans desirable as matter of business, but not necessary for safety, *Hamilton* - 2449-53
 State bank would be no better, *Smith* - 8766-9
 Suggestions *re*, minimum amount, rate, &c., *Smith* 8825, p. 614

BY TENDER :

- Approved, *Webb* - - - 5200
 no Objection seen, *Smith* - - - 8870-1
 in Times of pressure, advocated, *McRobert* - p. 547
 from Treasury balances not objected to, *Howard* 8186
 Loans to help trade, and to earn interest, difference between, *Abrahams* - - - 430-5

Loans, issue of, by Government :

- Explanation of system and policy *re, Abrahams* 13-4
 Factors affecting India's credit, *Inchcape* 10,853-7
 More could have been raised by, if better price offered, *Webb* - - - 6165-9
 Question of effect on exchange, *Hamilton* 2423-9
 Reduction of balances by suspending, advocated, *Webb* - - - 4969-76, 5048-52, p. 551
 Satisfactory nature of Indian credit, *Reed* 9936-8, 10,029-31
 Scheme, *Hamilton*, 2292-305, 2394-401, 2436-7, 2352-3, 2468-75, 2508-28, p. 519-20

Loans, issue of, by Government in England :

- should be Avoided as far as possible, *Webb* - p. 568
 Borrowing 3,000,000*l.* in London, 1912, criticism of, *Webb* - - - 5381-8, p. 553
 Communication with Government of India, question of extent, *Abrahams* - - - 11,652-8
 Consultation between Government of India and Secretary of State *re*, before opening of financial year, and more frequent communications might be desirable, *Bhupendra Nath Mitra*, 4594-6, 4616-28, 4386-90, 4476-80 ; *Meston*, 9506-10.
 Credit of India not declined relatively to that of other borrowers, *Cole* - - - 3371
 Criticisms, *Webb* - - - p. 565-6
 Impossibility of raising sufficient capital by, *Sundara Iyer* - - - 8877-8, p. 630
 Increase of issue, anticipated disadvantages, *Abrahams* p. 18

Loans, issue of, by Government in England—continued.

- Increasing difficulty, and question as to reason, *Abrahams* - - - 15, 121-3, 202-7, 523
 India bills might have been paid off earlier, *Schuster* 11,182
 with Inflated balances, criticism of, *Pandya* p. 635
 Interest, gradual increase, but charges will decrease in about 30 years, *Abrahams* - - - 24-5
 Loans &c. too much under Government control, money would be more readily obtained if bigger facilities given for private enterprise in India, *Cole* 3552
 if Money required on a large scale, loan would have to be issued with fixed date for redemption, *Cole* 3368-76
 Necessity of, but decrease hoped for in future, *Newmarch* - - - 1337
 Net amount of, 1909-10 to 1912-13, and provision for railway programme, *Howard* - - - p. 578
 1907-09 to 1913-14, *Abrahams* - - - p. 67-73
 None issued in 1913, *Currie*, 10,590 ; *Chunilal*, p. 765.
 Quotations for, kept down by knowledge that Government will continue to borrow annually, *Cole* 3368
 Recommendations made by Finance Committee and Public Works Committee, but decisions made by Secretary of State in Council, *Abrahams* 11,699
 Renewal of bills, December 1911, *Meston*, 9509 ; *Schuster*, 11,048-9.
 Renewal of bills, question whether Government of India consulted, *Howard* - - - 8164-5
 Statistics, 1910-12, and comparison with balances in hand, and criticism of policy, *Webb* 5023-40, p. 553
 Terminable bonds, possible difficulties, *Abrahams* 726
 Under-writing of, *Abrahams* - 11,701-14, p. 689

Loans, issue of, by Government in India :

- more Advantageous than borrowing in London sometimes, *McLeod* - - - 7054-5, p. 598
 Advocated, even if interest slightly higher than in London, *McRobert* - - - 3991-4
 Advocated as far as possible, *Graham* - - - 4910
 Appreciation, recently in securities of large port trusts, &c. indicate possibilities of, *Howard* p. 581-2
 Attracting of money from hoards by, *see under Hoards.*
 Borrowing during early part of year and repayment when taxes collected, question of, *Harrison*, 10,202-8 ; *Inchcape*, 10,863-4.
 Class of people taking shares in, *Bhupendra Nath Mitra*, 4440 ; *Hunter*, 6358-60 ; *Howard*, 8200 ; *Smith*, 8519.
 little Demand on part of small people at present, but might increase if certain difficulties were minimised, *Hunter* - - - 6361-3
 smaller Denominations of Government paper would be useful, *Reid* - - - 7438-9
 Desirable, instead of issue in England, as far as possible, *Meston* - - - 9055-6
 Desirable, if terms equally favourable and even if terms higher if money could be extracted from hoards, *Hunter* - - - 6354-5
 for Development of India approved as long as market can take up securities without depreciating, *Hunter* 6353
 Encouragement of private enterprise in India desirable, *Ross* - - - 3890, 3899-903
 Endorsement of Government paper, system and difficulties from point of view of natives, and removal of difficulties would be advantageous, *Smith* - 8520-5, 8602-14, 8782-90, 8857-69
 Extension of, not possible in expert opinion without reducing market price of rupee paper, *Bhupendra Nath Mitra* - - - 4400-3
 Extent, *McRobert* - - - 4205-16
 Extent, already done to fullest possible, *Bhupendra Nath Mitra* - - - 4655
 Extent to which possible, question of, *Hunter* 6348-18
 Extent to which possible and question to rate of amount raised, *Newmarch* - 1402, 1409-13, 1451-4

Loans, issue of, by Government in India—continued.
 annual flotation of larger loan and popularising of, proposed, *Chunilal* p. 769
 4 per cent. bonds or 3½ per cent. security with division of profits above a certain limit, considered by Government and reasons for not adopting, *Meston* 9057, 9179-81
 Holding of, in London, extent, *Hunter* 6814-6

INCREASE OF :
 in Course of year, inconvenience of, *Bhupendra Nath Mitra* 4597-602
 Desirable, *Fraser*, 2952-4; *Schuster*, 11,238.
 Difficulty, *Newmarch* 1338-40, 1407
 Possible, to certain extent, but Indian market limited as compared to London, *Howard* 8200-2, p. 582
 Possible to some extent, and suggestion as to amount, *McLeod*, 7052-8; *Reid*, 7405-16; *Smith*, 8513-8, p. 615; *Sundara Iyer*, 8879-80.
 not Possible to any material extent on present terms and conditions, *Hunter* 6356, 6559-60
 might be Possible if better terms offered, but securities would be depreciated, *Hunter* 6561, 6818
 Possible under certain conditions, *Dalal* 11,372-3
 Possibility of, *Webb*, 5275-80, 6161-9; *Meston*, 9057-9; *Reed*, 9902-3, 9930-2; *Currie*, 10,605-8; *Inchcape*, 10,859, 10,861; *Fleetwood-Wilson*, 11,435-8.
 Rather increase, than sterling but keep back as reserve if possible, *Fleetwood Wilson* 11,438
 Introduction of railway debentures or bonds repayable in 50 years, suggested, *Forrest* p. 699
 Issue of 5-rupee paper and 1-rupee paper through post offices, co-operative societies, &c., suggestion, *Sundara Iyer* 8879-94
 Issue of local Treasury bills would be possible, *Dunbar* 7963-4

ISSUE OF SHORT-TERM BONDS BY GOVERNMENT :
 not Considered by Government, and question of, *Meston* 9182-3
 no Objection to, *McLeod* 7109-12
 Question of, *Bhupendra Nath Mitra*, 4455-6; *Meston*, 9479-80.
 Issue of short-term bearer bonds would be useful, and under consideration, *Smith* 8615-6, 8633-8
 Market more open than formerly, *McRobert* 4279, p. 548
 Money would be attracted from hoards if people educated, *Reid* 7435-7
 New form of security such as railway securities with guaranteed interest and share of profits, would not be extra inducement, *McRobert* 4137-8
 Objection of Secretary of State to as interfering with his exchange operations, *Bhupendra Nath Mitra* 4614-5
 Offering of better terms than in England, would be advisable provided there was certainty that money was raised in India, *McRobert* 4096-9
 Particulars of rupee debt, 1893-1904 p. 270
 personal Policy re, *Fleetwood-Wilson* 11,438
 Policy of Indian Government to raise as much as possible in India, and reason, *Bhupendra Nath Mitra*, 4404-6, 4441-2; *Howard*, 8202.
 Possibility of attracting money from hoards, *Sundara Iyer* 8884-6
 would be Preferable to London, *Ross* 3887, 3898
 Preferred if rate nearly equal to London, *McRobert* 4061-3
 Priority over corporation loans, *Meston* 9298-9
 Proportion held by Europeans and Natives, 1893 to 1903, of registered debt of India p. 269
 Railway debenture bonds, people would probably take up largely, *Reid* 7407-16, 7423-4, p. 575
 Raising of capital for Indian development by, advocated as far as possible, *Smith* 8512
 Reproductive works should be carried out by, *Reed*, 9896-907, 9928-38, p. 667; *Dalal*, 11,360-71, 11,420-4.
 Stock certificates or bearer bonds suggested, *Smith* 8858-66
 Suggestion re, *Reid* 7405-16
 Temporary borrowing during lean months and reduction in permanent Treasury balances, question of, *Meston* 9051-4

Loans, issue of, by Government in India—continued.
 Temporary debts, objection to raising money on, *Bhupendra Nath Mitra* 4456-8
 Tendency towards prices being better than those of sterling loans, *Newmarch* 1403-4, p. 219
 Total amount of rupee loans outstanding held in India and in London respectively, *Bhupendra Nath Mitra* 4438-9
 London, City, and Midland Bank, refusal to renew taking of Government deposit, *Inchcape* 10,744-5

London Money Market :
 Affairs of India Office and Indian empire not conducted in interests of, *Abrahams* 858
 Condition, importance of, to India, *Hamilton* 2309-12
 Question of connection of, with Indian market, see under Indian Money Market.
 Question of connection with Indian trade, *Toomey* 2744-9
 Mackay Committee, reference 8426
 Mackenzie, Mr., evidence before Silver Commission, 1876, re silver hoards, quoted, *Freuen* 8519 (p. 32)

MCLEOD, CHARLES CAMPBELL, Chairman of Indian Section of London Chamber of Commerce, and representative of Bengal Chamber of Commerce
 6992-7263, p. 597-612

BALANCES :
 in India, transfers from revenue to capital expenditure might be governed by less rigid principles (Bengal Chamber of Commerce) 7247, p. 604
 Policy in India and England approved 6998-9, 7087-8, 7217-9
 Bengal Chamber of Commerce, letter to Royal Commission, 28th May 1913 p. 601-7

CENTRAL OR STATE BANK :
 Amalgamation of Presidency Banks, not advocated 7098
 Area difficulty, and difficulty of getting really representative central board 7038-44, 7120-6, 7211-7; p. 597, p. 606
 Central control, location difficulty (Bengal Chamber of Commerce) p. 606
 if Established control would have to be in Calcutta, not London 7116-9
 Money not likely to be attracted from London 7085
 not Necessary at present 7037, 7202-3, p. 597
 not Necessary for encouragement of co-operative societies 7096-7
 Notes issued by, people might not favour, and facility of promoting notes would be less 7231
 Prestige of Government might attract deposits 7209-10

CO-OPERATIVE SOCIETIES :
 Encouragement desirable 7045-9, 7096-7, p. 597
 Tendency to attract money from hoards 7047

COUNCIL BILLS AND TELEGRAPHIC TRANSFERS :
 Advantages of system (Bengal Chamber of Commerce) p. 603-4
 Sale in excess of requirements :
 Approved and not antagonistic to interests of India (Bengal Chamber of Commerce) p. 603
 Continuance advocated p. 597
 not Objected to, to extent of full trade demand 7179-85, p. 598

Currency, extended use of other forms than silver, such as gold, notes, and cheques possible 7149-52
 Deposits with bankers in London, not objected to and continuance advocated, p. 597; (Bengal Chamber of Commerce), p. 604, 607.

EXCHANGE :
 Fixing of :
 Beneficial to trade, and no reversal of policy advocated 6996-7
 Prosperity of trade since (Bengal Chamber of Commerce) p. 602
 Gold in circulation less valuable for support of, than gold in reserve 7027-9
 Gold Bars, great demand for, in India, and question as to use of 7174-77, 7237-43

MCLEOD, CHARLES CAMPBELL—continued.**GOLD MINT:**

- not Advocated at present, but if established
sovereigns should be coined, 7032, 7053-5,
7151-61, p. 597; (Bengal Chamber of
Commerce) p. 604-5, p. 606, p. 607
- Bullion for coinage, difficulty anticipated, 7033-4;
(Bengal Chamber of Commerce), p. 606.
- special Indian coin, objections to (Bengal Chamber
of Commerce) p. 606
- 10 Rupee piece:
Hoarding and use for ornaments would be
encouraged 7171, 7193, p. 598
would be Useless for export except as bullion
and would tend to destroy standing of
sovereign 7162-70, 7192-6, p. 598

GOLD STANDARD RESERVE:

- Amount, no maximum limit should be fixed p. 579
- Diversion of money from, to railway purposes,
approved of under circumstances, if money
replaced 7004-6

Form:**Gold, amount:**

- 5,000,000*l.* at least advocated, p. 597; (Bengal
Chamber of Commerce) 7137-9, p. 603
- no Limits should be fixed and coinage profits
should continue to be added to, (Bengal
Chamber of Commerce) p. 603, p. 607
- Minimum of 5 millions sufficient at present,
but might increase to 10 as trade increases
7007-26, 7072-80, 7220-8, 7140, p. 589
- Gold securities or short loans, approved - p. 597
- Securities:
Approved, p. 598; (Bengal Chamber of Com-
merce) p. 603, p. 607
- Realisation of 10 millions of gilt-edged
securities would be difficult at present
moment 7141-3
- Location, in London advocated and reasons, p. 597,
7000-2, 7137-9; (Bengal Chamber of Commerce)
. p. 602-3
- Subsidiary branch in India, not objected to, but
holding of silver in paper currency reserve would
be preferred 7244-6

HOARDING OF GOLD:

- Gold more likely to be attracted from hoards by
extension of banking facilities, than by establish-
ment of gold mint 7033-5
- Temptation not increased by excess of rupees in
circulation relatively to gold coins 7173
- Tendency of co-operative societies to attract money
from hoards 7047-9
- India Office, Finance Committee, suggested reconsti-
tution 7069-70, 7099, 7127-35, 7214-6, p. 598
- Indian Money Market, stringency not due to with-
drawal of sums by Government 7091-4

LOANS, ISSUE OF, IN INDIA:

- more Advantageous than borrowing in London
sometimes 7054-5, p. 598
- Increase possible and question of extent 7052-8,
7259-61
- Issue of short-term bonds by Government, no
objection 7109-12

NOTES:

- Encouragement desired 7030, 7081
- well Managed by Government at present 7037,
7204-8, p. 507
- Presidency Banks, loans to, during busy seasons, at
1 per cent. under bank rate desirable 7250-5

RAILWAYS:

- Branch-line terms given to companies with rupee
capital should be extended to sterling capital
. 7114
- Congestion, and need for expenditure on rolling
stock, remarks made at deputations to Secretary
of State, 10th June 1912, and 2nd June 1913
. p. 607-12
- Expenditure on, and inadequacy of, and need of
increased capital expenditure 7050-1, 7247-9,
p. 598-604
- Finance, importance of question, and criticism of
present policy p. 598-606

E 20899

MCLEOD, CHARLES CAMPBELL—continued.**RAILWAYS—continued.**

- Government should state definitely that they would
give certain minimum sum for fixed period
irrespective of amount allotted out of balances
. 7256-8
- Increase in traffic p. 599-600
- Investors not discouraged by Government treat-
ment of shareholders in the past 7261-3
- Private enterprise should be encouraged 7100
- Rupees, profits on coinage, use of, for reproductive
works when safe limit of gold in standard reserve
attained, would be approved if due regard had
to caution 7089-90
- Silver, purchase of, regular purchases advocated
. 7059-68, 7186-91, 7232-6, p. 598

SOVEREIGNS:

- Increased use 7083-6
- Increased use not very rapid and chiefly in
northern and western circles 7149, p. 598
- Question as to use of, for payment purposes
. 7197-201
- Receipts at post offices and railway stations,
1907-8 to 1911-12 p. 605
- Use increasing in Northern India, Bombay and
part of Madras (Bengal Chamber of Commerce)
. p. 605
- Stores, purchase of, in India, no objection seen
. 7101-8
- MacLeod, Professor Dunning, suggestion *re* gold cur-
rency, Webb p. 555, p. 556

- McROBERT, SIR ALEXANDER 3912-4306, p. 547-9
- Balances in London, might have been kept down by
paying off India bills and not raising loans until
surplus absorbed p. 547
- Bank rate in India, should not go beyond 7 per cent.
at the worst 4118-9
- Banks, danger of multiplication of so-called banks,
that are only pawnshops, and restriction desirable
. 4125, 4304-6
- Budget estimates, difficulty of estimating 3926-8

CHEQUES:

- Increased use anticipated 4071-2 p. 548
- Use of, in business, particulars 4106-11
- Co-operative Credit system, growing p. 548

COUNCIL BILLS AND TELEGRAPHIC TRANSFERS, SALES:

- Often more than once a week suggested 3997-9, 4225
- Over 1*s.* 4*d.*, profit should be put into special re-
serve fund of sovereigns, and when sale less than
1*s.* 4*d.* fund should be drawn from 4000-3, p. 548
- at 1*s.* 4½*d.* tends to prevent circulation of gold in
India p. 548
- System approved p. 548

EXCHANGE:

- Fixing of, at 1*s.* 4*d.*, beneficial to trade 4004-5
p. 548
- Value of gold in circulation as support to 4009-13
- Exchange Banks, no restrictions on 4262-3

GOLD CURRENCY:

- Advantages and encouragement desirable 3978-82,
4006, 4226-36
- 10-rupee piece, not advocated and reasons 4008-9,
p. 548-9

GOLD MINT:

- Advocated from point of view of prestige and
sentiment 4014-6
- for Free coinage of sovereigns would justify cost
. p. 549

GOLD STANDARD RESERVE:

- Amalgamation with Paper Currency reserve, no
objection to 4085-6
- Amount, 30 millions advocated 4019, 4083-4

Form:

- 10 millions in gold and 20 millions in securities,
advocated 4020-2, 4068
- Gold, rupees, and sterling securities approved
and opinion *re* amounts p. 549
- Gold and sterling securities should be held in
London, gold being earmarked at Bank of
England p. 549

H

McROBERT, SIR ALEXANDER—continued.

GOLD STANDARD RESERVE—continued.

Form—continued.

Securities:

- Question as possibility of realising, in crisis 4069-70
- Short dated securities not necessary 4023-5
- Suggestion re p. 549
- Location of bulk in London, silver portion only in India, advocated 4017-8, 4021
- Subsidiary branch in India (Silver): not Objected to 4026-32
- Rupees should be held in India and made available for advances to banks at 6 per cent. on securities when bank rate over 6 per cent. p. 549
- Taking of sum from, for railway development, 1907, disapproved, and sum should be replaced 4298-308, 4033, p. 549
- Use of profits on coinage for ordinary or capital expenditure not approved until reserve 25 or 30 millions sterling, interest and profits should then be used to pay off floating and unproductive debts p. 549

HOARDING:

- Co-operative credit system will tend to diminish of Gold, question of 4082, p. 548
- Issue of loans in India would not attract money from hoards 4080-1
- Hundis, discounting of, by Bank of Bengal 4073-6
- India bills, surplus balances might have been used to pay off 3916-24
- Indian money market, money dear from November to March 4195-9
- Lending by Government in England, no objection to 3929

LENDING BY GOVERNMENT IN INDIA:

- Balances not available for, as in London, but no reason against 3930-1
- to Banks:
- on Security advocated at 6 per cent. when bank rate above 6 per cent. 3933-56, 4048-57, 4094-5, 4186-204, 4211-4, 4217-24, 4265-6
 - in Times of pressure advocated p. 547
- Securities:
- Difficulty not anticipated re 4044-7
 - Question of amount available 4087-93

LOANS, ISSUE OF, IN INDIA:

- Advocated, even if interest slightly higher than in London 3991-4
- Extent 4205-16
- Market more open than formerly 4279, p. 548
- New form of security, such as railway securities with guaranteed interest and share of profits, would not be extra inducement 4137-8
- Offering of better terms than in England, would be advisable provided there was certainty that money was raised in India 4096-9
- Preferred if rate nearly equal to London 4061-3.
- Mints, profits 4139-40, p. 549

NOTES:

- no Difficulty in getting, when wanted 3986
- Fiduciary portion, might be increased, and maximum should be fixed 3988-90
- Increasing use of 3983
- Universalisation of, Government would finance all remittances 3984-5

PAPER CURRENCY RESERVE:

- Gold accumulation not objected to and cannot be prevented as long as 15 rupees given for a sovereign 4248, p. 549
- System approved p. 549

PRESIDENCY BANKS:

- Access to London, objection to 3996, p. 548
- new Branches, question of, in place of reserve treasuries 4102-5
- Drafts on London sold by 4260-1
- Drafts on London sold to, by exchange banks, rates usually as good as those got from exchange banks direct, and preference would be given to Presidency Banks 4255-9

McROBERT, SIR ALEXANDER—continued.

PRESIDENCY BANKS—continued.

- Equal to relieving all probable difficulties in crisis, with loans from Government, and State Bank would not be in stronger position 4125-32
- Power to lend on any form of marketable security advocated 3995-6, 4112-7, p. 548
- Punjab, notes less used than in United Provinces, but gold more 3973-4
- Reserve Treasuries, system approved 3957-9

REVENUE, SURPLUS:

- Applied to paying off floating and non-productive debt p. 548
- Explanation that capital expenditure has been met out of, not correct 4294-7, p. 548

RUPEES:

- Coinage, Government believed to have deliberately refrained from, 1908-10, and people induced to take sovereigns 4148-53, 4157-8, 4291-3
- Giving of sovereign for 15, undertaking not advocated at present but practice satisfactory 4035-8
- Silver, regular purchases every year, advocated 4039-43, 4141-61, 4242-3, p. 549

SOVEREIGNS:

- Cases of, at discount of 4 annas formerly 4245-7
- Payment of wages in 3976-7
- Suitable for India and preferred to 10-rupee piece, 4007-8, p. 548

STATE BANK:

- Difficulties, and reasons against 3960-2, 3960-9, 4213-6, 4274-5, p. 547-8

Functions:

- not Advocated:
- Control of currency p. 547
 - Exchange business 3964, 4276-8, p. 548
 - Management of paper currency 3963, 3970-2, p. 547
- Note issue:
- without Change in form of note, no objection to 4133-6
 - Question of 4268-73
- Headquarters, Cawnpore would be approved 4286-7 would not be in a Stronger position to meet crisis than Presidency banks 4131-2
- Taxation, reduction would not have been advisable 4175-6, p. 547
- Trade, no great difficulty in financing 4267

Madras, Bank of:

see also Presidency Banks.

- Advances to Europeans and natives, *Hunter* p. 722
- Advances to Europeans and natives, proportion and criticism, *Pandya* 9828-59, p. 644
- Assistance to co-operative credit societies, *Hunter* 6598, 6926-7, 6974
- Auditing, criticism and suggestions, *Pandya* p. 648-9, p. 661
- Board, constitution, &c., *Hunter* 6743-9, 6771-3
- Branches started by, without Government assistance, *Bhupendra Nath Mitra* 4561-2
- Cash balance, minimum, *Hunter* 6935-42
- Correspondence with Government of India re relaxing restrictions on banks, and re Central Bank, *Abrahams* p. 362-4, p. 453-5, p. 468-71, p. 485, p. 488-9, p. 503-4, p. 510-11
- Criticism of, *Pandya* p. 644-52

DIRECTORS:

- Method of appointment, &c., remuneration, &c., *Hunter* 6983-9
- Method of appointment, *Pandya* 9860-9, p. 647
- Particulars re, and criticism, and list of firms from which directors elected, *Pandya* p. 651-2, p. 661

GOVERNMENT DEPOSITS:

- 1908-9 to 1912-13 p. 705
- Minimum working balance below which Government account could not be reduced, 25th March 1911, *Hunter* p. 721-2
- Percentage to capital and reserve, *Hunter* 6943-5 and Percentage to other deposits and cash at certain dates, p. 362; *Reed*, 10,032; *Hunter*, p. 721.

Madras, Bank of—continued.

- Letters, 1904 and 1908, approving proposed increase of invested portion of paper currency reserve, and advocating rupee securities, *Newmarch* p. 265, p. 281
- Liabilities and assets, 1890, 1891, 1892, 1910, 1911, 1912, *Abrahams* - p. 79
- Net profits, 1889-90 to 1898-9 - p. 364
- Percentage of cash to liabilities, 1893-1912, *Pandya* p. 658
- Percentage of cash to liabilities, 1902, to January-June 1903 - p. 471
- Percentage statement of cash receipts and disbursements in the different forms of currency, at head office and branches, 1st to 8th June 1913 - p. 726
- Position of, March 25, 1911, *Hunter* - p. 722

SHAREHOLDERS:

- Analysis of, *Pandya* - p. 659
- Analysis of attendance of, at general meetings, 1893-1913, *Pandya* - p. 660
- few Attendances, *Pandya* - 9860-9, p. 647, p. 648, p. 660
- Number not entitled to vote, *Pandya* - p. 647
- Number of natives and Europeans, criticism and suggestion, *Pandya* - p. 647
- Transactions, 1912-13, *Gauntlett* - p. 732, p. 738
- Volume of transactions for a week, during periods of heavy receipts, heavy payments, and a normal period, *Gauntlett* - p. 740

Madras Chamber of Commerce:

- Amount of gold in gold standard reserve inadequate in opinion of, 1907 - p. 172
- Correspondence with Government of India, 1899, re relaxing restrictions on Presidency banks, *Abrahams* - p. 358, p. 383-4
- Letter, June 1904, approving proposed increase of invested portion of paper currency revenue and advocating rupee securities, *Newmarch* - p. 270
- Letter, December 1908, suggesting investment of fixed proportion of notes in circulation, and obligatory sale of securities if and when metallic reserve touches certain point, *Newmarch* p. 282-3
- Letter to Government of India, February 1900, re loans to Presidency banks and access to London, *Abrahams* - p. 416-7
- Letter re proposal to use half profit on coinage for railway purposes, 16th August 1907, *Abrahams* p. 171-2

Madras Government:

- Accountant-General, report to Government, December 1899, re relaxing restrictions on Presidency Banks, *Abrahams* - p. 421
- Correspondence with Government of India, 1899-1900, re relaxing restrictions on Presidency banks, *Abrahams* - p. 361, p. 420-1
- Mercantile Bank of India, letter, December 1904, objecting to proposal to give Presidency banks access to London market, *Abrahams* - p. 493-4

MESTON, Sir JAMES S., K.C.S.I., Lieutenant-Governor of the United Provinces - 9020-9517**BALANCES:**

- in India:
- High:
- Abnormally high since 1908-9 - 9026
- Causes - 9025-38, 9161, 9195
- not Deliberate - 9025
- present System not entirely satisfactory, Indian market not given full advantage of - 9226-30
- in London, high, good use made of - 9158-69
- Bank rate in India, not necessarily test of condition of market - 9220
- Bengal, Bank of, relations with exchange banks 9303

BUDGET ESTIMATES:

- Based on normal harvests - 9041, 9370
- Caution in, and consequent under-estimating, explanation of circumstances - 9039-42
- constant Communication between Government of India and Secretary of State - 9213
- Difficulties of estimating - 9043, 9370-6
- Surplus, question of amount - 9354-7
- Surplus of four or five crores at the end of year would be satisfactory - 9352-3

MESTON, Sir JAMES S., K.C.S.I.—continued.**BUDGET YEAR:**

- Change to October-September year:
- Difficulties, and no advantages seen and possible inconveniences to Government - 9044-9, 9165-7, 9208-15, 9377
- Making of statement after 1st of October instead of month before, question of - 9045-7, 9212-3
- Change to January-December year suggested and advantages - 9049-50, 9214-6, 9377-85

CENTRAL OR STATE BANK:**Amalgamation of Presidency Banks:**

- Advantages, in opinion of Sir W. Meyer - 9148
- Difficulties, in opinion of Sir W. Meyer - 9148
- Functions advocated by Sir W. Meyer - 9148-9
- not Considered by Government of India in recent years, and consultation of commercial opinion, &c. would be necessary before expressing opinion - 9146
- Government representation would be necessary, and responsibility of - 9151-7
- no Popular demand for - 9344-51
- Shareholders, question of advisability - 9174-8

COUNCIL BILLS AND TELEGRAPHIC TRANSFERS:**Sale:**

- at Fixed rates, not desirable - 9458
- below 1s. 4d. not objected to in certain circumstances - 9458-60
- below Gold import point:
- Approved - 9511-7
- Preference given to circulation of rupees - 9368
- Refusal, probable result - 9512-5
- of Large amount when rate below 1s. 4d., opinion re - 9072-4
- Restriction to Secretary of State's requirements desirable - 9452-7
- Sale of telegraphic transfers, 1907, account of proceedings - 9085-6
- System, Government of India satisfied with - 9072

CURRENCY:

- Free trade in, desired - 9264, 9268-78, 9366-7
- Large areas where payment made in kind and by barter - 9461
- Delhi, new capital, lapses on expenditure, 1911-13 - 9037
- Educational grants, explanation of under-expenditure and justification for - 9033, 9204-7

EXCHANGE:**Crisis:**

- of 1907-8:
- Equally or more severe crisis possible in future - 9077
- Issue of gold during, account of proceedings re - 9085-6
- Gold should be released freely in case of 9080, 9083-4, 9087-91
- Release of gold in London would be more effectual than in India - 9282
- Support in, sovereigns in reserve in London more useful than sovereigns in circulation in India - 9141
- Gold in circulation and in hoards might at future time assist in support of - 9092, 9121, 9171
- Obligation by Government of India to support, at minimum rate, statutory obligation would be objected to - 9446-9
- Support of, possible by reserves without a gold currency - 9389-99
- Fowler Committee, no deliberate or ostensible departure from principles of, re gold currency, but circumstances too strong - 9387-8

GOLD:

- Increase in reserve preferable to increase in circulation if both impossible - 9330-1
- present System re, approved by Government of India - 9363-5

GOLD CURRENCY:

- Attitude of Indian Government re - 9386-8
- Encouragement at Lahore and Delhi believed to be merely a temporary experiment - 9324-8

MESTON, Sir JAMES S., K.C.S.I.—*continued.*

GOLD MINT:

Advocated to meet strong and reasonable sentiment in India 9332
 Approved, and attitude of Government of India *re* 9106-8

Bullion for coinage:

from Hoards, anticipated 9108-9
 Purchase of gold at favourable rate, not advocated 9341-3
 Question of, and of terms 9337-40, 9414-22
 Raw gold produced in India not anticipated for some time, but might be received on completion of present contracts 9410-1

Estimate of initial expenditure, and annual expenditure should be small 9409

Government realise that change in British law would be required 9412-3

Relaxation of restrictions and permission to mint masters to coin sovereigns, would be a graceful act 9406

no Seignorage should be charged 9407-9

Sovereigns:

Introduction of, as distinctively Indian coin desired 9110, 9333-6
 should be Only coin issued 9369, 9400-3
 3 rupee or 5 rupee pieces, objections to 9402
 10 rupee piece would compete with 10 rupee note and sovereign preferred 9402-3

GOLD STANDARD RESERVE:

Amalgamation with paper currency reserve: never Considered by Government of India 9444
 Disadvantages of, and public would dislike 9444

Amount:

should Depend more on demands of international trade than amount of unissued rupees 9077-8, 9492-3

Impossibility of fixing limit 9484-91
 30 millions accepted as maximum at present, but increase will become necessary as balance of trade alters, &c. 9075-9, 9311, 9471-2

Form:

Actual gold:

Amount:

Attitude of Government of India *re* 9305-8
 should be Independent of amount in paper currency reserve 9232-9

Laying down of minimum for, desirable, but not by statutory provision 9450-1
 10 millions desired by Government of India and reasons 9080, 9231-45, 9310, 9474-7

Holding of, in London approved 9081, 9423
 Securities, question of 9497-503

Policy of India Office coming nearer to that advocated by Government of India 9075

Primary object of, to maintain par of exchange 9080, 9087

Question of effect on, of increase in gold circulation in India 9134-43

Statutory Regulations:

Attitude of Government of India *re* 9098
 Direction in which desired and not desired 9445-51

Subsidiary branch in India (silver):

Maintenance of, desired by Government of India, and reason 9439, 9442-3
 Transfer to paper standard reserve advocated personally 9240-5, 9440-1

Use of, only for supporting exchange advocated until definite figure reached 9098, 9445

Government of India, relations with India Office (Secretary of State) 9470

HOARDS, GOLD IN:

Famine would bring out 9093-7

Notification of readiness to exchange bullion for notes and rupees, would be desirable 9113-9

Silver being replaced by 9315
 can be Turned into sovereigns, but often at very high rate 9111-2

India Office, relations with Government of India 9470

MESTON, Sir JAMES S., K.C.S.I.—*continued.*

LENDING BY GOVERNMENT IN INDIA:

from Balances, objections to 9067, 9217, 9300-3
 to Banks, attitude of Government of India *re* 9065-6

Competency of Government officers to do work 9221-5

from Paper Currency Reserve:

Objections of Government of India to 9067
 Question of, and no serious objection to, personally 9068-71, 9104, 9218-9

LOANS, ISSUE OF, BY GOVERNMENT IN ENGLAND:

Consultation between Government of India and Secretary of State, and more frequent communication might be desirable 9506-16
 Renewal of Bills, December 1911 9509

LOANS, ISSUE OF, BY GOVERNMENT IN INDIA:

Desirable, instead of issue in England as far as possible 9055-6

4 per cent. bonds or 3½ per cent. security with division of profits above a certain limit, considered by Government, and reasons for not adopting 9057, 9179-81

Increase would have been possible 9057-9

Issue of short term bonds:

not Considered by Government and question of 9182-3

Question of 9479-80

Priority over corporation loans 9298-9

Temporary borrowing during lean months and reduction in permanent treasury balances, question of 9051-4

Meyer, Sir William, views of, *re* Central bank 9148-9

NOTES:

Advantages of gold currency over, for villagers, &c. 9129, 9249

Circulation:

Increase and reasons 9126-8

Increase in, question of effect on circulation of rupees 9138-40

Net increase during busy season 9069-71
 more Economical currency than gold, but not more suitable 9124

Encashment:

at District treasuries possible, but more difficult at sub-treasuries though possible 9282-9

Facilities should be increased 9279-81

Forgery 9129

Held by Government should be treated in same way as notes held by public 9435

Larger denominations little used for ordinary hand-to-hand purposes 9292

not Legal tender in payments by Government 9436-8

Preference for, restricted to towns and commercial centres 9129, 9190-1

should not be Pressed on people 9132-3, 9274-8

Universalisation of notes of higher value than at present not advisable and reasons 9281, 9290-4

PAPER CURRENCY RESERVE:

Fiduciary portion:

Amount, should be proportion of total circulation 9433-4

Increase considered desirable and should be in proportion to the whole, not a fixed sum 9102-5

40 per cent. in rupees, 20 per cent. in gold, 30 per cent. in permanent securities, and 10 per cent. in temporary investments, suggestion 9104-5

Gold in London:

could not be Counted on for support of exchange in crises 9232-3, 9426-31

Moderate amount only should be kept in London 9427-31

Reasons for 9424-5

Transfer to gold standard reserve in exchange for silver would be approved 9240-5, 9440-1

Silver, policy of Government of India *re* amount 9099

PRESIDENCY BANKS:

Government assistance in case of crisis, question of 9192-3

MESTON, Sir JAMES S., K.C.S.I.—*continued.*PRESIDENCY BANKS—*continued.*

| | |
|---|-----------------------|
| Government balances : | |
| Amount, policy <i>re</i> | 9295-7 |
| Increase possible and desirable, not large amount would usually be required | 9230-1 |
| Loans to, of three millions sterling during ensuing busy season, proposed by Government of India as tentative measure | 9065-6, 9168-70, 9478 |

PROVINCIAL GOVERNMENTS :

| | |
|--|----------|
| Explanation of under-expenditure | 9033-4 |
| Under-spending of grants, partly taken into account in ways and means estimate | 9196-203 |

RAILWAYS :

| | |
|--|------------|
| Capital expenditure : | |
| Definite programme irrespective of fluctuations in revenue desirable, and matter under consideration by Government | 9162-4 |
| Triennial programme | 9162, 9184 |

Lapses :

| | |
|-------------------------------|------------|
| 1911-13 | 9037 |
| Causes | 9029, 9161 |
| Methods of avoiding | 9195 |

| | |
|--|-----------------|
| Net revenue, excess over estimate since 1909 | 9028-31, 9035-7 |
|--|-----------------|

| | |
|---|------|
| Railway Board | 9162 |
| Receipts and working expenses, question of relation between | 9033 |

| | |
|--|------|
| Reserve Treasuries, balances, fluctuating nature of, but reduction during busy season possible | 9060 |
|--|------|

REVENUE :

| | |
|---|---------------|
| Excess over estimate since 1909 | 9028-31, 9035 |
| Surplus, possibility of, communicated to Secretary of State | 9506 |

RUPEES :

| | |
|--|------------------|
| Effect of increase in gold and notes, question of | 9138-40, 9252-67 |
| Issue of, automatic | 9461, 9464 |
| Over-coinage, reply to charge of | 9461-9 |
| Sufficient gold to convert even 25 per cent. of, probably sufficient | 9077 |

| | |
|--|----------|
| Silver, purchase of, for coinage, steps taken by Government of India towards more regular purchase | 9099-101 |
|--|----------|

SOVEREIGNS :

| | |
|---|---------|
| Encouragement only advocated where encouragement of notes not practicable | 9250-1 |
| should not be forced on people | 9131 |
| Free issue of, question of danger in case of rush | 9317-23 |

| | |
|--|--------|
| Half, practically no import of | 9404-5 |
|--|--------|

| | |
|--------------------------------|-------------------------|
| Increase in circulation : | |
| Desirable as educative measure | 9120-30, 9144-5, 9246-9 |

| | |
|----------------------------------|---------------|
| People not educated to | 9109-10, 9123 |
|----------------------------------|---------------|

| | |
|---|------------------|
| Question of effect on circulation of rupees | 9138-40, 9252-67 |
|---|------------------|

| | |
|---|---------|
| Question of effect on gold standard reserve | 9134-43 |
|---|---------|

TAXATION :

| | |
|--|------|
| Impositions after crisis of 1907-8, and defence of | 9041 |
| Remissions under Sir Edward Baker | 9041 |

TREASURIES :

| | |
|--|----------------|
| District : | |
| Balances in, policy <i>re</i> , and tendency to increase balances carefully watched | 9060-2, 9481-2 |
| Encashment of notes at, possible | 9282-5 |
| System | 9060 |
| Transfer of balances to banks, no economy at first, owing to guarantee | 9063-4 |
| Sub-encashment of notes at, possible, but more difficult than at district treasuries | 9282-3 |

| | |
|---|--------|
| Meyer, Sir William, views of, <i>re</i> central bank, <i>Meston</i> | 9148-9 |
|---|--------|

| | |
|---|-------|
| Military Services, expenditure, 1909-10 to 1913-14, <i>Abrahams</i> | p. 81 |
|---|-------|

| | |
|--|-------|
| Mint and Exchange, net revenue, <i>Abrahams</i> , 1909-10 to 1913-14 | p. 81 |
|--|-------|

Mints :

CLOSURE OF :

| | |
|---|--------------------------|
| a Breach of faith, <i>Frewen</i> | 9519 (p. 33) |
| Circumstances of, and repeal of Sherman Act as result, <i>Frewen</i> | 9519 (p. 31-2) |
| Effect on price of silver bullion, <i>Frewen</i> | 9519 (p. 30-1) |
| Effect on silver hoards, <i>Frewen</i> | 9519 (p. 32-3) |
| Improvement of Indian trade not equal to improvement of trade of other nations owing to | 9519 (p. 34), 9520, 9522 |
| Progress of trade since, and success of system, <i>Boas</i> | 3617-23, p. 543 |
| Rates charged by moneylenders increased since, <i>Frewen</i> | 9562-72 |
| Trade boom in 1893 aborted by, <i>Frewen</i> | 9519 (p. 33-4) |

Gold Mint in India, *see that title.*

| | |
|------------------------------------|-----------------|
| Profits, <i>McRobert</i> | 4139-40, p. 549 |
|------------------------------------|-----------------|

RECEIPT OF GOLD COIN AND BULLION AT (OTHER THAN BRITISH) :

| | |
|--|-----------|
| 1901-2 to 1905-6 | p. 756 |
| Correspondence between Government of India and Secretary of State <i>re</i> | p. 741-56 |
| Correspondence between Secretary of State and certain banks, &c., <i>re</i> , 1900 | p. 751-6 |
| Notifications <i>re</i> : | |
| 1893 | p. 741 |
| 1899 | p. 744 |
| 1906 | p. 757 |
| Withdrawal of notifications of 1893 and 1899 | p. 757-8 |

RE-OPENING OF, TO FREE COINAGE OF SILVER :

| | |
|---|----------|
| not Advocated, <i>Webb</i> , 5415 ; <i>Smith</i> , p. 615. | |
| Currency system would become automatic, <i>Frewen</i> | 9543-4 |
| Offer made by United States and France to open mints conjointly with, 1907, and refusal by Government of India, <i>Frewen</i> | 9522 |
| Probable recovery of exchange as result, <i>Frewen</i> | 9573 |
| not Recommended, but recommendation has been heard, <i>Hunter</i> | 6879-86 |
| Satisfactory work done by, <i>Fleetwood-Wilson</i> | 11,426-7 |

| | |
|---------------------------------------|--------------|
| Mitchell, Forbes, reference | 9519 (p. 33) |
|---------------------------------------|--------------|

| | |
|--|-----------------|
| Monetary agreements with France, Germany, and U.S.A. <i>re</i> silver, suggestion, <i>Frewen</i> | 9573-80, 9583-9 |
|--|-----------------|

| | |
|---|--|
| Money lenders, rates of interest charged, and period, <i>Sundara Iyer</i> , p. 625 ; <i>Frewen</i> , 9562-72. | |
|---|--|

| | |
|--|----------|
| Montagu, Sir Samuel, quoted <i>re</i> gold currency, <i>Webb</i> | p. 558-9 |
|--|----------|

| | |
|--|--------|
| Mortgages, difficulties, <i>Sundara Iyer</i> | p. 625 |
|--|--------|

| | |
|--|--------|
| Mysore gold mines, attitude towards gold mint, <i>Abrahams</i> | 1174-6 |
|--|--------|

National Bank of India :

| | |
|--|--------------------------|
| Correspondence with Secretary of State <i>re</i> receipt of gold at mint | 11,900, p. 753-4 |
| Letter, December 1904, objecting to proposal to give Presidency Banks access to London market, <i>Abrahams</i> | p. 495-7 |
| Receipts and disbursements, statistics, <i>Toomey</i> | 2760-9, 2993-7, p. 541-2 |
| Statistics showing extent of use of different forms of currency in various branches of, <i>Toomey</i> | 2760-82, 2993-7 |

Native Hoards, *see* Hoards.

| | |
|--|-------|
| Net revenue and expenditure of Government of India (excluding provincial adjustments), 1909-10 to 1913-14, <i>Abrahams</i> | p. 81 |
|--|-------|

| | |
|--|--|
| NEWMARCH, F. W., C.S.I., Financial Secretary to the India Office | 1325-1336, App. vii, viii, ix, x, xvii |
|--|--|

BALANCES :

| | |
|--|--------|
| High, 1913, reduction budgeted for | 1358-9 |
| Location of, in London desirable, as resource against fall in exchange | 1361 |
| Banking business, carried out by Government | 1622-3 |

| | |
|--|-----------|
| Bengal Chamber of Commerce, extract from letter from Bank of Bengal, November 1902, <i>re</i> increase in amount of rupee paper held by native investors | p. 269-70 |
|--|-----------|

NEWMARCH, F. W., C.S.I.—*continued.*

BOMBAY, BANK OF :

- Letter, June 19th, disapproving of proposed increase of invested portion of paper currency reserve p. 271
 Letter, December 1908, suggesting extended use of small notes p. 277-8

CENTRAL OR STATE BANK :

- Handing over of note issue to, no reason seen 1736-8
 Question of 1694-6
 Chambers of Commerce, letters from Government of India, 1895 and 1904, re proposed increase of invested portion of paper currency reserve, and replies p. 258-9, p. 261-7, p. 270, p. 277-82
 Cheques, not an important factor in Indian currency 1770-1

COUNCIL BILLS AND TELEGRAPHIC TRANSFERS :

- Amounts drawn on India from 1862-3 to 1912-3, with average rate of exchange p. 227
 Amounts paid for, in first and second half of each financial year, 1894-95 to 1912-13 p. 233
 Comparison of budget estimates with actual drawings, 1872-3 to 1898-99, and 1899-1900 to 1912-13, and average rates of exchange p. 232
 Date of commencement and history of system 1330, p. 217
 reduced Demand for, 1912-13, and possible causes p. 218, p. 759
 Demand dependent on activity of trade, and would decrease in case of no surplus of revenue over expenditure 1446-7
 Drawn through currency, amount of currency gold held at home has not been excessive from point of view of Secretary of State's requirements 1606-12
 Effect of amount of money available in India 1613-21
 Effect on gold imports into India 1591-96
 Invitation of tenders on Wednesdays and allotment, system p. 217-8
 Policy not adopted in interests of City of London instead of those of India p. 223, 1395
 Policy different from that in any other country, as conditions different 1428-30
 Portion of debt to India not covered by, discharged by shipments of sovereigns p. 218-9
 Price :
 of Bills and transfers, comparison p. 217
 Minimum 1341, 1449, p. 217
 Purchase of sovereigns in transit from Egypt and Australia against transfers :
 Conditions p. 230-1
 Particulars re 1348-9, p. 218, p. 219
 Periods during which offer in force 1635-7
 Terms largely taken advantage of 1434-5
 Withdrawal of offer in August 1910 1436-42
 Remittances by, January to October 1912 and 1913 p. 761
 Sale :
 Advantage of sale of transfers to relieve money stringency 1510-24
 Bills drawn against Treasury and against currency reserve, allocation at time of sale, difficulty 1473-7
 Bills and transfers sold and net imports of sovereigns on private account for each month 1911-12 and 1912-13 p. 238
 Cessation when requirements of Secretary of State met, injurious effect on trade p. 219-20
 Comparative table showing, for period October to March inclusive 1911-12 and 1912-13 1370, p. 237
 Differences between estimates and working results 1478-80
 Effect of fall in exchange on p. 224-5
 in Excess of requirements :
 Advantages of practice 1356-8, 1565-8, 1525, p. 223
 Amount of capital available in India, not reduced by 1355
 Below 1s. 4d. :
 Justifiable under certain circumstances 1415 1909-10 1415-6
 Cases of, since 1863-4 1331

NEWMARCH, F. W., C.S.I.—*continued.*COUNCIL BILLS AND TELEGRAPHIC TRANSFERS—*cont.*
 Sale—*continued.*

- in Excess of requirements—*continued.*
 Convenience of trade and inconvenience of accumulation of sovereigns in paper currency reserve in India, the reason for 1504-9
 little Criticised p. 223
 Distinction between demands for revenue and for capital purposes 1333-5
 Justification 1367-8, p. 220-1
 Policy re 1331-6
 Free sale, question of amount of capital in India being restricted by 1395-6, 1613-21
 Gold point kept in touch with 1494-500
 below Gold point :
 Considerations affecting 1341
 Reply to criticism and explanation of advantages of system 1501-3, p. 219
 Intermediate or special :
 Demand on following Wednesday not considered to be affected by 1345
 Offer to sell freely at 1s. 4½d. (Bills) and 1s. 4¾d. (Telegraphic Transfers), since 1904 p. 222
 Price 1342, 1344, p. 218
 System and advantages of 1342-3
 without Limit when rate at maximum, but no obligation before 1343
 Limitation to amount budgeted for, objection p. 219
 to Meet home charges and sales connected with currency shown separately in accounts 1469-73
 Meeting of, from Indian (silver) branch of gold standard reserve, 1907-9 p. 224
 Offer to sell transfers at 1s. 4½d., 1898, and subsequent withdrawal, 1900 1369-70, p. 221-2
 at 1s. 4½d., 1900, objected to by Government of India 1376, p. 221-2
 Published notice regarding, 1909 p. 228-9
 Receipts from, 1st April to 31st October, and 1st January to 31st October 1913 and 1912 p. 759-60
 Regulation, methods and considerations 1392, p. 218, p. 222-3
 Restriction during first half of financial year, and free sale during second, at higher rate, question of, and difficulties 1481-91, p. 218-9
 subsequent Submission of account of, to Finance Committee, Council and Secretary of State 1346-7, p. 218
 System of meeting, if necessary, from gold held in paper currency reserve in London, 1898, and advantages 1349-52, 1374, p. 221
 against Treasury balances, justified in every case during last three or four years by Government interests 1597-605
 Undertaking to sell bills without limit at 1s. 4½d. and transfers at 1s. 4¾d. 1448
 Working of system since 1872-73 p. 224
 Currency, volume only increased by import 1763-6, 1772
- EXCHANGE :
- Fall in :
 Additional taxation imposed, 1885-95, to meet burdens owing to p. 225, p. 226
 Increase in burden of home charges p. 225
 Fixing of, at 1s. 4d. :
 Burdens on Exchequer limited, and most serious uncertainties in budgeting removed p. 225
 Effect on trade with other countries 1397-401 p. 289-93, 1431
 Indian trade generally benefited 1408, p. 225-6
 Gold in circulation had little effect on crisis, 1907-8 and 1908-9, but question if more widely in circulation 1704-26
 Maintenance of, at 1s. 4d., obligation recognised at present by Secretary of State, and question of giving guarantee 1451-8
 Regulation, unusual responsibility taken by Government re 1371-3
 Rise above gold point, importance of preventing 1376, p. 222

NEWMARCH, F. W., C.S.I.—*continued.*

- Exchange Banks, in India, protest against withdrawal without notice, of facility of obtaining telegraphic transfers at 1s. 4½d. unlimited, 1900
1369, p. 221-2
- Foreign trade, balance of India's foreign trade, 1883-84 to 1912-13 p. 234-6
- GOLD:**
- no Difficulty in people obtaining 1393-4
- no Evidence as to amounts going into hoards and into circulation 1380
- Gold other than British coin held by Government of India at end of each year from 1900-1 to 1908-9 p. 758
- Imports into India:
- no Discouragement by Secretary of State subject to being able to draw sufficient to meet home charges 1459
- on Large scale in last few years 1392
- Issued in 1907-8, quantity must have gone into hoards 1819-20
- in London, value of, for maintaining exchange and comparison with value of gold in India 1379, 1381-3, p. 242
- in Paper currency reserve and Government treasuries, receipts and issues, 1899-1900 to 1912-13 p. 251-3
- GOLD CURRENCY:**
- Circulation increasing 1380
- Encouragement of, desirable 1421, 1701-26, 1727-31
- Increase in circulation, question whether Government or Central Bank more favourable agency 1827-30
- no Object in forcing, upon people, and no such desire on part of Secretary of State or Government of India 1800-1
- Gold Mint in India, supply of sovereigns in India would not be greatly increased 1750
- GOLD STANDARD RESERVE:**
- Amalgamation with paper currency reserve, not possible 1405-6
- Holding of, in London, desirable as resource against fall in exchange 1361
- Sale of securities in paper currency reserve and application to, not considered practicable 1427
- Securities:
- Change in investments, 1913 1797-9
- Reply to criticism 1458-60
- Subsidiary branch in India (silver):
- Amount, policy p. 245-6
- Amounts, 1907-8 to 1912-13 p. 254
- Borrowing from, to meet bills and transfers recognised to be resorted to only in extreme urgency p. 224
- History of p. 244-5
- Transfers and retransfers of funds between London and India, 1907-9 and 1908-11 1571-6, p. 224
- would be Used first for support of exchange, gold in paper currency reserve being treated as subsidiary reserve 1384-91
- Home charges, definition 1465-8
- Law, Sir Edward, speech re Bill to enable use of gold in currency reserve for purchase of silver 1666
- LENDING BY GOVERNMENT IN INDIA:**
- Facilities not comparable to those in London 1432-3
- for Purposes of trade during short period of the year, would be advantageous, but Mr. Bryce's opinion against, quoted 1364-6
- LOANS, ISSUE BY GOVERNMENT IN ENGLAND.**
- Necessity of, but decrease hoped for in future 1837
- when Rates high in India, criticism not unnatural 1362-3
- Tendency towards price being better than those for sterling loans of Indian Government 1408-4, p. 219
- LOANS, ISSUE BY GOVERNMENT IN INDIA:**
- Amount possible and question as to rate if amount raised 1402, 1409-13, 1461-4
- Extent to which possible, difficulty of increasing 1338-40, 1407

NEWMARCH, F. W., C.S.I.—*continued.*

NOTES:

- Circles of issue, question of need for continuing or not 1751-6
- Circulation:
- Expansion in, in last two or three years 1425-6
- Gross and active, 1862 to 1912 p. 250
- Size of 1694
- Denomination of p. 240
- Encashable over whole of India with one or two exceptions 1700
- Increase of facilities for encashment would be advantageous 1823-6
- Increase in popularity of 1697-9, p. 240, p. 247
- Issue:
- Modification of system, question of 1757-81
- by Presidency banks up to 1862 1638, p. 239
- as Legal tender, history p. 239, p. 240
- Letter of Bombay Chamber of Commerce advocating making all notes legal tender in Presidency towns p. 279-80
- up to Rs. 100 encashable at eight centres 1821-3
- of Small value, extended use of, proposals of Bank of Bombay re, December 1908 p. 278-9
- Mr. James Wilson's speech, 3rd March 1860 1639-44, p. 294-309
- PAPER CURRENCY RESERVE:**
- Composition, 1894-1890 p. 243
- Composition, December 1863 p. 239
- Composition and location, statistics, 1862-1913 p. 248-9
- Decrease in receipts of sovereigns from abroad, and increase of from internal circulation, 1913 p. 760, p. 762
- Demands on, uncertainty of 1692-3
- Fiduciary issue, proportions 1645-9, p. 248-9
- Gold:**
- Amount:
- Letter of Government of India, 18th August 1904 p. 257
- Policy re 1377, 1679, p. 247
- Elasticity 1587, p. 223-4
- History of 1651-2, p. 240
- Holding of, in India and London, no established proportion 1679
- in India, amount, correspondence between Secretary of State and Government of India, 1905 p. 284-5
- in London:
- Consideration of, by people in London as source of relief in case of crisis, reply to suggestion 1685
- Correspondence between Secretary of State and Government of India, 1905 p. 284-8
- Ear-marking of, at Bank of England, explanation of process, and charge 1680-4
- History of 1653-72, p. 241-2
- only Reason for asking for holding of, in India instead, would be want of confidence 1784-96
- Use of, as supplementary to gold standard reserve for support of exchange 1361, 1668-72
- Value of, for purchase of silver and to support exchange p. 223-4
- History 1638-44, p. 239
- Increase in gross issues of sovereigns, 1913 p. 760
- in India, history of p. 244
- Ingot reserve, history of 1686-7, p. 244
- Run on, not very likely 1424, 1817
- Securities:
- Fluctuations p. 247
- Increases, 1904 and 1911, correspondence between Government of India and Secretary of State p. 255-83
- Introduction of sterling securities, 1905, and reason 1673-6
- Investment in rupee securities or sterling short-dated securities preferable 1815
- further Investment immediately practicable 1812-10

NEWMARCH, F. W., C.S.I.—*continued.*PAPER CURRENCY RESERVE—*continued.*Securities—*continued.*

Letter of Madras Chamber of Commerce, December 1908, suggesting investment of fixed proportion of notes in circulation, and obligatory sale of securities if and when metallic reserve touches certain point p. 282-3
 Particulars *re*, and history from 1863 1673-8, p. 239-40
 Proportion, method of regulating 1811
 large Realisation on Indian market would seriously depress price 1739
 Receipts from 1733-5
 Releasability, question 1739-43
 Rupee, might be increased 1810, 1816, 1818
 Sale of, and application of, to gold standard reserve not considered practicable 1427
 Sterling :

Advantages, letter of Government of India, 18th August 1904 p. 256
 no further Increase considered necessary at present 1810, 1816
 Limitation 1677-8
 Reasons of Government of India, 1904, for increasing 1808-9

Silver :

Amounts :
 1894-5 to 1912-13 p. 254
 Correspondence between Secretary of State and Government of India, 1904 and 1905 p. 257, p. 284-5, p. 286
 Policy *re* p. 245-6
 Fluctuations p. 243, p. 245

PRESIDENCY BANKS :

Government deposits 1831-4
 Letter from Government of India, April 1904, *re* proposed increase of paper currency reserve p. 258-9
 Railways, excess of net receipts over budget estimates, 1910-11, 1911-12, and 1912-13 1443-5

REVENUE, SURPLUS :

properly Applicable to reduction of debt or reduction of borrowing 1335, 1358, 1489
 Disposal, question of previous discussion by Viceroy's Council 1492-3
 Rupee paper transferred from England to India, January-October 1912-13 p. 761

RUPEES :

Coinage :
 Amounts, 1894-5 to 1912-3 p. 254
 1912, and distribution of p. 243-4
 Profits, coinage of, into rupees, explanation 1577-86
 Regulation of, according to requirements 1624-34
 Conversion into gold, supply of gold not sufficient to change all rupees 1802-6
 Difficulty in supplying demand in 1909 1688-91
 Shortage of, at times, 1900-6 1689

SILVER :

Amount held in reserve and new coinage, 1894-5, to 1912-3 p. 254
 Bullion, removal of tax on, might possibly stimulate hoarding of silver instead of gold 1422-3
 Purchase of, for coinage :
 Payment for :
 not Considered as part of home charges 1465-73
 by Gold from paper currency reserve, 1906, reasons of Government of India against p. 245
 1912, by selling bills and consequent immediate increase to total currency reserve, and question as to effect on London money market 1545-64
 from Proceeds of bills or by gold in paper currency reserve, consideration affecting p. 223
 Use of gold in Paper Currency Reserve for, history of 1666-7
 Regular purchase of, every year, difficulty p. 246-7

NEWMARCH, F. W., C.S.I.—*continued.*

SOVEREIGNS :

Gross receipts at Government treasuries, &c., and gross issues, January-October 1912 and 1913 p. 760, 762
 Imports, January-October, 1912 and 1913 p. 761
 Import of, on private account for each month, 1911-12 and 1912-13 p. 238
 Import, decrease, 1913 p. 760
 made Legal tender, 1899 p. 241
 People able to obtain, easily for hoarding, if desired 1420
 Purchase of, in transit to India, *see under* Council Bills and Telegraphic Transfers *above*.
 Shipment to India in competition with bills 1418-9, p. 220, p. 222
 Smaller coin desired by people generally 1745-9

TAXATION :

Additional, imposed 1885-85 to meet burdens owing to fall in exchange p. 225, p. 226
 fresh Imposition, 1910-11 p. 226
 Remission, 1903-7 p. 226

TRADE :

Balance of India's foreign trade p. 234-6
 between British India and the United Kingdom, 1889 to 1908 p. 290
 with China, statistics, 1888-89 to 1907-8 1437, p. 289
 between China and the United Kingdom, 1889 to 1908 p. 291
 Exports and imports, January-October, 1912, 1913 p. 760, p. 761
 between India and Persia, 1888-9 to 1907-8 p. 292
 between India and other countries (excluding India and Persia), 1888-9 to 1907-8 p. 293
 Note on some features in the Indian trade and currency figures for the first 10 months of 1913 p. 759-62

Wilson, James, speech introducing Bill for establishment of paper currency in India, 3rd March 1860 1639-44, p. 294-309

North-Western Provinces and Oudh Government, letter to, from Government of India, 1899, *re* relaxing restrictions on Presidency banks, *Abrahams* p. 361

Notes :

Advantages of gold currency over, for villagers, &c., *Meston* 9129, 9249
 Advantages of metallic currency over, for ryots, &c., *Reed* 9993
 Advantages of, *Webb*, 5853-5; *Sundara Iyer*, p. 627; *Schuster*, 11,031-3.
 not Advocated as main currency for India in present state of development, *Webb* 5860, 5880, 6309-10
 should be made Bullion certificates pure and simple, *Dalal* 11,261-6, p. 671, p. 676, p. 681
 not a Cheaper and better form of currency than gold, *Webb* 5730-1

CIRCLE SYSTEM :

Abolition advocated, *Chunilal* p. 764, p. 769
 Largely abolished in effect, but abolition not advocated for very high notes, *Barrow* 3201-13
 Question of need for continuing or not, *Newmarch* 1751-6

CIRCULATION :

1862-3 to 1889-90 p. 262
 1862 to 1912, *Newmarch* p. 250
 1887-8 to 1901-2 p. 259
 1889-90 to 1901-2, excluding amounts held by Reserve Treasuries and Presidency Banks at head office p. 260
 1887-8 to 1895-6 p. 263
 1889-90 to 1895-6 p. 264
 1893-4 to 1896 and 1900-1 to 1903-4 p. 258
 1894-5 to 1898-9, showing decrease after increase in invested portion of currency reserve, 1896 p. 267
 1896-7 to 1903-4 p. 255
 1899-1900 to 1902-3 p. 267
 1902-3 and 1903-4 p. 260
 1902-3 and 1903-4, excluding amounts held by reserve treasuries and Presidency banks at head offices p. 260
 1902-3 to 1909-10 p. 275

Notes—continued.

CIRCULATION—continued.

- 1904-5 to 1909-10 p. 276, p. 277
 1909-10, 1910-11, and 1911-12, *Howard* . . . p. 590
 Active circulation, no great proportionate increase,
Dalal -11,271
 Amount, *Dalal* p. 671
 Effect of gold currency on, *see under* Gold currency.
 Free circulation desired, *Chunital* p. 674
 Increase, *Newmarch*, 1425-6, 1697-9, p. 247;
Toomey and Fraser, 2621, 2779, 2966, p. 538;
Howard, p. 589; *Barrow*, 3069; *Cole*, 3418;
Ross, 3820; *McRobert*, 3983; *Smith*, p. 617;
Reid, 7555-6, p. 574; *Le Marchant*, 7656; *Dunbar*,
 7901-2; *Sundara Iyer*, p. 626; *Meston*,
 9126-8; *Reed*, 9991.
 Increase, result of definite policy, *Harrison*
 10,316-9
 Increase in 10,000 rupee notes larger propor-
 tionately than increase in 5 rupee notes, *Frewen*
 9524, 9526-30, 9582
 Increase:
 Advocated, and suggestions, *re method*, *Harrison*
 10,314
 Net, during busy season, *Meston* 9069-71
 Question of effect on circulation of rupees,
Meston 9138-40
 Size of, *Newmarch* 1694
 Control by Central Bank, *see under* Functions under
 Central or State Bank.
 no Currency office at Dacca, and notes consequently
 little used in Eastern Bengal, *Dunbar* 8009-15
 Denominations, *Newmarch* p. 240
 no Difficulty in getting, when wanted, *McRobert*
 3986
 more Economical currency than gold, but not more
 suitable, *Meston* 9124

ENCASHMENT:

- if present Arrangements inadequate, improvement
 should be considered, *Howard* 8298
 Difficulty, *Dunbar* 7900
 at District treasuries possible, but more difficult at
 sub-treasuries although possible, *Meston* 9282-9
 at District treasuries possible if coin sufficient,
 but not at sub-treasuries, and question of,
Bhupendra Nath Mitra 4741-9
 Extra legal facilities and question as to possibility
 of extending to sub-treasuries, *Bhupendra Nath*
Mitra 4741-9
 Facilities, *Newmarch*, 1700, 1821-3; *Sundara*
Iyer, 8980-96.
 Increase of facilities desirable, *Newmarch*, 1823-6;
Barrow, 3066-72, 3215-22, 3249-52, 3328-43;
Ross, 3729-32; *Dunbar*, 7905, 8012-4; *Meston*,
 9279-81; *Harrison*, 10,320; *Dalal*, p. 681-2;
Chunital, p. 764, p. 769.
 Opening of additional currency offices, approved,
Howard 8294
 Opening of numerous agencies for, without under-
 taking legal obligation, suggested, *Hunter*
 6465-7, 6640-3
 Possible at sub-treasuries even, *Sundara Iyer*
 8987-93

ENCOURAGEMENT:

- Advocated, *Hamilton*, 2313-5; *Toomey and Fraser*,
 2963-9; *Barrow*, 3214-8; *Hunter*, 6702, p. 594;
McLeod, 7030, 7081; *Reid*, 7566-7, p. 574;
Le Marchant, 7657-8; *Dunbar*, 7918; *Smith*,
 8553-63; *Reed*, 9992-8.
 Advocated and notes should be based on metallic
 reserves and discounts, *Dalal* 11,266-8, 11,272-4
 Easier by Central Bank than by Government,
Hunter 6656, 6805-7
 Steps taken approved, *Howard* 8292
 Steps taken, and reason, *Hunter* 6485-9
 Forgeries, *Meston* 9129
 Forgery, possibility of, and improvement of notes
 desirable, *Fleetwood-Wilson* -11,446
 Gold not a rival to, generally, *Webb* 5855-60
 Held by Government, should be treated same way
 as notes held by public, *Meston* 9435
 Increased use desired, and steps taken by Bank of
 Bengal to encourage, *Dunbar* 7903-4

Notes—continued.

- the Ideal currency, *Abrahams*, 1149-51, 1201, 1208;
Bhupendra Nath Mitra, 4674-8.
 Investment of, in trade bills or advances to bankers
 would not be considered, *Cole* 3438-49
 Issue of, in exchange for gold coin or bullion,
 notification of Government of India, 1893 . . . p. 741

ISSUE:

- Against temporary security, absence of, may
 partly account for high rate of discount at busy
 season, and possibly advantage of issuing, *New-
 march* 1757-81
 in Large parcels through banks, *Mahajans, &c.*,
Bhupendra Nath Mitra 4721-3
 Might be made to considerable extent in times of
 national emergency without any security but
 credit of Government, *Webb* 5064-71, 5205-16,
 5389-92
 Modification of system, question of, *Newmarch*
 1757-81
 by Presidency banks up to 1862, *Newmarch*
 1638, p. 239

ISSUE OF GOLD FOR:

- Government should reserve right to refuse, *Hamil-
 ton* p. 523, p. 527
 in Normal times and when gold available, advo-
 cated, but no obligation advocated, *Toomey and*
Fraser -2600-1, 2675-7, p. 536
 Larger denominations little used for ordinary hand-
 to-hand purposes, *Meston* 9292
 not Legal tender in payments by Government,
Meston 9436-8
 as Legal tender, history, *Newmarch* p. 239, p. 240
 Letter of Bombay Chamber of Commerce advocating
 making all notes legal tender in Presidency towns,
Newmarch p. 279-80
 well Managed by Government at present, *McLeod*
 7007, 7204-8, p. 597
 no Objection to, *Graham* 4929
 Obligation to pay notes in rupees, or gold if wished
 by Government, but demand likely to be for
 rupees, *Barrow* 3082-6
 Payable in rupees or sovereigns at option of Govern-
 ment, *Abrahams* 695-7
 Payment in rupees or gold, letter of Government of
 India, 1900, *re policy*, *Abrahams* p. 109-10
 Popularity, *Fleetwood-Wilson* -11,440
 Popularity increasing, *Thackersey* p. 720
 Preference for, restricted to towns and commercial
 centres, *Meston* 9129, 9190-1
 Preferred, *Toomey* 2603-4
 Preference given to, by population, very marked,
 especially in Mofussil, *Sundara Iyer* p. 627
 Preferred, *Ross* 3628, 3728
 should not be Pressed on people, *Meston* 9183-3,
 9274-8
 not Readily accepted at remote villages, *Thackersey*
 p. 719
 Small, prices depend on actual circulation of rupees
 and, not on gold, *Frewen* 9557
 of Small value, extended use of, proposals of Bank
 of Bombay *re*, December 1908, *Newmarch*
 p. 273-9
 System, *Webb* p. 561
 System approved, *Webb* 6074-5
 10,000 rupee, silver, hoards believed to be replaced
 by, *Frewen* 9524, 9531-3, 9544, 9582

UNIVERSALISATION:

- Government would finance all remittances,
McRobert 3984-5
 of Higher denominations:
 not Advocated and reasons, *Meston*, 9281, 9290-4;
Harrison, 10,320, 10,321.
 Desired, *Fleetwood-Wilson*, 11,440-6; *Chunital*,
 p. 764, p. 769.
 no Objection to, *Hunter* 6468-9
 Proceedings with regard to, up to present date,
Fleetwood-Wilson -11,440
 Mr. James Wilson's speech, 3rd March 1860, *New-
 march*, 1639-44, p. 294-309.

Opium revenue:

- 1909-10 to 1913-14, *Abrahams* p. 81
 Deliberate underestimating, *Howard* 8128-34, p. 577

Opium Revenue—continued.

| | |
|---|-----------------|
| Excessive estimate, since 1909, <i>Meston</i> 9028, 9035-7 | |
| Excess put aside as matter of policy | 303 |
| Fluctuations, <i>Sundara Iyer</i> | p. 632 |
| High balances due to unexpected surpluses, <i>Abrahams</i> | 71-6, 303, p. 9 |
| Position of opium trade, element of uncertainty in Indian estimates owing to, <i>Abrahams</i> | p. 10 |
| <i>Pallain. M.</i> , quoted | 10, 261 |

PANDYA, VIDYA SAGAR, Secretary of the Indian Bank, Limited**BALANCES:**

| | |
|---|--------------------------------------|
| in England | |
| Greater than in India | p. 635 |
| too High | p. 635 |
| should be held in India, except for minimum amount required by Secretary of State | 9601-3, 9621, 9629, p. 635, p. 638-9 |
| Management of, influenced by financial interests in England | p. 636, p. 642 |
| Unnecessarily high of late | 9594-8, p. 635 |

BANKS IN INDIA:

| | |
|--|--------|
| Government should keep minimum balance with approved banks | p. 636 |
| New, holding of funds in liquid form | 9810-9 |
| Re-discounting of bills of exchange, would be convenient | 9817-9 |

BENGAL, BANK OF:

| | |
|---|------------------------|
| Advances to natives and Europeans, proportion and criticism | 9828-48, p. 644 |
| Auditing, criticism, and suggestion | p. 648-9 |
| Criticism of | p. 644-52 |
| Directorate, particulars re, and criticism | p. 649-51 |
| Directors, method of appointment, and few attendances of shareholders | 9860-4 |
| Percentage of cash to liabilities | 1893-912, p. 658 |
| Shareholders: | |
| Few attendances | 9861-4, p. 647, p. 648 |
| Number of Asiatics and Europeans, criticism and suggestions | p. 646-7 |
| Bombay, Bank of, percentage of cash to liabilities, 1893-912 | p. 658 |

BUDGET ESTIMATES:

| | |
|-----------------------------------|------------------|
| Budgeting for surplus objected to | 9623-7, 9697-705 |
| Difficulty of estimating | 9596-7 |

CENTRAL BANK:

| | |
|----------------------|----------|
| Capital, question of | p. 652 |
| Control, question of | p. 652-3 |
| Functions: | |

| | |
|---|----------------|
| Foreign exchange business not advocated | p. 644 |
| Management of paper currency: | |
| not Advocated | 9780-2, p. 645 |
| Suspicion and distrust would be aroused | 9878-83 |

| | |
|--|-----------------------------|
| Objections to | 9748-50, 9772-87, p. 642-53 |
| Co-operative Credit system, encouragement advocated, and suggestions | p. 643-4 |

COUNCIL BILLS, SALE:

| | |
|--|------------------|
| in Excess of requirements and for convenience of trade alleged, and criticism of | 9604-20, 9648-62 |
| so as to Stop import of gold into India objected to | 9646-62, p. 638 |
| Deposits with Banks in England, objected to | p. 635 |

GOLD:

| | |
|---|--------|
| Absorption of, in certain countries for purposes other than addition to bank reserves, 1890-1910, | p. 635 |
| Addition to the Bank and other reserves in, of some important countries, 1889, 1899, 1910 | p. 655 |
| Duty of laying down gold at destination when exported for payment of balance of trade might be left to Exchange Banks | p. 639 |
| Per capita amount held in India smaller than in other countries | p. 639 |

GOLD CURRENCY:

| | |
|---|--|
| Advocated to replace rupees | 9663-89, 9743-7, 9760-71, 9870-7, p. 638, p. 639 |
| Circulation, increase in Bombay | 9690 |
| should be Forced into circulation, and suggestions re | 9678-82, 9744-7, p. 638, 639-40 |

PANDYA, VIDYA SAGAR—continued.**GOLD CURRENCY—continued.**

| | |
|--|--------------------------|
| Gold standard reserve would become unnecessary with sufficient gold in circulation | 9689-96, 9740-1, 9780-71 |
| Policy of Secretary of State and Government of India re | p. 637-8 |

GOLD MINT:

| | |
|---|------------------------|
| Advocated | 9706, p. 639, p. 640-1 |
| Attracting of money from hoards, not anticipated except in time of famine or pressure | 9721-35 |
| Bullion for coinage, African and Indian gold anticipated | 9709-18, p. 640 |
| Desirable, so that natives could get bullion exchanged for sovereigns | 9751-4 |
| Seigniorage should not be charged | 9707-8 |
| Sovereigns should be coined | 9719-20 |

GOLD STANDARD RESERVE:

| | |
|---|-----------------|
| Amount, no limit should be placed on, and whole amount of actual gold should be kept in | 9738-41, p. 641 |
|---|-----------------|

Securities:

| | |
|--|-------------------------|
| of Certain Colonies, should be disposed of | p. 642 |
| not Repayable or payable at distant date should be disposed of | p. 642 |
| would become Unnecessary with sufficient gold in circulation | 9689-96, 9740-1, 9760-1 |

HOARDS:

| | |
|---|----------------|
| Gradual decrease anticipated as people educated to use of gold | p. 641, p. 657 |
| Gold from, middleman has difficulty in disposing of, at present | 9733-5 |
| Little gold in | 9723-4 |
| Reasons for | p. 641 |

| | |
|--|--------|
| Investments in India, particulars and statistics, 1890-912 | p. 657 |
|--|--------|

| | |
|---|----------------|
| Lending by Government in England, objected to | p. 635, p. 636 |
|---|----------------|

LENDING BY GOVERNMENT IN INDIA:**to Banks:**

| | |
|--|-----------------|
| to All banks of standing against approved securities, advocated | 9630-45, p. 635 |
| During periods of stringency advocated, and loans up to 3 months suggested | 9632-5, p. 636 |
| 5 lakhs should be minimum amount to any one Bank | 9896 |
| on Security of Government paper, suggestion and question of effect | 9794-809 |
| by Means of fiduciary issue of notes advocated | p. 636 |
| at 1 per cent below bank rate advocated | 9793 |
| Loans, issue of, by Government in England, with inflated balances, question of | p. 635 |

MADRAS, BANK OF:

| | |
|---|-----------------|
| Advances to natives and Europeans, proportion and criticism | 9728-59, p. 644 |
| Auditing, criticism and suggestions | p. 648-9 |
| Auditors, particulars re, 1898-1913 | p. 661 |
| Criticism of | p. 644-52 |
| Directorate, particulars re, and criticism | p. 651-2 |

Directors:

| | |
|--|----------------|
| List of firms from which elected, 1898-1913 | p. 661 |
| Method of appointment, and few attendances of shareholders | 9860-9, p. 647 |
| Percentage of cash to liabilities, 1893-1912 | p. 658 |

Shareholders:

| | |
|---|----------------------------------|
| Analysis of | p. 659 |
| Analysis of attendance of, at general meetings, 1893-1913 | p. 660 |
| Few attendances | 9860-9, p. 647, p. 660 |
| Number not entitled to vote | p. 647 |
| Number of Asiatics and Europeans, criticism and suggestions | p. 647 |
| Notes, gold, advocated and suggestions re | 9667-70, 9870-86, p. 639, p. 640 |

PAPER CURRENCY RESERVE:

| | |
|---|----------|
| Holding of gold in India advocated and reasons | p. 641-2 |
| Investment, no further portion should be invested | p. 641 |

PANDYA, VIDYA SAGAR—continued.

PRESIDENCY BANKS:

Audit, criticism and suggestions - p. 648-9

Government deposits, increase:

Objection to, under present arrangements

9785-92

Securities should be required - p. 635-6

Directors, total amount of liabilities should be

shown in balance sheet - p. 649

Facilitation of transactions among themselves

during busy season, suggestion - p. 653

Indians not accepted for the higher appointments

(e.g., charge of branch offices) - p. 652

Loans to, at bank rate, facility not availed of, by

banks - p. 644

Shareholders, qualifications for voting should be

reduced and proxies should not be given - p. 648

Presidency Banks Act, amendments suggested

p. 648-9, p. 653

Reserve Treasuries, criticism of system - p. 636

Revenue and expenditure charged against revenue or

capital, general statement of gross, with annual

surplus or deficit and cash balances (in India and

England), 1900-1 to 190-11 - p. 654

SOVEREIGNS:

Difficulty of obtaining - p. 640

Issue, correspondence (1910-3) between Indian

Bank, Limited, and Assistant Accountant

General, Accountant General and Officiating

Commissioner of Currency - p. 656

should be issued more freely from Post Offices,

Presidency Banks and District Treasuries

p. 639-40

Trade, development of credit and of imports and

exports, 1890-1911 - p. 658

Paper currency, see Notes.

Paper Currency Reserve:

Amalgamation with gold standard reserve, see under

Gold Standard Reserve.

AMOUNT:

1899-1900 to 1902-3 - p. 267

Equal to value of notes in circulation, unnecessary,

Sundara Iyer - p. 629

Increase of gold and decrease of silver, 15th April

1899-22nd August 1900 (Law), *Abrahams*

p. 115, p. 117

Opinion of Sir E. Law re - p. 117-8, p. 120,

p. 123-4

Relative, of gold and silver should not be fixed,

Smith - p. 617

Coined silver, lending of, to Treasury department

when required by trade, suggestion, *Hamilton* p. 529

COMPOSITION:

December 1863, *Newmarch* - p. 2391894-1890, *Newmarch* - p. 243

March 1905 - p. 284

1911, *Sundara Iyer* - p. 629Approved on the whole, *Barrow* - 3077

Composition and location, statistics, 1862-1913,

Newmarch - p. 248-9

Conversion of Government rupee paper investment

into sterling securities, proposal of Government of

India, 1900, *Abrahams* - p. 110, 114

Decrease in receipts of sovereigns from abroad and

increase of from internal circulation, 1913,

Newmarch - p. 760, p. 762Demands on, uncertainty of, *Newmarch* - 1692-3

Elasticity, and advantage to be derived from arrange-

ments for issue of additional notes, *Abrahams*

1047-52, p. 95

FIDUCIARY PORTION:

Amount:

Increase:

would be approved if recognised that issue

should be reduced if note issue decreases,

as it might if cheques largely introduced,

Cole - 3418-9, 3487-96Desirable, *Howard* - 8189

to 40 per cent. of total circulation suggested,

Hunter - 6457-64should be invested in rupee paper, *Chunital*

p. 763

no limit suggested, circumstances of the time

should be considered, *Howard* - 8191-2

Paper Currency Reserve—continued.

FIDUCIARY PORTION—continued.

Amount—continued.

Increase—continued.

to One-third of amount of notes out-

standing, suggested, *Inchcape* - 10,859would be possible without inconvenience, *Bhu-**pendra Nath Mitra* - 4631-5

Preferable to loans to banks from paper

currency reserve, or from balances, *Bhu-**pendra Nath Mitra* - 4354-7, 4589-5,

4636-8, 4830-1

Suggested, and maximum should be fixed,

McRobert - 3988-90

Proportion of minimum circulation suggested,

Le Marchant - 7674-8

Proportion of one-third of gross average circula-

tion suggested, *Smith* - 8503

Proportion of total, advocated instead of fixed

sum, and suggestion, *Webb*, 6085-91; *Smith*,8502-6, p. 617; *Meston*, 9102-5, 9433-4.Proportion, *Newmarch* - 1645-9, p. 248-9

from 20 per cent. to 30 per cent. of gross circula-

tion suggested; 20 per cent. to be invested

permanently in Government securities, 10 per

cent. to be used for temporary advances,

Schuster - 11,065-71no further portion should be invested, *Pandya*

p. 641

Investment of part in shape of advances on

commercial paper, objection to suggestion,

Schuster - 11,223-5Investments should be liquefied, *Dalal* p. 681-2

Lending from, see that title below.

Regulations desirable, and suggestion, *Ross*

3669-82

Securities, should be invested in rupee securities,

not sterling, *Webb* - 6235-41

FORM:

Hard cash, decrease suggested, *Harrison* 10,314

40 per cent. in rupee, 20 per cent. in gold, 30 per

cent. in permanent securities, and 10 per cent.

in temporary investments, suggestion, *Meston*

9104-5

no portion should be invested till people more

advanced, *Dalal* - 11,272-4

GOLD PORTION:

Accumulation:

Impossibility of preventing, *Barrow* - 3077

not objected to, and cannot be prevented as long

as 15 rupees given for a sovereign, *McRobert*

4248, p. 549

as result of limiting Council bills to certain

extent, *Howard* - 8356-7

Amount:

1901-2 to 1912-3, *Abrahams* - p. 85

Correspondence between Secretary of State and

Government of India, 1904 and 1905, *Abrahams*

p. 132-5, p. 257, p. 284-6

in excess of amount needed to encash notes,

and use of, in strengthening gold standard

reserve and reproductive purposes advocated,

Hamilton - 2306-12, p. 528-9

Increase anticipated with gold currency increased,

Webb - 6300-1Policy re, *Newmarch* - 1377, 1679, p. 247at present, *Chunital* - p. 763

Regulation of, with view to amount in gold

standard reserve would be advantageous,

Abrahams - 1057

12 millions in hand being difference between

gold written at 15 and at 22 rupees to the

sovereign, *Hamilton* 2306-8, 2331-6, 2429-30,

p. 521

Despatch from Secretary of State, 20th July 1906,

re decrease of gold in England suggested by

Government of India, *Abrahams* - p. 143-4

no distinction in use of, and of gold standard

reserve in London with reference to support of

exchange, *Abrahams* - 762-3source of elasticity, *Newmarch* 1587, p. 223, p. 224

Excess over 7,000,000, use of, for purchase of

silver proposed by Government of India, *Abra-**kama* - 1900, p. 110, p. 112

Paper Currency Reserve—continued.**GOLD PORTION—continued.**

- if Exchange weakens, sterling bills should be made available, instead of gold being given out.
- Hunter* p. 583
- History of, *Newmarch* 1651-2, p. 240
- Holding of in India, advocated, and reasons.
- Pandya* p. 641-2
- Holding of, in India and London, no established proportion, *Newmarch* 1679
- in India:
- Amount, 11 to 16 millions suggested, *Howard* p. 589
- Correspondence between Government of India and Secretary of State re. 1909-10, *Abrahams* p. 184-5, p. 186
- Desirable, *Howard* p. 588
- Main function of, to supply gold to public, *Bhupendra Nath Mitra* 4690
- in London:
- Advantages, *Schwartz* 11,208-10
- Amount:
- 5 millions suggested, *Howard* p. 588
- Whole amount, practically, advocated, *Hunter* p. 592-3
- Approved, *Toomey and Fraser*, 2600, 2668-74 p. 536; *Barrow*, 3066; *Smith*, p. 617.
- Consideration of, by people in London as source of relief in case of crisis, reply to suggestion, *Newmarch* 1685
- Correspondence between Secretary of State and Government of India, 1905, *Abrahams*, p. 132-5; *Newmarch*, p. 284-8.
- could not be counted on, for support of exchange, in crisis, *Meston* 9232-3, 9426-31
- Earmarking of, at Bank of England, explanation of process, and charge, *Newmarch* 1680-4
- History of, *Newmarch* 1653-72, p. 241-2
- Justification, *Howard* p. 587-8
- Letter from India to Bank of England Office, 28th July 1905, *Abrahams* p. 136
- Moderate amount only, should be kept in London, *Meston* 9427-31
- Note by Deputy Accountant General of India Office re advisability of announcing that shipments will not be available for loans p. 136, p. 288
- Objection to, *Webb* 6076-84, 6094-5
- Policy re, letter from Government of India, 21st February 1907, *Abrahams* p. 152-4
- only Reason for asking for holding of, in India instead, would be want of confidence, *Newmarch* 1784-96
- Reasons for, *Meston* 9424-5
- Transfer to India, advocated, *Dalal* p. 682
- would be Unnecessary with properly constituted gold standard reserve, and holding in India would be preferable, *Ross* 3663-8, 3699, 3797, 3799-804, 3843-53, p. 546
- Use of, as supplementary to gold standard reserve for support of exchange, *Newmarch* 1668-72
- Value of, for purchase of silver, &c. to support exchange, *Newmarch* p. 223-4
- Purpose of, different from that of gold standard reserve, *Abrahams* 951
- Release of two crores from, for investment, suggested by Upper India Chamber of Commerce, May 1904 p. 265
- Transfer to Gold Standard Reserve in exchange for silver, see under Gold Standard Reserve.
- Transfers from, as possible supplement to proceeds from council bills and transfers, method, *Abrahams* p. 11
- Transfer to, from Bank of England, telegrams between Secretary of State and Viceroy, 1905, *Abrahams* p. 136-7
- would be Treated as subsidiary reserve to gold standard reserve, *Newmarch* 1384-91
- Use of, for development of railways and irrigation, scheme, *Hamilton* 2306-12, 2326-66, p. 529
- Use of, for purchase of silver, see under Silver, purchase of, for coinage.
- Gold reserve, opinion of Chairman of Punjab Chamber of Commerce re. 1910 p. 712

Paper Currency Reserve—continued.

- Gold reserve, building up of, suggestion by Punjab Chamber of Commerce, 1909 p. 710-2
- Governed by statute, *Abrahams* 700
- History, *Newmarch* 1638-44, p. 239
- in India, history of, *Newmarch* p. 244
- India Office balances not affected by, *Abrahams* 109
- Ingot reserve, history of, *Newmarch* 1686-7, p. 244
- Intermingling of, with gold standard reserve at option of India Office complained of, *Webb* p. 559
- Kept separate from cash balances, *Bhupendra Nath Mitra* 4827-9
- LENDING FROM:**
- would be Advantageous, but would not have same effect as State bank, *Hunter* 6364, 6541-4
- possible Advantage, *Howard* p. 590
- Advocated and approved, *Webb*, 6092-3, 6141-54, 6242-8, 6286-7; *Le Marchant*, 7673; *Smith*, 8499-501, 8507; *Currie*, 10,534-9, 10,591-2, p. 669.
- not Advocated, *Chunilal* p. 768
- Approved, on security, and question as to nature of securities, *Ross*, 3669, 3672-3, 3773-6; *Hunter*, 6461-4, 6637-9, 6657-61.
- for about Half a year, suggested, *Currie* 10,593-5, 10,642-4
- Loans would be most required by trade when reserve most able to give, *Hunter* 6417-30
- Objection of Sir Clinton Dawkins to, *Howard* 8194-5, p. 590
- possible Objection, *Currie* 10,645-8
- Objections of Government of India to, *Meston* 9067
- Proposal of Bank of Bengal re, *Abrahams* p. 4
- Proposal not favoured, *Cole* 3445-9
- Question of, and no serious objection to personally, *Meston* 9068-71, 9104, 9218-9
- Question whether demand for, would coincide or not with period of greatest demand for encashment of notes, *Howard* 8196-9
- Risk of depleting coin reserves remote, *Abrahams* 444-7
- Suggested, *Abrahams* 88, 159, 214-6, 361-2, 436-49, p. 14-5, p. 18
- as Temporary investment, schemes, *Barrow*, 3055-65, 3080, 3124-50, 3154-7, 3179-92, 3196-200, 3268-70, 3325-7; *Howard*, 8187-93.
- LOCATION:**
- Approved, *Barrow* 3976
- in India, advocated and reasons, *Webb*, 6096-103, p. 563, p. 569; *Sundara Iyer*, p. 629; *Dalal*, 11,275-7, p. 671.
- Partly in London and partly in India, approved, *Hamilton* p. 527
- of Portion in London:
- not Approved, *Thackersey*, p. 720; *Chunilal*, p. 764, p. 767.
- Desirable, *Ross* 3798
- Desirable as resource against fall in exchange, *Newmarch* 1361
- Objection to, and criticism of arguments in favour of, *Webb* p. 561-3
- Objects of, *Abrahams* 698-9
- Paper Currency Act not in theory applicable to, portion, *Abrahams* 904-5
- Temporary additions to, by adding sterling securities or allocating to, deposits at Bank of England or loans granted to first-class borrowers against British or Indian Government securities, disadvantages, *Abrahams* p. 95
- with View to supporting exchange:
- Criticism, *Webb* p. 563
- Question as to possibility of misunderstanding in India, *Abrahams* 906-7
- Whole amount of metallic reserves except 10 per cent. of total note issue should be in India in rupees and sovereigns, *Susoon David* p. 716
- Management, fuller information to public desirable, *Abrahams* 907
- Metallic, amounts, 1862-3 to 1889-90 p. 262
- Origin, distinction from origin of gold standard reserve, *Abrahams* 756-61
- Original purpose of, and present use for maintenance of exchange p. 117

Paper Currency Reserve—continued.

- Primary and essential function of - ● - p. 256
Returns, more interest taken in, during last five years, *Chunilal* - p. 765

RUN ON :

- not very Likely, *Newmarch* - 1424, 1817
might Occur, *Barrow* - 3164-6
Rupees and silver bullion in, 1900-9 - p. 190

SECURITIES :

- Amounts, 1862-3 to 1889-93 - p. 262
Criticism by Lord Curzon of Sir Edward Law's proposal (1900), *Abrahams* - p. 122-3
Decrease of investment, and loss to India from, *Hamilton* - p. 521, p. 527
Distinction between investment of gold standard reserve and, *Barrow* - 3080-1
Elasticity lacking and amendment of Act needed, *Hunter* - p. 593
Fluctuations, *Newmarch* - p. 24
Government 3½ per cent. rupee paper until rupee investment reaches Rs. 15 crores suggested, *Howard* - 8402-5, p. 590
History and particulars re, from 1863, *Newmarch* 1673-8, p. 239-40

Increase :

- 1904 and 1911, correspondence between Government of India and Secretary of State, *Newmarch* - p. 255-83
Letters from Bank of Bengal, March 1904, *Newmarch* - p. 267, p. 277
Letters from Bank of Bombay, 1904, *Newmarch* p. 271-4, p. 277-8
Letters from Bank of Madras approving, and advocating rupee paper, *Newmarch* p. 265, p. 281
Letters from Bengal Chamber of Commerce, 1904 and 1908, approving, and advocating sterling securities, *Newmarch* p. 271, p. 281-2
Letters from Bombay Chamber of Commerce re, 1904 and 1908, *Newmarch* p. 265-6, p. 279-80
Letter from Karachi Chamber of Commerce, 1904 and 1908, re - p. 270-1, p. 281
Letter from Madras Chamber of Commerce approving, and advocating rupee securities, *Newmarch* - p. 270
Letters from Rangoon Chamber of Commerce re, 1904 and 1908, *Newmarch* p. 266, p. 280
Letters from Upper India Chamber re, *Newmarch* p. 265, p. 283
Question of (letter of Government of India, 1900), *Abrahams* - p. 110, 114
Suggested, *Forrest* - p. 698
to 20 crores in near future suggested, *Howard* p. 589-90
Interest on investment, addition of, to gold standard reserve, proposal by Government of India, and opinion re - p. 119, p. 122
further Investment immediately practicable, *Newmarch* - 1812-4
Investment in rupee securities or sterling short-dated securities preferable, *Newmarch* - 1815
future Investments in sterling securities advocated, *Thackersey* - p. 720
Issue direct to paper currency department suggested, *Howard* - p. 590
Letter of Madras Chamber of Commerce, December 1908, suggesting investment of fixed proportion of notes in circulation, and obligatory sale of securities if and when metallic reserve touches certain point, *Newmarch* - p. 282-3
Opinion of Secretary of State re proposals, 1900 p. 127-8
Power to invest certain percentage of circulation instead of fixed sum advocated, *Barrow* 3055-7, 3139
Proportion, method of regulating, *Newmarch* 1811
large Realisation on Indian market would seriously depress price, *Newmarch* - 1739
Receipts from, *Newmarch* - 1733-5
Releasability question, *Newmarch* - 1739-43
Remittances to England for, dispatch of Secretary of State, 7th April 1905 re form of, *Abrahams* p. 132-3

Paper Currency Reserve—continued.

SECURITIES—continued.

Rupee securities :

- might be Increased, *Newmarch* - 1810, 1816, 2518
Preferred, *Howard* - p. 590
Proposals of Government of India, 28th April 1904, *Abrahams* - p. 130-2
Statement showing gain or loss in, 1900-1 to 1903-4 - p. 132
Sale of, and application of to gold standard reserve not considered practicable, *Newmarch* - 1427
Sterling :
Advantages, letter of Government of India, 18th August 1904, *Newmarch* - p. 256
no further Increase necessary at present, *Newmarch* - 1810, 1816
Introduction of, 1905, and reason, *Newmarch* 1673-6
Limitation, *Newmarch* - 1677-8
Reasons of Government of India, 1904, for increasing, *Newmarch* - 1808-9
Sale and transfer of gold to India advocated, *Chunilal* - p. 767-8
in Sterling securities and British Government funds, proposal by Sir E. Law - p. 119-20, p. 124-5, p. 125-6
Suggestions, *Webb* - p. 563
Temporary, investments in London, scheme, *Barrow* - 3080, 3179-86, 3198-201

SILVER PORTION :

Amounts :

- 1862-3 to 1889-90 - p. 262
1894-5 to 1912-3, *Newmarch* - p. 254
Correspondence between Government of India and Secretary of State re, *Abrahams*, p. 133-5, p. 141, p. 177-8, p. 183, p. 185-6, p. 196-9; *Newmarch*, p. 257, 284-5, p. 286.
Decrease of, and suggestions for strengthening stock, letter from Government of India, 26th April 1906, *Abrahams* - p. 137-41
Fluctuations, *Newmarch* - p. 243, p. 245
Memorandum enclosed in despatch of Secretary of State re, 1910, *Abrahams* - p. 188-94
Opinion of Sir E. Law re, *Abrahams* - p. 120
Policy re, *Newmarch* - p. 245-6
Policy approved, *Howard* - p. 587
Policy of Government of India re amount, *Meston* 9009
Policy re, letter of Government of India, 29th February 1912, *Abrahams* - p. 198-9
Sufficient must be kept in hand for encashment of notes, and rest lent out at interest to Treasury balance department, *Hamilton* 2526, 5388-91, p. 519, p. 527
Two-thirds in silver rupees and bullion suggested, *Sundara Iyer* - p. 629
weekly Statement showing note circulation, reserve held in rupees and sovereigns and Indian securities all held in India advocated, *Chunilal* - p. 767
System approved, *McRobert* - p. 549
System approved but simplification suggested, *Howard* p. 586
Transfer to, of all rupees held in Gold Standard Reserve against corresponding transfer of sovereigns, see under Gold Standard Reserve.
Transfer of balances between treasuries and, *Bhupendra Nath Mitra* - 4321, 4329-32, 4446-50
Transfer of proceeds of sale of bills to, system, *Abrahams* - 994-8
Use of, for other purposes than redemption of notes, *Abrahams* - 901-3
Use of as supplementary to support exchange, no objection to if primary object of, secured, *Howard* p. 588
Persia, trade with, 1888-9 to 1907-8, *Newmarch* p. 292
Post Office transactions, statistics, 1900-1 and 1910-11, *Howard* - p. 583
Premchand Roychand, reference - 11,582
- Presidency Banks :**
see also Bengal, Bombay, and Madras.
- ACCESS TO LONDON MONEY MARKET :**
see also Relaxation under Restrictions below.
Absence of, not at present a serious defect, *Howard* 8178, 8316-7

Presidency Banks—continued.

ACCESS TO LONDON MONEY MARKET—continued.

- Advocated, but not dealing in exchange, *Hunter* 6527-9, 6690
 Advocated, *Thackersey*, p. 719; *Chunilal*, p. 764.
 Letter of Madras Chamber of Commerce re. February 1900, *Abrahams* p. 416-7
 not Necessary, and public opinion would be against, *Smith* 8509-11
 Objection to, *McRobert* 3996, p. 548
 Question of, *Harrison* 10,333
 Speech of Mr. E. N. Baker, C.S.I., in 1907, *re*, *Toomey and Fraser* p. 538-40
 Suggestion, *Hunter* 6415-6, 6928-34
 Unnecessary, *Dunbar* 8109-10, 8121
 might be Useful, *Howard* 8178-83, p. 581
 Advances to Europeans and Indians, *Hunter* p. 722
 Advantages received by, as remuneration for work done for Government, and status of, *Abrahams* 188-94

Agreements with, *Abrahams* 38, p. 2

AGREEMENTS :

- Correspondence between Government of India and Secretary of State *re* modification of, 1874-5, *Abrahams* p. 30-5
 Question as to importance of, *Abrahams* 125-8
 Amalgamation, *see under* Central or State Bank.
 Amount of public deposits and cash balances at head offices of, during first 13 weeks of 1898, *Abrahams* p. 57
 Amount of public deposits and cash balances at, and at branches during first 13 weeks of 1898 (Westland), *Abrahams* p. 58
 Antagonism between exchange banks and, *Harrison* 10,333
 Audit, criticism and suggestions, *Pandya* p. 648-9
 Board, representation of exchange banks and Government on (if banks enlarged), suggested, *Hamilton* p. 526, p. 528
 Borrowing, no resort outside India, according to, strict letter of charter, but possible, *Dunbar* 8094, 8103

BRANCHES :

- Closing of reserve treasuries and transfer of balances to, would be advantageous, *Hunter* 6377
 Currency chest usually taken over by Bank of Bengal but not by Bank of Bombay, *Bhupendra Nath Mitra* 4726-31
 Difficulty of starting, without Government assistance, but started by Bank of Madras without sub-agencies, *Bhupendra Nath Mitra* 4559-62
 Dropped in a few cases as not paying, *Barrow* 3300
 Government guarantee :
 no Inducement except for first five years, and then unremunerative, *Hunter* 6378-86
 Working of, *Bhupendra Nath Mitra* 4316-25, 4335-8, 4499-503
 Holding of currency chests, system, *Hunter* 6644-55
 Increase advocated, *Dalal* 11,376, p. 676
 Multiplication of, would not enable working with lower balances, *Bhupendra Nath Mitra* 4334
 Number, *Gauntlett* p. 730
 Opened wherever possible, and minimum balances given in certain cases by Government, and question of extending system, *Barrow* 3175-8, 3301-9
 People should be permitted to draw and sign cheques in vernacular, *Dalal* p. 676
 Question of, in place of reserve treasuries, *McRobert* 4102-5
 Transfers between currency chests and, system, *Bhupendra Nath Mitra* 4732-40
 Business efficiently done, *Smith* 8765
 Business with natives, question as to extent, *Abrahams* 163-4
 Capital could be increased, *Incheape*, 10,862, 10,975-6; *Forrest*, p. 699.
 Capital, enlargement, letter from Bank of Bengal *re*, 1899, *Abrahams* p. 365-79
 Capital and reserves, 31st March 1912 and 1913, *Abrahams* p. 349
 Capital and reserve and private deposits, 1898 and 1913, *Hunter* 6540-4, p. 594

Presidency Banks—continued.

- no Change in legal conditions of working advocated, *Smith* 8508, p. 615
 Competition of exchange banks with, to certain extent, *Toomey and Fraser* 2654-8, 2970 2

DEPOSITS :

- 1901, 1910, *Smith* p. 614
 Government :
 1888-98 p. 52
 1910-11, 1911-12, 1912-13, *Bhupendra Nath Mitra* p. 727
 Amount of, and policy *re*, (Westland) p. 58-60; *Meston*, 9295 7.
 Average amount agreed to, and payments p. 32
 Average, or in District Treasuries (excluding Reserve Treasuries) on last day of each month, 1878-82 to 1893-98 p. 63
 as Compensation for withdrawal of note reserves claim recognised as reasonable, though not legal, *Abrahams* 189, 366-9
 Continuance of system advocated, *Susoom David* p. 715
 in Excess of fixed minimum, *Newmarch*, 1831 4; *Bhupendra Nath Mitra*, 4358-9; *Harrison*, 10,183-6.
 History of, *Abrahams* 33-46
 Increase of amounts on flotation of loan and in special cases, *Abrahams* 370-3, p. 2
 Increase :
see also Loans to below.
 Objection to, under present arrangements, *Pandya* 9786 92
 Possible and desirable, not large amount would reasonably be required, *Meston* 9230-1
 Suggested, *Harrison* 10,186-9, 10,199
 March, 1912, *Abrahams* p. 349
 Percentages of, to capital and reserve and to cash, 1910, 1911, 1912, *Abrahams* 88, 223, 440, p. 5
 Retention of, above certain sum on payment of interest possible, but no case of charging interest known, *Bhupendra Nath Mitra* 4588 93
 no Specific security, *Abrahams* 128-9
 Statistics, *Abrahams* 38, p. 1-2
 Surplus transferred to reserve treasury when above certain amount, *Bhupendra Nath Mitra* 4360-4
 Telegram from Viceroy to Secretary of State, 22nd January 1913, *Abrahams* p. 66
 Withdrawal, question as to possibility of difficulty, *Bhupendra Nath Mitra* 4366-7, 4587
 Withdrawals, *Abrahams* p. 54
 Growth, 1870, 1890, 1910, *Howard* p. 381
 Manipulation of, to create stringency, denial p. 54-5, p. 41, p. 47
 Proportion of Government balances to total balances, and comparison with position in England, *Abrahams* p. 53-4
 Rate paid on, *Hunter* 6891-5
 Same rate given at up-country branches, *Smith* 8671-80
 Directors, total amount of liabilities should be shown in balance sheet, *Pandya* p. 649
 Drafts on London sold by *McRobert* 4260-1
 Drafts on London sold to, by exchange banks, rates usually as good as those got from exchange banks direct, and preference would be given to Presidency banks, *McRobert* 4255-9
 Effect on, of establishment of reserve treasuries, *Abrahams* 45-6
 Enlargement of powers, *see Relaxation under Restrictions below*.
 Equal to relieving all probable difficulties in crisis, with loans from Government and State bank would not be in stronger position, *McRobert* 4125-32
 Establishment of another bank on lines of, would be possible, *Forrest* p. 639
 Facilitation of transactions among themselves during busy season, suggestion, *Pandya* p. 653
 can Fulfil obligations under existing circumstances and agreements, *Abrahams* 125-6
 Government assistance in case of crisis, question of *Meston* 9192-3
 Government has no relations with other bank as general rule, *Abrahams* 41-2

Presidency Banks—continued.

- Government partnership scheme, *Harrison* 10,189-92, 10,332
- Government work, expense of, *Dunbar* - 7922-4
- Indians not accepted for the higher appointments, (e.g., charge of branch offices), *Pandya* - p. 652
- Letter from Government of India, April 1904, re proposed increase of paper currency reserve, *Newmarch* - p. 258-9
- Linking up of, with Co-operative Credit system advocated, *Hamilton* - p. 526
- LOANS TO:
- see also* Lending from under Paper Currency Reserve.
- Advisability, question of, *Abrahams* - 48-9, p. 3
- Advocated, *Webb*, 5088-91, p. 554; *Reid*, 7280-5; *Le Marchant*, 7669-71; *Inchcape*, 10,862, 10,963-6; *Forrest*, p. 698.
- Advocated, without security or interest, *Hunter* 6368-76
- Amount, question of, *Le Marchant* - 7693
- Assistance to trade from an elastic paper currency reserve preferable to, *Bhupendra Nath Mitra* 4354-7, 5483-5
- Attitude of Government re, in 1899, *Bhupendra Nath Mitra* - 4579-82
- at Bank rate, policy re, and effect of, *Abrahams* 47-9, 374-7, p. 2
- below Bank rate:
- Advocated, *Toomey and Fraser*, 2567-81, 2621, 2950-4, p. 537; *Bhupendra Nath Mitra*, 4349-50; *McLeod*, 7250-5; *Forrest*, p. 698; *Thackersey*, p. 718; *Chunilal*, p. 769.
- Question of, *Abrahams* - 499-503
- Report of finance sub-committee to Bengal Chamber of Commerce in favour of, December 1898, *Abrahams* - p. 51-2
- Banks would be assisted, but not Indians at large, *Sundara Iyer* - 8963-75
- Banks would be able to hold larger amount of Government securities, *McLeod* - 7253-5
- Banks could take bills of merchants, and those bills with their endorsements would be reasonable security, *Le Marchant* - 7672
- on Bills advocated, *Chunilal* - p. 769
- all Classes would be reached by, *Reed* 9922-7
- Conditions attached to, *Abrahams* - 379-86
- Correspondence between Bombay Chamber of Commerce and Government of India re, 1888-9, *Abrahams* - p. 36, 41
- Correspondence between Government of India and Secretary of State, 1904, *Abrahams* - p. 442
- Demand, question as to extent, *Toomey and Fraser*, 2621; *Bhupendra Nath Mitra*, 4586; *Howard*, 8171; *Reed*, 9930.
- no general Demand received, telegram from Viceroy to Secretary of State, 22nd January 1913, *Abrahams* - p. 66
- no Demand recently, possibly owing to loans being only at bank rate, *Howard* - 8169-70
- Despatch from Lord George Hamilton to Governor-General of India in Council, 4th May 1899, objecting to proposal, *Abrahams* p. 62-4
- Difficulty of question, *Abrahams* - 181
- Disadvantages, *Abrahams*, 353-60, 428-35, p. 3-4
- possible Effect on sale of Council bills, *Bhupendra Nath Mitra* - 4341-5, 4376-7, 4568-78
- Experience of 1875 not considered conclusive, and matter probably considered from time to time by Government, *Abrahams* - 420-3
- Experiment considered worth trying, *Bhupendra Nath Mitra* - 4344
- Facility not availed of, by banks, *Pandya* - p. 644
- Increase of facilities, advantages, *Abrahams* p. 3-4
- Interest, question of decreasing rate asked to 1 per cent. below bank rate, *Abrahams* 208-13
- Letter from Bengal Government re, March 1900, *Abrahams* - p. 423-4
- Letter from Government of India to Secretary of State, proposing, Sept. 1913 - p. 791-5
- Letter of Madras Chamber of Commerce approving, February 1900, *Abrahams* - p. 416

Presidency Banks—continued.

- LOANS TO—continued.
- Letter from Rangoon Chamber of Commerce, March 1900, approving, *Abrahams* - p. 424
- Money may be locked up for which sudden and unforeseen demand may arise, *Bhupendra Nath Mitra* - 4341, 4563-7
- not much Money available, *Sundara Iyer* p. 632
- Needed between January and April, *Bhupendra Nath Mitra* - 4346
- no Objection to, but demand would probably be very small, *Howard* - p. 579
- Opinion of Government of India re, *Abrahams* 90-5, p. 3-5
- as Payment for services, suggested, *Howard* 8176-7
- Possibility of, at present, but no demand for last 5 or 6 years, and question of reason, *Abrahams*, 208, 378-9; *Bhupendra Nath Mitra*, 4348-9.
- would be Preferable to loans to firms or institutions, and effect on money market would be greater, *Abrahams* - 453-63
- Proceedings of interview, 11 January 1899, of Bengal deputation from Bengal Chamber of Commerce and the Hon. Sir J. Westland re, *Abrahams* - p. 58-62
- Proposal of Secretary of State to make, at 1 per cent. below bank rate, *Schuster* - 11,161-9
- should be against Security and only at date when very high bank rate, and when no inconvenience would be caused to Government, *Schuster* 11,058, 11,137-41, 11,158, 11,190-4
- Question of, owing to change in circumstances since 1874, *Abrahams* - 503-11
- at Rate offered by banks for short term fixed deposits would be advantageous, *Hunter* 6391-3
- Reason for Banks not taking, *Thackersey* - p. 718
- Safety of, question of, and consideration necessary, *Abrahams* - 86-8, 217-9
- Securities:
- Banks could provide sufficient security to meet all they would require to borrow, *Fraser* 2843-5
- Question should be matter of negotiation between Government of India and Presidency Banks, *Reed* - 9917
- should be Required, *Pandya*, p. 635-6; *Forrest* p. 698.
- should be Taken, and question as to nature of, *Bhupendra Nath Mitra* - 4348, 4351-2
- on Short term bills, suggestion, *Thackersey* - p. 719
- of Three millions sterling during ensuing busy season, proposed by Government of India as tentative measure, *Meston* - 9065-6, 9168-70, 9478
- Statistics, &c., *Abrahams* - 102, p. 2
- Telegram to Viceroy, Oct. 1913, re proposal p. 705-6
- Undue dependence of trade on Government money would result, *Bhupendra Nath Mitra* - 4341, 4353-4
- LOANS BY:
- Power to lend on any form of marketable security advocated, *McRobert* - 3995-6, 4112-7, p. 548
- Relaxation of restrictions, advocated, *Hunter* 6681-2
- Securities, nature of, *Dunbar*, 7973-8; *Smith*, 8707-10, 8714-9.
- Paper currency and balances could perhaps be made over to, separately, and without amalgamation into Central Bank, but would be difficult, *Dunbar* - 8118-20
- Position of, in case of crisis, question of, and question of advantage of amalgamation, *Smith* 8720-8
- Power of dealing in foreign exchanges, correspondence between Secretary of State and Government of India, 1862-78, objecting to, *Abrahams* p. 514-7
- Relations of joint stock and exchange banks with, and question as to strength of position as bankers' banks, *Toomey and Fraser*, 2872-82, 2891, 2913-6; *Hunter*, 6633-4.
- Relations between, friendly, *Dunbar* - 8117

Presidency Banks—continued.**RESTRICTIONS :**

| | |
|--|--|
| of no practical importance at present, <i>Smith</i> | 8509, 8711-3 |
| Nature of, <i>Abrahams</i> | 184, 241, 242-6 |
| Note on, <i>Abrahams</i> | p. 336-8 |
| Relaxation : | |
| Correspondence between Government of India and Chambers of Commerce re, <i>Abrahams</i> | p. 358, p. 383-8, p. 391-3, p. 424 |
| Correspondence between Government of India and Local Governments re, 1899-1906, <i>Abrahams</i> | p. 361, p. 424 |
| Correspondence between Government of India and Presidency Banks re, 1905, <i>Abrahams</i> | p. 362-79, p. 388-90, p. 442-89, p. 503-11 |
| Correspondence between Government of India and Secretary of State, <i>Abrahams</i> | p. 390-407, p. 425, p. 438-513 |
| Correspondence between India Office and National Bank of India, Chartered Bank of India, Australia, and China, Hong Kong, and Shanghai Banking Corporation and Mercantile Bank of India, 1904, <i>Abrahams</i> | p. 491-8 |
| Extract from proceedings of Legislative Council, January 1900, <i>Abrahams</i> | p. 394-9 |
| History of discussions, &c., re, <i>Toomey and Fraser</i> | 2621, 2675, p. 537 |
| Memorial to Government of India re, <i>Abrahams</i> | p. 382-3 |
| to Permit dealing in sterling exchange, opposition to, by exchange banks, <i>Toomey and Fraser</i> | 2621, 2623, p. 537 |
| Report from Accountant General, Bombay, re, 1899, <i>Abrahams</i> | p. 418-9 |
| Report of Accountant General, Madras, December 1899, <i>Abrahams</i> | p. 421 |
| Resolution of Government of India, August 1878, <i>Abrahams</i> | p. 383 |
| Speech of Mr. E. N. Baker, C.S.I., in 1907, <i>Toomey and Fraser</i> | p. 538-40 |
| Speech of the Hon. Mr. Dawkins re, 1899, <i>Abrahams</i> | p. 358-61 |
| Summary of requests preferred by banks, objections to be met, and replies of Bank of Bengal to | p. 445-8 |
| Shareholders, qualification for voting should be reduced and proxies should not be given, <i>Pandya</i> | p. 648 |
| Statement showing proportion borne by rupees, notes and gold to total cash receipts and disbursements | p. 724-6 |
| Total transactions at, 1912-13, <i>Gauntlett</i> | p. 731 |
| Weekly percentages of cash to liabilities, 1900 p. 436 | |
| Presidency Banks Act, amendments suggested, <i>Pandya</i> | p. 648-9, p. 653 |

Private Trade :

| | |
|---|----------|
| 1896-1908 | p. 181 |
| net Balance of India's foreign trade | p. 234-6 |
| net Exports of merchandise and treasure from 1st April to 31st March, 1871-72 to 1912-13, <i>Abrahams</i> | p. 107 |
| from 1st November to 31st October, 1892-93 to 1911-12, <i>Abrahams</i> | p. 108 |

Provincial Governments :

| | |
|--|-----------|
| Explanation of under-expenditure, <i>Meston</i> | 9033-4 |
| Grants to, and system of showing in Annual Financial Statement of Government of India, and question of altering form of statement, <i>Abrahams</i> , 57-69, 131-2; <i>Bhupendra Nath Mitra</i> , 4431-7; <i>Howard</i> , 8143-8. | |
| Underspending of grants, taken into account in Ways and Means estimate, <i>Meston</i> | 9196-203 |
| Public debt of India, see Debt. | |
| Public Works Department, difficulty of estimating owing to lapse of grants in, <i>Harrison</i> | 10,158-64 |
| Punjab, notes less used than in United Provinces, but gold more, <i>McRobert</i> | 3973-4 |
| Punjab Chamber of Commerce, letter to Royal Commission, Sept. 1913 | p. 706-15 |
| Punjab Government, letter to, from Government of India, 1899, re relaxing restrictions on Presidency Banks, <i>Abrahams</i> | p. 361 |

Railways :

| | |
|---|-------|
| Application of profits on coinage of rupees to, see under Coinage under Rupees. | |
| Borrowing for, question of floating in India, <i>Abrahams</i> | 525-6 |
| Branch-line terms given to companies with rupee capital should be extended to sterling capital, <i>McLeod</i> | 7114 |

CAPITAL EXPENDITURE :

| | |
|---|---------------------------------|
| 1900-1 to 1910-11, <i>Pandya</i> | p. 654 |
| Continuity made possible by high balances, <i>Howard</i> | 8167-8, p. 578, 8280 |
| Definite programme irrespective of fluctuations of revenue : | |
| Desirable, and matter under consideration by Government, <i>Meston</i> | 9162-4 |
| Desired, <i>McLeod</i> , 7256-8; <i>Reid</i> , 7395-404. | |
| Proposal impracticable in present circumstances, <i>Howard</i> | 8278-9, 8406-13 |
| and Inadequacy of, and need of increase, <i>McLeod</i> | 7050-8, 7247-9, p. 598-60, p. 4 |
| Insufficient, <i>Webb</i> | 5664-73, p. 553 |
| in London, ably managed, <i>Forrest</i> | p. 639 |
| Provision for, from balances, objection to, and raising of loans advocated, <i>Reid</i> | 7395-404, p. 576 |
| Reduction, anticipated effect, <i>Abrahams</i> | p. 17 |
| Triennial programme, <i>Meston</i> | 9162, 9184 |
| Capital received from, 1907-8 to 1913-4, <i>Abrahams</i> | p. 67-73 |
| Construction, and need for expenditure on rolling stock, remarks made at deputations to Secretary of State, 10th June 1912 and 2nd June 1912, <i>McLeod</i> | p. 607-12 |
| Debt, redemption, <i>Reed</i> | p. 666 |
| Earlier information to, of amount to be spent, question of, <i>Howard</i> | 8139-40 |
| Excess of net receipts over budget estimates, 1910-1, 1911-2, and 1912-3, <i>Newmarch</i> | 1443-5 |
| Feeder, reasonable terms obtained for construction of and possibility of raising money in India for private construction, <i>Reed</i> | 9932, 10,027-8 |
| Finance, importance of question, and criticism of present policy, <i>McLeod</i> | p. 598-606 |
| Financial arrangements with companies, and explanation of receipt of capital from, <i>Abrahams</i> | 9-12 |
| Increase in traffic, <i>McLeod</i> | p. 599-600 |
| Investors not discouraged by Government treatment of shareholders in the past, <i>McLeod</i> | 7261-3 |

LAPSED GRANTS :

| | |
|--|--------------------------|
| 1911-13, <i>Meston</i> | 9037 |
| Causes, <i>Meston</i> | 9029, 9161 |
| Earmarking of : | |
| Question and objection to, <i>Harrison</i> | 10,165-8, |
| Suggested, <i>Howard</i> | 8140-2 |
| | 16,171-3 |
| Methods of avoiding, <i>Meston</i> | 9195 |
| Question has been considered several times, <i>Howard</i> | 8414-6 |
| Re-allotment, question should be considered, <i>Howard</i> | 8285-6, 8309-14, 8417-25 |
| no Tendency towards wasteful expenditure in order to avoid, <i>Harrison</i> | 10,174 |
| Loans should be raised for purposes of, <i>Dalal</i> | 11,360-71, 11,418-24 |
| Net revenue, excess over estimate since 1909, <i>Meston</i> | 9028-31, 9035-7 |
| Offer of loan to, by exchange banks, and refusal, <i>Fraser</i> | 2954 |
| Overcertifying indents, system, <i>Howard</i> | 8140, 8314 |
| Paid out of surplus revenues when possible, <i>Abrahams</i> | 496-7 |
| Private enterprise should be encouraged, <i>Toomey and Fraser</i> , 2952-4; <i>McLeod</i> , 7100. | |
| Profits should be used for improvement of existing main lines, part retained in India and part in England for purchase of material, <i>Forrest</i> | p. 698 |
| Programme must be continued for several years, <i>Chunilal</i> | p. 765 |
| Railway Board and policy of borrowing five years ahead in London, question of, <i>Howard</i> | 8426-31 |
| Railway Board, <i>Meston</i> | 9169 |

Railways—continued.

- Receipts and working expenses, question of relation between. *Meaton* 9033
 Revenue, fluctuations and difficulty of estimating, *Abrahams* 305-9
 Statistics of mileage and traffic, 1900 and 1910, *Howard* p. 583
 Three years' provisional programme formerly, *Howard* 8407-8
 Under-expenditure and reasons, *Abrahams*, 76, 133-4, 300-2, p. 10; *Bhupendra Nath Mitra*, 4380-4; *Howard*, 8136-8.
 Use of money in hoards desirable, *Reid* p. 575
 Railways and Irrigation works, capital outlay on, 1907-8 to 1913-4, *Abrahams* p. 67-73

Rangoon Chamber of Commerce :

- Letters to Government of India, 1899 and 1900, re relaxing restrictions on Presidency Bank, and loans to, from Government, *Abrahams* . . p. 358, p. 424
 Letters, 1904 and 1908, re proposed increase of invested portion of paper currency reserve, *Newmarch* p. 266, p. 280
 Receipts and disbursements, by Government explanation of items, *Abrahams* 9-28
 Receipts, Government statistics from 1907-8 to 1913-4, *Abrahams* p. 67-73

- REED, STANLEY, LL.D., editor of the "Times of India" 9887-10,155, p. 662-8
 Agricultural land bank, unsuitability of, on ordinary lines, to India 9924

BALANCES :

- should be held in India and administered by Government of India p. 666
 Surplus over prescribed working balance and budgetted demands of Secretary of State, should be automatically released for lightening of money market 9904
 Surplus should be used for education, sanitation, &c., and reproductive works be carried out by borrowing p. 666-7, 9896-901
 Budget surpluses should not be hypothecated before passing of budget by the Imperial Legislative Council p. 666-7
 Bank rate, moderate, for accommodation spread over whole year but difficulty of busy season 9918-21
 Bengal, Bank of, Government deposits and percentage to other deposits and cash, 1872-1912 10,032
 Bombay, Bank of, Government deposits and percentage to other deposits and cash, 1872-1912 10,032
 Bombay Central Co-operative Credit Societies Bank, objects of, and method of working 9924-5, 10,016-26

CENTRAL BANK :

- would be Advantageous if practical difficulties not insuperable 10,044-5
 possible Advantages 10,009, p. 668
 Amalgamation of Presidency Banks, objected to 10,012-3, 10,046
 Consideration of question by a small Committee, suggestion p. 668
 no strong Demand for, in India, but advantages recognised p. 668
 Headquarters, Delhi advocated 10,014
 any Reasonable proposal would receive cordial and appreciative consideration 10,047
 must be a State Bank with Government control and representation 10,012-5, 10,046
 Cheques, increased use of 9991
 Co-operative Credit Societies, system 10,017-26

COUNCIL BILLS :

- Popular belief in drain of wealth from India to England 9958
 Sale, limitation to amount budgetted for advocated with possibility of supplementary budget in certain circumstances 10,035-7, 10,107-12
 Debt, unproductive, insignificance of p. 666
 Economic, social and political changes in India, and consequent need for change in system of financial administration p. 662-6, 9889-90

REED, STANLEY—continued.**EXCHANGE :**

- Crisis, 1907-1908, gold resources should have been used without delay 9963-6, 10,054
 Gold in circulation as support of, in crisis, question of 9985-6, 10,074-81, 10,127-30, 10,150
 Famine, increased resistance of people to shock of p. 665-6, 10,039-40
 Finance, transfer of more control to Governor General in Council advocated 9890-5, 10,004-5
 Gold, issue in 1907-8, criticism of proceedings 9970
 Gold bars, large import of 9980

GOLD CURRENCY :

- Encouragement by Government advocated 9992-8
 Increase:
 Desired to extent of forming new additions to currency instead of rupees and reasons 9983-90, 10,069-73, 10,087, 10,121-3, 10,127-51, 10,099-106
 Effect on rupee currency 10,135-45
 to Exclusion of notes and silver not desired 10,087-8, 10,092-7
 Question of effect on reserves 9987-8, 10,082-96, 10,104-6, 10,123-6, 10,131-50

GOLD MINT :

- Advocated and reasons 9976-82, 10,057-78, 10,117-20, p. 667-8
 would Provide for conversion of bullion in hoards into currency under pressure of famine 9977-80, 10,017-8, 10,057-66, p. 667
 Sovereign would be made more popular p. 667, 10,067-8

GOLD STANDARD RESERVE :

- Amount:
 should Depend on trade and question of dependence on amount of rupee coinage 9949-51
 Experience of 1907-8 not adequate guide p. 667
 no Limit advocated at present, and all profits on coinage and whole of interest on investments should be added to 9946-52, 9970, p. 667
 Form, question of 13,113-6
 Gold:
 Whole or as much as possible should be in actual gold 9947, 9953
 Holding of, in India advocated and reasons 9954-68, 9974, 10,038-42, 10,048-56, p. 667
 Policy re, confidence weakened by 9955, 9957, 10,048
 Silver branch, lack of justification for, and mistrust caused by 9999, 10,003
 Statutory regulations advocated, and nature of 9954-6, 9969-74
 free Use of, for support of exchange on adverse balance of trade, should be made statutory 9970-3
 Hoards, gold, taking place of silver 9977-8
 Finance Committee, constitution criticised and re-organisation advocated 9975, 10,006-8, 10,031, p. 668
 Legislative Councils, changes in constitution and functions p. 662-3, p. 663-4
 Lending by Government in India, to Banks other than Presidency, objection to 9913-6
 Loans, satisfactory nature of Indian credit 9936-8, 10,029-31

LOANS, ISSUE BY GOVERNMENT IN INDIA :

- Increase of, possibility of, and question of extent 9902-3, 9930-2
 Reproductive works should be carried out by 9896-901, 9928-38, p. 667
 Madras, Bank of, Government deposits and percentage to other deposits and cash, 1872-1912 10,052

NOTES :

- Advantages of metallic currency over, for ryots, &c. 9993
 Encouragement by Government advocated 9992-8
 Increase in circulation 9991

PRESIDENCY BANKS, LOANS TO :

- possible Amount that could be taken 9939
 all Classes would be reached by 9922-7
 Security, question of should be matter of negotiation between Government of India and Presidency Banks 9917

REED, STANLEY—*continued*.

RAILWAYS:

- Debt, redemption p. 666
 Feeder, reasonable terms obtained for construction
 of, and possibility of raising money in India for
 private construction 9932, 10,027-8
 Reserve Treasuries, criticism of system 9905-11,
 p. 666

SOVEREIGNS:

- Increased popularity of, reason 9993
 Light weight, cost of remitting to London, 1912-13,
 and establishment of gold mint would obviate
 p. 668
 Swadeshi movement p. 664

REID, MARSHALL F., C.I.E. 7264-7614, p. 571-6

BALANCES:

- Control of, should be in money markets and
 commercial centres 7307-13, p. 572
 Holding of, in London, objection to p. 572
 Increase during busiest months, and statistics,
 January-April, 1911, 1912, 1913 p. 571
 Management, no criticism 7363

BANK RATE IN INDIA:

- Average, not immoderately high p. 571
 High rates injurious to trade p. 571

BUNNIAS:

- (Connection with European money market in India
 7425-8
 Rates paid and charged by 7427, 7431-2, 7542

CENTRAL OR STATE BANK:

- Advocated and reasons 7314-21, 7557-60,
 p. 572-3

- Agriculture, &c., would be benefited 7433, 7541-6
 Amalgamation of Presidency Banks:

- Advocated 7322-4
 no Movement on part of banks or public demand
 for, heard of 7429-30

- Area, no difficulty anticipated 7537-40
 Branches of banks, opening of, all over the country,
 contingent on establishment of 7492-4, 7575-82

- Branches, loss possible at first in some parts
 7581-2

- Capital, present capital and reserves of Presidency
 Banks sufficient 7325-6, 7339

- Central Board:
 Constitution, functions, &c. 7462-71, 7476,
 7583-8

- Location:
 Calcutta, approved 7309-13
 Commercial centre, essential 7447-9
 Local jealousies should not be viewed with
 concern, having regard to benefit to be
 conferred on all India by establishment of
 7452-4

- Question of possibility of moving about
 7452-3, 7472-6

- Question 7534-6

- Necessary 7328-31
 must be Representative of whole country as far
 as possible 7329-31

- Functions advocated:
 Lending of balances 7495-500, 7510-5

- Management of currency 7314
 Sale of council drafts, but not dealing in exchange
 generally 7335-6

- Government guarantee would have to remain on
 notes 7518-23

- all Government balances should be handed over to
 7338, 7362

- Government control desirable, and question as to
 extent, and responsibility 7340-61, 7417-22,
 7441-6, 7450-1, 7480-90, 7524-32, 7589-614

- Local Boards:
 Advocated 7327-34

- Constitution, functions, &c. 7455-61, 7476

- Number, question of 7477-9

- London Office, advocated 7337

- Money would be attracted from hoards
 7390,
 7390-4

- Cheques, increased use of p. 574

- Co-operative Societies, tendency to attract money
 from hoards p. 575

REID, MARSHALL F., C.I.E.—*continued*.

COUNCIL BILLS AND TELEGRAPHIC TRANSFERS:

Sale:

- Balances released by, for benefit of public and
 internal trade reached through banks 7286-90
 without Limit at 1s. 3 $\frac{1}{2}$ d. on London, formal
 notification offering, would be advantageous
 7501-8, 7560

- continual Support of exchange at 1s. 3 $\frac{1}{2}$ d. by
 Secretary of State, doubt as to 7501-8

- Suspicion in India that maintenance of exchange
 is at times subordinate to other interests
 7373-80, p. 573

- Currency, control of, should be in money markets
 and commercial centres 7307-17, p. 572

- Financial Department, system of appointing men
 not qualified in special duties criticised p. 572

GOLD CURRENCY:

- Encouragement of hoarding would result p. 574

- Replacement of notes by, not desired p. 574

- Wasteful compared with other methods and not
 as useful for support of exchange as gold in
 reserve 7386-8

GOLD STANDARD RESERVE:

- Amount, no limit desired 7509, 7571-2, p. 573

- Approved in India p. 573

- Form:
 Gold and short loans, &c., advocated 7382-3

- Gold:
 Amount, two millions insufficient 7509, 7570

- Whole amount in gold the ideal 7509

- Management, want of confidence in, in India
 7364-80, p. 573

- Statutory regulations would be advantageous
 7381, 7369-72, 7568-9

- Whole profit on coinage should go to 7384

- HOARDS:
 Attempt should be made to attract money from,
 and education of people advocated, and
 suggestions 7317-21, 7389-99, 7490, p. 575-6

- Issue of Railway debenture bonds might attract
 money from 7413-4, 7423-4, p. 575

- Money could be attracted from, by issue of loans
 in India, if people educated 7435-7

- State Bank would attract money from 7390,
 7480-4

- Tendency of co-operative societies to attract money
 from p. 575

- INDIAN MONEY MARKET:
 Connection of European with native market 7425-8

- Stringency in busy season unavoidable 7272-3

- Irrigation, use of money in hoards, desirable p. 575

- LENDING BY GOVERNMENT IN INDIA:
 Central banking institution desirable, and sugges-
 tions re 7274-9

- Demand might arise when Government least able
 to lend 7301-3

- Demand, question as to extent 7269-71

- Dependence of trade on, question of 7297-300

- Refusal of request for loan of 50 or 100 lakhs of
 rupees on security of Government paper
 7553-4, p. 571

- LOANS, ISSUE IN INDIA:
 smaller Denominations of Government paper would
 be useful 7438-9

- Increase possible and suggestion re securities
 7405-16

- Money would be attracted from hoards if people
 educated 7435-7

- Railway debenture bonds, people would probably
 take up largely 7407-16, 7423-4, p. 575

- NOTES:
 Encouragement desirable 7566-7, p. 574

- Increased use of 7555-6, p. 574

- Presidency Banks, loans to, advocated 7280-5

- RAILWAYS, CAPITAL EXPENDITURE:
 Definite programme irrespective of fluctuations of
 budget desired 7395-404

- Provision for, from balances, objection to, and
 raising of loans advocated 7395-404, p. 576

- Railways, use of money in hoards, desirable p. 575

REID, MARSHALL, F. O.I.E.—continued.

- RESERVE TREASURIES:**
 Abolition would be very largely possible, with establishment of central institution 7291-5
 Injurious effect on trade and industries p. 571-2
 Savings Banks, raising of amount of maximum deposit and extension of system suggested 7392-4, p. 575-6
 Sovereigns, tendered to very small extent in payments p. 574
- Remittances:**
 from India by gold instead of Council bills, disadvantages, *Abrahams* - p. 16-7
 to India, private, methods, *Abrahams* - 114
 Selling of, by Government and question of making, in terms of gold, *Abrahams* - 1202-3
- Reserve Treasuries:**
ABOLITION:
 Advocated, *Hunter* - p. 592
 would be very largely possible, with establishment of central banking institution, *Reid* 7291-5
 and Transfer of balances to Presidency Banks:
 would be Advantageous, *Hunter* - 6377
 Advocated, *Dalal* - 11,374-8, p. 685
 not Possible, *Bhupendra Nath Mitra* - 4373
- BALANCES IN:**
 1888-1898 - p. 52
 30th June 1910 to 31st March 1912, *Abrahams* - p. 351
 31st March 1912, *Abrahams* - p. 349
 should be made Available for loans to Presidency banks or selected bankers, *Dunbar* - 7861
 Considered in India to be unduly large, *Dunbar* 7858-66
 Fluctuating nature of, but reduction during busy season possible, *Meston* - 9060
 Statistics, *Dalal* - p. 684
 Bank rate probably higher in busy season owing to locking up of money in, but system justified, *Bhupendra Nath Mitra* 4369-71
 Branch, letter from Government of India to Comptroller General, December 1879, *Abrahams* - p. 36
 Branches of Presidency banks in place of, question of, *McRobert* 4102-5
 Correspondence between Government of India and Secretary of State re, 1874-2, *Abrahams* p. 30-5
 Criticism re locking up of gold, reply to, *Abrahams*, 1063-73; *Incheupe*, 10,951-62.
 Criticism of system, *Reed*, 9905-11, p. 686; *Pandya*, p. 636; *Dalal*, p. 684-5; *Thackersey*, p. 718.
 Disadvantages to trade recognised and comparison with system in America and England, *Abrahams* 406-12
- ESTABLISHMENT:**
 Effect of, on Presidency Banks, *Abrahams* 45-6
 Reasons, *Abrahams*, 337, p. 3; *Bhupendra Nath Mitra*, 4365-8; *Harrison*, 10,183.
 Injurious effect on trade and industries, *Reid* p. 571-2
 Justification for, extract from financial statement, 1889-90, *Abrahams* - p. 48-9
 Lending out of balances, difficulties, extract from financial statement, 1889-90, *Abrahams* - p. 49
 Letter of Upper India Chamber of Commerce, April 1890, re disastrous effect of locking up balances in, *Abrahams* - p. 393-4
 Resolution of Government of India, January 1876, re, *Abrahams* - p. 35-6
 Surplus balances in branches of Presidency banks transferred to, when above certain amount, *Bhupendra Nath Mitra* - 4369-4
 System approved, *McRobert* - 3957-9
 System open to criticism of upsetting money market but not to same extent as in America, *Abrahams* 272-9
 Trade handicapped by system of, *Webb* 5092-5, p. 554
 Transactions, 1912-13, *Gauntlett* - p. 731, p. 732, p. 739
 Volume of transactions for a week during period of heavy receipts, heavy payments, and normal period, *Gauntlett* - p. 740
 Resource work in India, extremely well done, *Abrahams* 224

Revenue:

- COLLECTION:**
 when Demand for money greatest, condition prevails in all countries, *Schuster* - 11,059-60
 Periods in different provinces, *Gauntlett* - p. 730
 Tends to create stringency on money market, *Ross* - 3596-602, p. 543
 Disbursements chargeable to, 1907-8 to 1913-4, *Abrahams* - p. 67-73
 Excess over estimates since 1909, *Meston* 9028-31, 9035
 Receipts, 1907-8 to 1913-4, *Abrahams* - p. 67-73
- SURPLUS:**
 Applied to paying off floating and non-productive debt, *McRobert* - p. 548
 properly Applicable to reduction of debt or reduction of borrowing, *Newmarch* 1385, 1358, 1489
 Disposal, question of previous discussion by Viceroy's Council, *Newmarch* - 1492-3
 Explanation that capital expenditure has been met out of, not correct, *McRobert* 4294-7, p. 548
 Possibility of, brought to notice of Secretary of State, *Howard*, 8160-3; *Meston*, 9506.
 Question as to reasonable amount, *Webb* - 5326
 Sources, *Webb* - 5217-36
 Statistics, 31st March 1910 to 31st March 1913, *Webb* - p. 550
 Use of, for development works:
 Advocated, *Graham*, 4901-4; *Webb*, 5061-3, p. 553.
 Objection to, *Ross* - 3831-6
 Use as sinking fund for reduction of debt advocated, *Ross* - 3588-94, 3827, p. 543
 should be Used for reduction of capital expenditure, not lent to Banks, *Sundara Iyer* - 8963-75
- Revenue and expenditure, general statement of gross revenue and expenditure charged against revenue or capital, with annual surplus or deficit and cash balances (in India and England), 1900-1 to 1910-11, *Pandya* - p. 654
 net Revenue and expenditure of Government of India, 1909-10 to 1913-14, *Abrahams* - p. 10
- ROSS, HARRY MARSHALL** - 3577-3911, p. 543-7
- BALANCES:**
 Charge against Secretary of State of having withdrawn funds from India for benefit of London based on confusion of currency with capital p. 543
 High, causes - 3582-5, 3708-9, 3737-8
 Reduction recently - 3840-2
 Retention of excessive balances in London, necessity for, not proved - 3581, 3829-30, p. 543
 Banks in India, loans to mercantile firms, rate 3701-2
 Budget estimates, unnecessarily pessimistic of recent years - 3583-4, 3709-20, p. 543
- CENTRAL OR STATE BANK:**
 certain Advantages of, but proposal not favoured, simple amalgamation of Presidency Banks preferred 3683-5, 3773-9, 3863-77, p. 544-5
 Amalgamation of Presidency Banks, preferable 5778-9
 Capital, question of - 3690-1, p. 545
 no popular Demand for - 3684, 3891-2
 Distinction in interests between different parts of India would not be a serious difficulty - 3777
 Existing interests must be safeguarded - 3890, p. 544
 Management of paper currency by, advocated 3694-8, 3731-2
 as Paying proposition, doubt re 3688-91, p. 545
 certain Restrictions would be necessary to prevent unfair competition with exchange banks 3683, p. 544
 Sale of Council bills by, not advocated 3692-3, 3794, 3878-80
- CHEQUES:**
 Issue of, might be extended - 3675
 Use will be confined to Presidency towns and little fear of note issue being curtailed by 3881-3

ROSS, HARRY MARSHALL—continued.

COUNCIL BILLS AND TELEGRAPHIC TRANSFERS:

Effect of, to restore to circulation currency abstracted 3721-4

Sale:

on Any day of the week should be possible with properly constituted reserve 3637, 3699, p. 547
in Excess of requirements, should depend chiefly on nature of trade demand for currency p. 544
Freely and up to total demands of trade approved as far as balances in India permit, but objection to selling more - 3586-7, 3615-6
at 1s. 4d. only or not below rate at which rupees can be procured from other sources, objection 3780-2, p. 544
against Silver coinage, by auction, question of 3784-8
below Specie point, against new coinage, objection to 3616, 3783-93
Currency system, success of - 3617-23, p. 543-4

GOLD:

in England more useful for support of exchange than gold in India 3767
Exports to India, sale of Council bills not interfered with, and interference not anticipated with free sale 3898-9
in India in case of crisis, Government should reserve right to refuse to issue, except for export 3768-72, 3805

GOLD CURRENCY:

Objection to forcing, on India, and Government should not encourage use of, but should not interfere if people desire 3624-9, 3806-16, p. 544
Other forms considered preferable 3628

GOLD MINT:

Might be Advisable if inexpensive p. 546
10 rupee piece, objections to - 3817-26, 3854-62, p. 546
Gold Standard, advantages of, and progress of trade since introduction 3617-23

GOLD STANDARD RESERVE:

Form of:

Gold, amount:

Ample taking into account gold in paper currency department 3648, 3795-6, p. 546
Crisis of 1907-8 a good test - 3649-52, 3748 should be Fixed on basis of number of rupees in circulation, and suggestions re 3648-62, 3740-66, 3908-11, p. 546

Securities, not intended by Fowler Committee, 3896

Location in London advocated p. 546
Statutory regulations desirable 3631-40, 3733-9, 3904-7, p. 544, p. 546

Subsidiary branch in India (silver), advantage of (and considered as practically part of currency reserve) 3641-4

Use of, should be restricted exclusively to maintaining exchange 3640

Home charges, suggested payment of, through medium of certain Indian banks, objection to 3614, p. 544

Income tax, as applied to natives, objection to 3719-20

Lending by Government in London, approved 3595

Lending by Government in India, to banks on security, advocated below bank rate, but system of tender might be preferable 3603-12, 3700-7, 3725-7, 3886, p. 543

LOANS, ISSUE OF, BY GOVERNMENT:

Encouragement of private enterprise in India desirable 3890, 3899-903

in India would be preferable to London 3887, 3898

Mints, closure of, progress of trade since, and success of system 3617-23, p. 543

NOTES:

Extension of places at which encashable desirable 3729-32

Increasing circulation and reason 3820

Preferred 3628, 3728

PAPER CURRENCY RESERVE:

Fiduciary portion, regulations desirable and suggestion 3669-82

ROSS, HARRY MARSHALL—continued.

PAPER CURRENCY RESERVE—continued.

Gold, holding of, in London would be unnecessary with properly constituted gold standard reserve, and holding in India would be preferable

3663-8, 3799-804, 3843-53, 3699, 3797, p. 546

Loans to Presidency Banks from, approved on good security and question as to nature of securities 3669, 3672-3, 3773-6

REVENUE:

Collection, tends to create stringency on money market 3596-602, p. 543

Surplus:

Use as sinking fund for reduction of debt advocated 3588-94, 3827-42, p. 543

Use of, for public works, objections to 3881-6

RUPEES:

Issue of gold for, at 1s. 3 $\frac{1}{2}$ d. advocated for export 3635, 3734-9

Measures taken to maintain exchange value of p. 545-6

Taxation, objection to non-reduction of, with high balances 3714-9, 3884-6

Trade, sea borne, total 1874-5, 1893-4, 1912-13, p. 543

Rothschild, Alfred, reference 9573

Rothschild, A. de, statement before Indian Currency Committee (1898), re Central Bank, *Abrahams* p. 340

Royal Commission of Gold and Silver, 1888, report quoted and referred to 9387, 9580

Rupee loans, see Loans, issue by Government in India.

Rupee paper, transferred from England to India, January-October, 1912, 1913, *Newmarch* p. 761

RUPEES:

Absorption by public, 1899-1900 to 1912-3, compared with absorption of sovereigns, *Abrahams* 1032-4
an Artificial debased currency, *Schuster* 11,033-8

CIRCULATION:

1801-35, *Sundara Iyer* p. 622

1873-4 to 1892-3, *Sundara Iyer* p. 623

Amount, *Dalal* p. 671

Effect on, of gold currency, see under Gold

currency.

Government have no means of forcing rupees into circulation if not desired by public, *Abrahams*, 1014-5; *Inchcape*, 10,756-7.

Growth of, no risk seen at present, but risk dependent on circumstances, *Le Marchant* 7648-51

Increase from 1893 to 1899, *Sundara Iyer* p. 623

Large, compared with gold, and reasons, *Sundara Iyer* p. 621-4

Large, *Dalal* 11,244-52

COINAGE:

in Advance of requirements, proposals of Government of India, 26th April 1906, *Abrahams* p. 138, p. 140-1

Arbitrary regulation of, by Finance Ministers, *Frewen* 9519 (p. 31), 9551-6

Arbitrary restriction impossible, *Thackersey* p. 720

Amounts, 1894-5 to 1912-3, *Newmarch* p. 254

of Average number required and little more every year, advocated, *Hamilton* 2555-61, p. 529

Cost, *Dalal* p. 678

Difference between price of silver for coinage and circulating price of rupees should be held in trust for public, and invested, *Hunter* 6437

Effect of redundancy of currency on prices, *Webb* 5429-46, 5883-90

since 1899, not excessive, *Howard* p. 591

Excessive, 1906-7, *Smith* p. 617

no Fresh rupees should be coined beyond those required to replace wear and tear till gold in circulation in excess of requirement of public, *Webb* 5732-45, p. 568

no Fresh rupees should be coined except for actual requirements, *Chunilal* p. 769

Further, should be avoided as far as possible, *Dalal* 11,244, p. 671

Government believed to have deliberately refrained from, 1908-10, and induced people to take sovereigns, *McRobert* 4148-53, 4157-8, 4291-3

Rupees—continued.

COINAGE—continued.

- no Loss would be involved in converting coinage profits into gold, as rupees would be held in suspense if exchange unfavourable, *Abrahams* 677-8
- 1912, and distribution of, *Newmarch* - p. 243-4
- Over-coinage, reply to charge of, *Meston* 9461-9
- Policy, suggestion by Punjab Chamber of Commerce, 1909 - - - - - p. 710-12
- Proceedings - 1900 and 1905-6, p. 110, p. 138, p. 144-6

Profits :

Coinage of, into rupees, explanation, *Abrahams*, 887-900; *Newmarch*, 1577-86.

Credit of, to gold standard reserve :

Correspondence between Government of India and Secretary of State re, 1900, *Abrahams* - - - - - p. 109-14, p. 126-8 should be Continued indefinitely, *Hunter* 6437-9

Letter from Madras Chamber of Commerce, 16th August 1907, *Abrahams* - p. 171-2

Minute by the Hon. Sir E. Law, 1900, *Abrahams* - - - - - p. 114-21

Minute by Lord Curzon, 1900, *Abrahams* - - - - - p. 121-2

should be Stopped, and profits kept in bullion for use for silver purchases, *Sundara Iyer*, 8908-12, p. 629-30

of Whole profit, advocated, *Toomey and Fraser*, 2584, p. 536; *Reid*, 7384; *Smith*, p. 616.

should be Kept apart in gold and carried to special gold reserve, *Webb* - - - - - p. 568

Number of rupees coined should not be measure of amount required in gold standard reserve, *Abrahams* - - - - - 1074-6

Temptation to issue token coinage excessively with view to, must be avoided, *Webb* - 6160

Use of, in aid of general balances, 1900 (proposal of Government of India), *Abrahams* - p. 112

Use of, for public works, opinion of Government of India re, *Abrahams* - - - - - 865-7

Use of, for railway purposes :

Adequate amount was left in gold standard reserve, *Abrahams* - - - - - 1077-2

Advocated in future, *Inchcape* - 10,846-52 not Approved, *Webb*, 559; *Smith*, p. 666; *Howard*, 8260, p. 587; *Thackersey*, p. 720; *Chunilal*, p. 764.

Approved under circumstances, if money replaced, *McLeod* - - - - - 7004-6

Attitude of Government of India, *Abrahams*, 586-8, 593-6

Correspondence between Bombay Chamber of Commerce and Government of India re, 1907, *Abrahams* - - - - - p. 160-3

Correspondence between Government of India and Secretary of State re, 1907 and 1909, *Abrahams* - p. 159, p. 160, p. 163, 168-71, p. 175-8, p. 182

Disapproved, and sum should be replaced, *McRobert* - 4298-308, 4033, p. 549

Explanation of proceedings, *Abrahams* 584-5, 589-92

Full amount due to gold standard reserve received, with exception of amount received in connection with bills on London, *Abrahams* 898-9

Justification, *Sundara Iyer*, p. 630-1; *Inchcape*, 10,838-45.

Letters of Madras, Bengal, and Karachi Chamber of Commerce re, 1907, *Abrahams* - - - - - p. 171-5

Report of Indian Railway Finance Committee re, *Abrahams* - - - - - p. 156-7

no Risk of over-coinage with view to, *Abrahams* - - - - - 971-2

Telegrams between Secretary of State and Viceroy, 1907, *Abrahams* - - - - - p. 157-9

Use of, for reproductive works when safe limit of gold in standard reserve attained, would be approved, if due regard had to caution, *McLeod* - - - - - 7089-96

Rupees—continued.

COINAGE—continued.

Profits—continued.

Use of, for ordinary or capital expenditure not approved till reserve 25 or 30 millions sterling, *McRobert* - - - - - p. 549

Proposals for further coinage (letter of Government of India, 1900) - - - - - p. 110-3

Purchase of silver for, see Silver, purchase of.

Question whether Committee of 1898 anticipated, to extent that has taken place, *Abrahams* 880

Regulation, method, *Abrahams*, 606-8, 885-6, 893, 1008-15; *Newmarch*, 1624-34.

Re-opening of mints to free coinage, see under Mints.

Statistics, 1865-6 to 1872-3, *Sundara Iyer* p. 623

Coinage and minting profits, 1900-1 to 1912-13, *Dalal* - - - - - p. 679

CONVERSION INTO GOLD :

Demand for gold, question of dependence on balance of trade and amount of coin in circulation, *Le Marchant* - - - - - 7762-8

Government giving gold for, limit to an approach of crisis, principle cannot be laid down 7751-3

Government should aim at being always in position to redeem, *Howard* - - - - - p. 586

Government should reserve right to refuse, *Hamilton* - - - - - p. 523, p. 527

no Legal obligation, *Abrahams* 656-7, 663-73, 1112, 1113

Limit to, on approach of crisis, principle cannot be laid down, *Le Marchant* - - - - - 7751-3

in Normal times and when gold available advocated, but no obligation advocated, *Toomey and Fraser* - - - - - 2600-1, 2675-7, p. 536

at *£s. 3½d.* advocated, for export, *Ross* 3635, 3734-9

Policy re, *Abrahams* - - - - - 948-50

Sufficient gold to convert even 25 per cent. of, probably sufficient, *Meston* - - - - - 9077

Supply of gold not sufficient to change all rupees, *Newmarch* - - - - - 1802-6

Supply of gold insufficient to replace all rupees, but no obligation on Government, *Abrahams* 868-76, 883-4

Undertaking not advocated, *McRobert*, 4035-8; *Bhupendra Nath Mitra*, 4688, 4806-9; *Smith*, 8792-4.

Decrease of reserve, 1912, and steps taken, and reasons for not buying silver out of increased gold in paper currency reserves, *Abrahams* 984-92

DEMAND FOR :

Difficulty of meeting, at certain times, *Abrahams*, p. 112-3, p. 116; *Newmarch*, 1688-91.

Large and unusual demand, and steps taken (Law), *Abrahams* - - - - - p. 115-7

Variations in, *Abrahams* - - - - - 608

Demonetisation contemplated by the Fowler Committee, *Frewen* - - - - - 9582

Difficulty owing to trade not getting required amount of, known, *Bhupendra Nath Mitra* - - - - - 4651

Difficulty of obtaining, at certain times, *Frewen* 9545-50

fixing of Exchange at *£s. 4d.*, see under Exchange.

Forgeries, possibility of, *Frewen* - - - - - 9582

Gold currency advocated to replace, *Pandya* 9663-9, 9743-7, 9760-71, 9870-7, p. 638, p. 639

Inflation of currency, circumstances and increase in prices due to, *Frewen* 9524-6, 9532-9, 9544, 9556

Inter-convertibility of bullion and importance of, to natives, *Frewen* - - - - - 9519 (p. 32-3)

Issue of, automatic, *Meston* - - - - - 9461, 9464

Issue of, in exchange for sovereigns, insufficiency of rupees on occasions, *Webb* - - - - - 5570-7

Limitation of legal tender, not likely to be warranted in near future, *Howard* - - - - - p. 591

Measures taken to maintain exchange value of, *Ross*, p. 545-6

Net absorption of, into circulation or return of from circulation, 1898-99 to 1908-9 - - - - - p. 191

Obtainable in large quantities only by purchase of Council bills, *Webb* - - - - - 5570-80

Prices dependent on active circulation of small notes, &c., not on gold, *Frewen* - - - - - 9557

Rupees—continued.

| | |
|--|---------------|
| Receipt of gold bullion formerly by Government of India in exchange for, but abandonment of, <i>Abrahams</i> | 1324 |
| no Redundancy at present, <i>Webb</i> , 5919-30; <i>Le Marchant</i> , 744-50. | |
| Refusal to give, in exchange for sovereigns likely to be warranted in near future, <i>Howard</i> | p. 591 |
| more Suitable to India than sovereigns, <i>Currie</i> | 10,573-4 |
| Supplies in excess of needs, letter of Bank of Bombay 1904 | p. 272 |
| Supply of, extra legal facilities, <i>Bhupendra Nath Mitra</i> | 4752-3 |
| as Token coins, <i>Abrahams</i> | 673 |
| Trade often short of, <i>Toomey</i> | 2772-5 |
| Unlimited legal tenders, <i>Abrahams</i> | 684-8, 1111-2 |
| Russia, exchange system, and extent of analogy with Indian system, <i>Le Marchant</i> | 7689-94 |

SARAIYA, CHUNILAL D., see Chunilal.

Savings Banks :

| | |
|--|----------|
| Government liabilities, <i>Dalal</i> | 11,314-5 |
| Raising of amount of maximum deposit and extension of system suggested, <i>Reid</i> 7392-4, p. 575-6 | |

SCHUSTER, Sir FELIX, Bart., member of Secretary of State's Council and Chairman of Finance Committee 10,984-11,238

BALANCES :

| | |
|---|------------------|
| Amount : | |
| Liability for Savings Bank balances should be considered | 11,050-2, 11,155 |
| Ten or twelve millions as combined, in England and in India, not sufficient | 11,142 |
| Year's prospective capital outlay on railways should be held | 11,050 |
| no Divergence of interests between England and India in dealing with | 11,170-8 |
| Location in England : | |
| Advantages of, and reply to criticism | 11,183-9 |
| Desirable after Indian interests provided for | 11,098-101 |

BANK OF ENGLAND :

| | |
|---|----------------------------|
| Charges high and attempts constantly made to obtain reduction | 11,095-7 |
| Question of, as central bank for United Kingdom | 11,018, 11,023-7, 11,143-8 |
| Verbal arrangement with, <i>re</i> purchase of silver and subsequent misunderstanding | 11,076-7 |
| Banking business not carried out by Indian Government, except savings bank | 11,017 |

CENTRAL OR STATE BANK :

| | |
|----------------------------------|----------|
| not Advocated | 11,100-5 |
| Area, difficulty | 11,018 |
| Capital, difficulty of | 11,017 |

Functions :

| | |
|--|----------|
| Lending out of balances by London Branch of, would be advantageous | 11,017 |
| Maintenance of exchange, not advocated | 11,017 |
| Note issue, not advocated | 11,017 |
| Government directors, difficulty of position | 11,017 |
| Investment of assets, difficulty of | 11,216 |
| competent Management or directorate would be difficult to find | 11,017-8 |
| Placing of deposits with, danger of | 11,216 |
| Shareholders, question of, or not | 11,102-8 |

COUNCIL BILLS, SALE :

| | |
|---|-----------|
| Consultation of Indian Government <i>re</i> | 11,159-60 |
| Time, question of consultation with Government of India | 11,195-8 |

DEPOSITS WITH BANKS IN ENGLAND :

| | |
|--|-------------|
| Application for, by banks, objection to | 11,238 |
| Procedure <i>re</i> placing | 10,988-1002 |
| Purchase of bank bills through Bank of England in lieu of, objections to | 11,090-4 |
| Rates considered satisfactory | 11,006 |
| without Security : | |
| Explanation of, when exchange banks on approved borrowers' list do give security | 11,217-20 |
| Securities would not have been obtained | 11,007-8 |
| was a Temporary measure only, but door should not be shut to in future | 11,094 |
| Use of, money by banks | 11,002-3 |

SCHUSTER, Sir FELIX—continued.

EXCHANGE :

| | |
|---|-------------------|
| Announcement by Government of responsibility for maintaining, at 1s. 4d., question of | 11,128-31, 11,136 |
| Crisis : | |
| 1907 : | |
| Hesitation in issuing gold owing to lack of experience | 11,132-5 |
| should not be Taken as standard of severest crisis possible | 11,227 |
| Gold should be issued freely | 11,227-31 |
| Doubt as to effect of gold given out in India | 11,208-9 |
| Gold, Indian demand for, question of effect on London and consequently on Indian money market | 11,211-4 |
| Gold bullion, receipt of, for rupees at fixed price, revival advocated | 11,028 |
| Gold coinage, preferred to rupees | 11,030 |

GOLD MINT IN INDIA :

| | |
|---|--------|
| no Advantage seen | 11,028 |
| if Established, sovereigns should be coined | 11,028 |
| Ten rupee piece would not be suitable for export, would be expensive to put into circulation and would compete with 10 rupee note | 11,028 |

GOLD STANDARD RESERVE :

| | |
|--|------------------|
| Amalgamation with paper currency reserve not advocated | 11,074 |
| Amount, increase advocated and no limit should be placed on, at present | 11,072-3, 11,228 |
| Gold, amount : | |
| One third of total advocated if whole amount in excess of 25 millions | 11,074, 11,109 |
| 8 or 10 millions advocated | 11,074, 11,109 |
| Location in London advocated and reasons | 11,053-4 |
| Subsidiary branch in India (silver) : | |
| Difficulty of question | 11,041-5 |
| Exchange for gold in paper currency reserve advocated | 11,046 |
| Hoards, desirability of attracting money from, and possibility of, a strong argument in favour of State Bank | 11,214-8 |
| India a debtor not a creditor country | 11,054-5 |

INDIA OFFICE :

| | |
|--|-------------------------------|
| Assistant Under-Secretary of State, financial training desirable | 10,991, 11,086-9 |
| Financial administration, work very well done and no unnecessary delay | 10,987-8 |
| Finance Committee : | |
| Chairman, position and powers | 10,992-4 |
| Delegation of more business to officials, suggestion | 10,989-90 |
| Indian civil servant trained in Indian finance as member of, would be advantageous but definite rule not advocated | 11,175-81, 11,232-7, 11,282-5 |
| Indian experience, extent of representation | 11,079-81 |

LENDING BY GOVERNMENT IN ENGLAND :

| | |
|--|--------------------------|
| Advantage to Indian trade and finance | 11,015 |
| Advantage to London money market and trade of the country | 11,199-203 |
| Approved Borrowers' List : | |
| Changes, submission to Finance Committee | 10,996-7 |
| Procedure | 10,996 |
| through Bank of England, would cost more than present system and no advantage seen | 11,013-4 |
| Deposits with banks, <i>see that title above</i> . | |
| Disadvantage to banks | 11,015 |
| Securities : | |
| Recent acceptance of certain Colonial, explanation regarding | 11,011 |
| Commercial bills, would be objected to | 11,011, 11,221-2, 11,225 |
| Only those registered at Bank of England, explanation | 11,009-10 |
| Railway debentures taken at par, explanation and justification | 11,238 |

SCHUSTER, SIR FELIX—*continued*.

LENDING BY GOVERNMENT IN INDIA:

- from balances and from paper currency reserve not objected to 11,082-3
- India Office would agree to, if Government of India suggested 11,056, 11,157
- to Presidency banks only, in first instance, advocated 11,058

LOANS, ISSUE BY GOVERNMENT IN ENGLAND:

- India bills might have been paid off earlier 11,182
- Renewal of bills, 1911, explanation 11,048-9
- Loans, issue of, by Government in India, increase desirable 11,238

NOTES:

- Advantages over gold or rupee coinage 11,031-3
- Circulation, encouragement advocated 11,028, 11,029

PAPER CURRENCY RESERVE:

- Fiduciary portion, from 20 per cent. to 30 per cent. of gross circulation suggested, 20 per cent. to be invested permanently in Government securities, 10 per cent. to be used in temporary advances 11,065-71, 11,110-21
- Gold, holding of, in London, advantages 11,208-10
- Investment of part, in shape of advances on commercial paper, objection to suggestion 11,223-5

PRESIDENCY BANK, LOANS TO:

- should be Against security and only at date when bank rate very high and when no inconvenience would be caused by, to Government 11,058, 11,063-4, 11,137-41, 11,158, 11,190-4
- Proposal of Secretary of State to make, at 1 per cent. below bank rate 11,161-9
- Revenue, collection of, when demand for money greatest, condition prevails in all countries 11,059-60
- Rupee coinage, an artificial debased currency 11,033-8

SILVER, PURCHASE OF, FOR COINAGE:

- in Bombay:
 - Question of, no objection to, in theory 11,122-7, 11,150-4
 - Tenders accepted formerly 11,125-6
 - Initiative comes from Government of India 1912:
 - Denial that transactions were made known to officials in Union of London and Smith's Bank 11,078
 - Explanation of misunderstanding with Bank of England 11,076-7
 - Regular purchases, impossibility 11,038-40
- Union of London and Smith's Bank, capital, business, &c. 11,238
- United States of America, attitude *re* State Bank 11,018-21

SCOTT, HORACE H., Secretary of State's Broker

2069-2274

APPROVED BORROWERS' LIST:

- One withdrawal in consequence of publicity given by discussion in Parliament 2086
- System and procedure 2091-5, 2115-7
- Bank of England, transfers, stock receipts not accepted as evidence without seeing transfer book, and procedure might be simplified 2088, 2144
- Deposits with Banks in England, procedure *re* placing 2201-74
- Government Departments, brokers, methods of payment 2098-100

INDIA OFFICE, BROKER:

- Appointment, joining of firm approved by Secretary of State made a condition of 2071
- Fully in touch with market 2137-9
- Functions 2072-4, 2133-6
- Increase in amount and responsibility of work 2106, 2129-32
- Office expenses 2140
- Payment:
 - Former systems 2182-5
 - Particulars *re* method, &c. 2098-107
 - on Volume of business instead of rate of interest earned, question of 2175-81
- Whole time taken up by India Office business 2126-8

SCOTT, HORACE H.—*continued*.

LENDING BY GOVERNMENT IN ENGLAND:

- Amounts, system, and question as to deciding minimum amount for loan (at present 50,000*l.* and multiples) 2118-25
- Period, and question of extension 2149-57
- Same rate obtained from all borrowers on one day, and procedure *re* 2158-74, 2186-200

Securities:

- Confining of, to securities registered at Bank of England, reason for, and difficulty otherwise 2083-90, 2144-8
- Extension, business would be somewhat facilitated 2147-8
- List sufficient in normal times 2083-4
- Reason for certain securities being taken at par 2075-6, 2108-14
- Taken at par, no change advocated 2079-81

Silver:

see also Rupees.

- Amount held in reserve and new coinage, 1894-5 to 1912-3, *Newmarch* p. 254
- Bullion, effect on price of, of closure of mints, *Frewen* 9,519 (p. 30-1)
- Deficiency, 1900, telegrams, October, between Viceroy and Secretary of State *re*, and *re* proposed measures p. 745-7
- Demonetisation by U.S.A., France and Germany, 1873, *Frewen* 9573
- DUTY ON:
 - Abolition advocated, *Chunilal* p. 765
 - Increase, suggestion by Punjab Chamber of Commerce, 1909 p. 711
 - Reduction to 5 per cent. advocated, *Chunilal* p. 764
 - Re-export, part only of duty repaid, *Dalal* 11,386-8, p. 676
 - Unfairness of, and abolition advocated, *Dalal* p. 676, p. 686
- Establishment of warehouse in Bombay and issue of warrants for each bar imported advocated, *Dalal* p. 676
- Hoards, *see that title*.

- Imports, 1865-66 to 1872-73, *Sundara Iyer* p. 623
- Imports, January to October 1912 and 1913, *Newmarch* p. 761
- Imports and exports, January to October, 1912 and 1913, *Newmarch* p. 760
- Increase in gross issues from paper currency reserve 1913, *Newmarch* p. 760

PURCHASE OF, FOR COINAGE:

- 1900 (Law) p. 110, p. 116, p. 128
- Agreement between nations to purchase regularly so much silver per year, suggestion, *Frewen* 9573-80, 9583-9

in Bombay:

- no Advantage to be derived and purchase in London preferred, *Inchcape* 10,871-4
- Advocated, *Dalal* p. 686
- Question of, *Abrahams* 11,497-500
- Question of, no objection to in theory, *Schuster* 11,122-7, 11,150-4
- Tenders accepted formerly, *Schuster* 11,125-6
- Business would be better carried out through bank, *Graham* 4943-5
- by Central Bank, *see under* Functions under Central or State Bank.
- Criticism of proceedings, *Webb* p. 565
- in India, in the past, *Abrahams* 11,501-2
- Initiative comes from Government of India, *Schuster* 11,149
- 1906, no purchase of silver in excess of real requirements, *Abrahams* 830-2
- 1907, memorandum from Secretary of State, *Abrahams* p. 207-11

- 1912:
 - Denial that transactions were made known to officials in Union of London and Smith's Bank, *Schuster* 11,078
 - Explanation of misunderstanding with Bank of England, *Schuster* 11,076-7
- Payment by Council bills:
 - and Consequent increase to currency reserve and question as to effect on London money market, *Newmarch* 1545-64

Silver—continued

PURCHASE OF, FOR COINAGE—continued.

1912—continued.

Payment by Council bills—continued.

| | |
|---|------------------|
| Drafts sold at below specie point, to finance, objection to, <i>Webb</i> | p. 562 |
| Increase of total currency in India would result, and question if payment had been made by gold in reserves, <i>Howard</i> 8372-81 | |
| Justification for, <i>Abrahams</i> | 11,507-13 |
| Objection to, <i>Webb</i> | 5587 |
| Satisfactory on some occasions, total currency increased by, <i>Webb</i> | 5587, 5588-92 |
| Suggestion made by Secretary of State, <i>Bhupendra Nath Mitra</i> | 4826 |
| Methods, and question of increasing total currency by, <i>Abrahams</i> | 974-93, 1001 |
| Payment by Gold in paper currency reserve: | |
| Correspondence between Government of India and Secretary of State re, <i>Abrahams</i> p. 110, p. 112, p. 127, p. 153-4, p. 155-6, p. 160 | |
| History of, <i>Newmarch</i> | 1666-7 |
| Question as to effect on London market, <i>Cole</i> | 3559-64 |
| Reasons of Government of India against, <i>Newmarch</i> | p. 245 |
| Payments not considered as part of home charges, <i>Newmarch</i> | 1465-73 |
| Procedure advocated, <i>Dalal</i> | p. 686 |
| Procedure and monopoly, <i>Dalal</i> | p. 685-6 |
| from Proceeds of bills or by gold in paper currency reserve, consideration affecting, <i>Newmarch</i> | p. 223 |
| Programme should be settled in advance and form part of budgetted amount of drawings, <i>Sassoon David</i> | p. 716 |
| by Public tender in London advocated, <i>Sassoon David</i> | p. 716 |
| Purchases must be made in sufficient time to prevent specialisation, &c., <i>Thackarsey</i> | p. 720 |
| Question whether Secretary of State has waited too long before purchasing, <i>Le Marchant</i> | 7823-7 |
| Regular purchases: | |
| Advocated, <i>McRobert</i> , 4039-43, 4141-61, 4242-3; <i>Webb</i> , 6012-30, p. 562; <i>McLeod</i> , 7059-68, 7186-91, 7232-6, p. 598; <i>Smith</i> , p. 617; <i>Inchcape</i> , 10,868-70; <i>Dalal</i> , p. 686; <i>Forrest</i> , p. 700. | |
| Considered, but objections to, <i>Abrahams</i> | 613 |
| Difficulty, <i>Le Marchant</i> , 7822; <i>Newmarch</i> , p. 246-7; <i>Howard</i> , p. 591; <i>Schuster</i> , 11,038-40. | |
| Objections to, <i>Abrahams</i> | 11,494-6 |
| Question as to possibility, <i>Cole</i> | 3376-8 |
| Regulation: | |
| Letter of Government of India, 29th February 1912, re, and agreement by Secretary of State, <i>Abrahams</i> | p. 197-8, p. 201 |
| Method, <i>Bhupendra Nath Mitra</i> | 4544-7 |
| and Question as to effect of system on market, <i>Abrahams</i> | 609-12 |
| Request for, by Government of India, 1906, and reply by Secretary of State, <i>Abrahams</i> | p. 141, p. 142-3 |
| no Ring among the bullion dealers in London, <i>Abrahams</i> | 11,500 |
| Speculation not anticipated in future to great extent, <i>Abrahams</i> | 11,496 |
| Steps taken by Government of India towards more regular purchase, <i>Meston</i> | 9099-101 |
| Silver held by Government of India, and purchases and shipments of silver for coinage, 1907 p. 210-1 | |
| World's consumption and production, statistics, <i>Frewen</i> | 9573 |
| World's demand for, illimitable, <i>Frewen</i> | 9573, 9578 |
| Silver standard, impossibility of returning to, <i>Sundara Iyer</i> | p. 620 |

Silver Token Coin:

see also Rupees.

| | |
|--|--------|
| Exchange not affected by amount of, in circulation, <i>Abraham</i> | 1274-7 |
|--|--------|

SMITH, THOMAS 8432-975, p. 612

BALANCES:

| | |
|---|----------------|
| Government over cautious in under-estimating, but under-estimating probably justified, 8441-2 in India, normal except in 1913 | p. 613 |
| in London, abnormally high in 1910, 1911, 1912, but not deliberately accumulated for convenience of London money market, &c. | p. 612 |
| Management, no serious criticism of, except in 1910, 1911, and 1912 | 8439 |
| 1912. India bills paid off in, might have been paid off earlier | 8440, p. 612-3 |

BANK RATE IN INDIA:

| | |
|--|-------------------------|
| Complaint, no ground for, taking whole year round | 8468 |
| Decrease of differences, if achieved by Central Bank would be an advantage | 8645 |
| Differs in different Presidencies sometimes | 8639-44, 8800-1, p. 613 |
| Lending by Government would bring rate down | 8646-9 |
| 6 per cent. for steady borrowers all the year round | p. 614 |
| 7 or 8 per cent. the normal figures | 8494-5 |

BANKS:

Deposits:

| | |
|---|----------|
| Higher rate on, up country, question of | 8673-80 |
| People prefer smaller joint stock banks as rates better | 8626-8 |
| Failure, bad effect on depositors | 8597-600 |
| Government inspection, no good bank would be afraid of | 8601 |

"Mushroom" banks:

| | |
|---|-----------------------|
| Continuance, under legislative supervision, advocated | 8669, 8728-32, p. 614 |
|---|-----------------------|

Deposits:

| | |
|--|------------------|
| New sources tapped by | 8665 |
| Rate on | 8668 |
| Depositors, classes | 8663-4 |
| Growth of, and danger from | 8460-4, p. 613-4 |
| Memorandum re, 8th April 1912 | p. 618 9 |
| Operate all over the country | 8625 |
| State Bank would not supply place of | 8626 |
| Use of money | 8666-7 |
| Reserves, form in which kept | 8617-23 |

CENTRAL OR STATE BANK:

| | |
|---|---------|
| no Advantages seen | 8624 |
| Amalgamation of Presidency Banks, question as to whether position would be stronger than at present | 8733-58 |
| Area, difficulty 8447-53, 8639-62, 8661-2, 8775-7, 8802-4, p. 613 | 8465-7 |
| no general Demand for, known of | 8465-7 |

Functions:

| | |
|---|--------|
| Exchange business not advocated | p. 615 |
| Note issue: | |

| | |
|---|-----------------|
| Circulation would be affected at first even if Government guarantee continued | 8759-64 |
| would not Command same confidence as present Government issue | 8588-90, p. 617 |
| not Necessary 8444-6, 8765-9, 8778-82, p. 613-4, p. 617 | |

| | |
|--|--------|
| Note currency would not be better managed by | 8630-1 |
|--|--------|

| | |
|---|--------------|
| Objected to | 8443 |
| Co-operative Societies, assistance of, by joint stock banks | 8854-6, 8873 |

COUNCIL BILLS AND TELEGRAPHIC TRANSFERS,

SALE:

| | |
|---|---------|
| at 1s. 4½d., tends to keep gold from going to India | p. 616 |
| in Excess of requirements, approved and reasons | 8805-11 |
| System approved | p. 615 |

DEPOSITS WITH BANKS IN LONDON:

| | |
|--|---------------|
| Making of, by India Office on some such principle as the sale of Council Bills, suggestion | p. 617 |
| Range of competition might be widened | 8591-2, p. 61 |

EXCHANGE:

| | |
|---|--------------|
| Fixing of, at 1s. 4d., benefit to India | 8526, p. 615 |
| Value of gold in circulation in support of, doubted | 8555-6 |

SMITH, THOMAS—*continued.*

EXCHANGE BANKS:

- Deposits, 1901, 1910 - - - - - p. 614
 Free balances kept in Presidency Banks without interest, and State Bank would be no improvement - - - - - 8778-82

GOLD:

- Government should give, when possible* 8791-5
 Imported into India, large amount melted down for ornaments - - - - - 8528-9
 Issue in exchange for rupees, undertaking not advocated - - - - - 8792-4

GOLD CURRENCY:

- Circulation increasing, especially in the Punjab 8530, p. 615
 Encouragement desirable in interests of people 8533-53
 Encouragement of notes preferable, but people should be given gold when desired 8553-64
 Increased circulation very localised - 8531-2

GOLD MINT:

- Course of bullion from hoards through, question of 8569-80
 Reasons for advocating - - 8565-82, p. 616
 Sovereigns should be coined - - - p. 616

GOLD STANDARD RESERVE:

- Amount, no limit should be fixed - 8583, 8587, p. 616
 Diversion from, 1907, towards railway development, objection to - - - - - p. 616

Gold:

- Amount:
 should be Half of whole - - - - - 8587
 Insufficient and proportion too low 8583-4, p. 616
 in London, should be earmarked at Bank of England - - - - - p. 617
 should be Held half in gold or rupees, bulk in London in gold - - - - - 8586, p. 616-7
 all Profits on coinage should be allocated to p. 616
 Subsidiary branch in India, gold or rupees may be held as circumstances warrant - - - p. 616
 Hoarding of gold, extent of - - - - - p. 615-6
 Interest, rates, higher in all comparatively new countries - - - - - 8602

JOINT STOCK BANKS:

- Borrowers, classes - - - - - 8850-3
 Depositors, classes - - - - - 8843-9
 Deposits:
 1901, 1910 - - - - - p. 614
 Growth of, and more people getting in touch with banking - - - - - 8454-9
 considerable Reserves and question of proportion of amount at Presidency Banks to total 8681-92

LENDING BY GOVERNMENT IN INDIA:

- Bank rate would be kept down by, say, a 10-crore loan, to 6 per cent. - - - - - 8487
 Class who would benefit and question as to how far cultivators would benefit 8488-98, 8836-42
 should be Confined to banks at first but not only Presidency banks, but to Presidency banks only would be better than not at all 8470-1, 8474-81
 Demand would be considerable, but impossibility of estimating - - - - - 8482-6
 Invitation of tenders, no objection seen 8870-1
 should be from Paper Currency Reserve as balances a fluctuating item - - - - - 8499-501
 Procedure, suggestion - 8698-703, 8825-35
 little Risk need be involved - - - p. 614-5
 Securities:
 no Difficulty anticipated - - - - - 8693-7
 should be Required and question as to nature of, 8472-3, 8812-21
 State bank would be no better - - - - - 8766-9
 Suggestions re minimum amount, rate &c., 8825, p. 614

- Lending by Government in London, making of loans direct by India Office, on some such principle as sale of Council bills, suggestion - 8593-4, 8822-4, p. 617

SMITH, THOMAS—*continued.*

LOANS, ISSUE BY GOVERNMENT IN INDIA:

- Endorsement of Government paper, system and difficulties from point of view of natives and removal of difficulties would be advantageous 8520-5, 8602-14, 8783-90, 8857-69
 Holders - - - - - 8519
 Increase, possible to some extent and suggestion as to amount - - - - - 8513-8, p. 615
 Issue of short term bearer bonds would be useful, and under consideration - 8615-6, 8633-8
 Raising of capital for Indian development by, advocated as far as possible - - - 8512
 Stock certificates or bearer bonds suggested 8853-66
 Mints, re-opening of, to free coinage of silver not advocated - - - - - p. 615

NOTES:

- Circulation, increase - - - - - p. 617
 Encouragement of, preferable to encouragement of gold - - - - - 8553-63

PAPER CURRENCY RESERVE:

- Amount, relative, of gold and silver should not be fixed - - - - - p. 617
 Fiduciary portion:
 Loans from, in busy seasons advocated - 8507
 Proportion of total, advocated instead of fixed sum, and one-third of gross average circulation suggested - - - - - 8502-6, p. 617
 Location of gold in London, approved - p. 617

PRESIDENCY BANKS:

- Access to London money market, not necessary, and public opinion would be against 8509-11
 Business efficiently done - - - - - 8765
 no Change in legal conditions of working advocated, 8508, p. 615

Deposits:

- 1901, 1910 - - - - - p. 614
 Same rate given at up-country branches 8671-80
 Loans by, any security taken if two names obtained - - - - - 8707-10, 8714-9
 Position of, in case of crisis, question of, and question of advantage of amalgamation 8720-58
 Restrictions, of no practical importance at present - - - - - 8509, 8711-3
 Rupees, coinage, excessive, 1906 and 1907 - p. 617
 Silver, regular purchases advocated - - p. 617

SOVEREIGNS:

- Encouragement by Government by giving better rate for payment in, not known of - 8874-5
 Large number melted down - - - - - p. 616

Sovereigns:

see also Gold Currency.

ABSORPTION BY PUBLIC:

- 1899-1900 to 1912-3 compared with absorption of rupees, *Abrahams* - - - - - 1032-4
 1910-11, 1911-12, and 1912-13, *Howard* - p. 589
 and Balance in paper currency reserve in India, 1910-11, 1911-12, 1912-13, *Howard* - p. 585
 small Amount wanted in Presidency towns and large percentage wanted at up-country places, *Toomey* 2766, 2771
 Buyer of grain prefers, but seller prefers rupees, *Dunbar* - - - - - 7898-9

CIRCULATION:

- estimated Amount, *Dalal* - - - - - 11,379-80, p. 671
 Amount in, 1801-35, *Sundara Iytr* - - p. 622
 Effect of sale of Council Bills on, *see under* Council Bills and Telegraphic Transfers.
 Increase, *Thackerney* - - - - - p. 719
 Increase of, especially in the Punjab, *Smith* 8530, p. 615
 Increasing, but increase very localised, *Newmarch*, 1380; *Smith*, 8531-2.
 Convenient coin for considerable number of community, but cannot be for large portion. *Le Marchant* - - - - - 7842
 should be Declared available in exchange for rupees when sufficient gold in circulation and in reserves, &c., *Sassoon David* - - - - - p. 716

Sovereigns—continued.

| | |
|---|-----------------------------|
| Demand for, by public increasing, <i>Abrahams</i> | 1142 |
| Difficulty of obtaining rupees for, from Controller-General, cases of, <i>Toomey and Fraser</i> | 2608-12, 2802 |
| no Difficulty in obtaining, at present, but obligation to supply by Government not advisable, <i>Fraser</i> | 2803 |
| Difficulty of obtaining, <i>Pandya</i> | p. 640 |
| no Difficulty in obtaining, in India, <i>Inchcape</i> | 10,758-62, 10,832-3, 10,868 |
| Difficulty in getting exchanged, less than that of notes, <i>Abrahams</i> | 1265-6 |
| cases of, at Discount of 4 annas formerly, <i>McRobert</i> | 4245-7 |
| Effort made by Government from 1900 to 1907 to push, into circulation, <i>Bhupendra Nath Mitra</i> | 4762-4 |
| Encouragement only advocated where encouragement of notes not practicable, <i>Meston</i> | 9250-1 |
| Encouragement by Government by giving better rate for payments in, not known of, <i>Smith</i> | 8874-5 |
| no Evidence as to amounts going into hoards and into circulation, <i>Newmarch</i> | 1380 |
| Export to England by exchange banks, <i>Fraser and Toomey</i> | 2706-8, 3036-7 |
| Exported from England not full weight, <i>Dalal</i> | p. 678 |
| Exports from India on private account, September 1907 to December 1908, <i>Abrahams</i> | p. 103 |
| Extent of use, and number in circulation, <i>Abrahams</i> , p. 214; <i>Hamilton</i> , 2407-8, 2542; <i>Webb</i> , 5769-75; <i>Hunter</i> , 6479-83; <i>McLeod</i> , 7083-6; 7197-201; <i>Reid</i> , p. 574; <i>Howard</i> , p. 584. | |
| Fluctuations in extent of use of, <i>Le Marchant</i> | 7645 |
| should not be Forced on people, <i>Meston</i> | 9131 |
| Free issue of, question of danger in case of rush, <i>Meston</i> | 9317-23 |
| Gross receipts and issues at Government treasuries, &c., Jan.—Oct., 1912, 1913, <i>Newmarch</i> | p. 760, p. 762 |
| Held in Government securities and reserves in India, diminution, September 1907 to December 1908, <i>Abrahams</i> | p. 103 |

HALF SOVEREIGNS :

| | |
|--|---------------|
| Import : | |
| Consideration of, by Government, formerly, and reasons deciding against large imports, <i>Abrahams</i> | 1285-6 |
| by Exchange banks, but coins not popular, <i>Abrahams</i> | 1286-9 |
| practically None, <i>Meston</i> | 9404-5 |
| not Popular, <i>Abrahams</i> , 1177-80, 1278-82; <i>Sundara Iyer</i> , p. 628. | |
| Hoards, see <i>that title</i> . | |
| Imports, absorption by public and number held at end of year, 1909-10 to 1912-13, <i>Abrahams</i> | p. 21 |
| Imports, exports and absorption, 1901-2 to 1912-13, <i>Abrahams</i> | p. 84, p. 213 |

IMPORTS :

| | |
|--|----------|
| on Private account for each month, 1911-2 and 1912-3, <i>Newmarch</i> | p. 238 |
| 1894-95 to 1901-3, circulation nil till 1902-3, <i>Sundara Iyer</i> | p. 623 |
| January—October, 1912-13, <i>Newmarch</i> | p. 761 |
| Decrease, 1913, <i>Newmarch</i> | p. 760 |
| Imports and circulation, <i>Sundara Iyer</i> | 8951-2 |
| Imports and exports, 1900-1 to 1911-12, <i>Dalal</i> | p. 673-4 |
| Increased use not very rapid, and chiefly in northern and western circles, <i>McLeod</i> , 7149, p. 598; (Bengal Chamber of Commerce), p. 605. | |

ISSUE OF :

| | |
|---|---------|
| Advocated, if desired by people, but not otherwise, <i>Sundara Iyer</i> | 8956-66 |
| Advocated when desired by people, except when demand evidently only in place of bullion, <i>Le Marchant</i> | 7645 |
| Advocated, when possible, <i>Smith</i> | 8791-5 |
| Correspondence between Indian Bank, Limited, and Assistant Accountant General, Accountant-General and officiating Commissioner of Currency, <i>Pandya</i> | p. 656 |

Sovereigns—continued.**ISSUE OF—continued.**

| | |
|--|---------------------|
| Correspondence between Accountant General of the Punjab and Chamber of Commerce, 1912 | p. 713-4 |
| in Exchange for silver, see Conversion into gold under Rupees. | |
| Extra-legal facilities, <i>Bhupendra Nath Mitra</i> | 4750-1, 4754-5 |
| to Maintain exchange, at time of unfavourable trade balance, must be at rate of 15 to 1, <i>Abrahams</i> | 952 |
| 1907-8 : | |
| Discussion in Government of India re. and policy, <i>Bhupendra Nath Mitra</i> | 4834-42 |
| Quantity must have gone into hoards, <i>Newmarch</i> | 1819-20 |
| in 1908, largely at Presidency towns and some up-country, <i>Bhupendra Nath Mitra</i> | 4818-21 |
| to Public at time of crisis desirable, <i>Bhupendra Nath Mitra</i> | 4822-5 |
| of Sums over 10,000l. reported to Comptroller-General, <i>Bhupendra Nath Mitra</i> | 4843 |
| should be Issued more freely from Post Offices, Presidency Banks, and District Treasuries, <i>Pandya</i> | p. 639-40 |
| Issued in Madras in 10,000l. at a time only, but no real difficulty in obtaining, <i>Hunter</i> | 6478 |
| Large number melted down, <i>Smith</i> | p. 616 |
| too Large for ordinary daily transactions and larger payments made in notes, <i>Sundara Iyer</i> | 8953-5 |
| Light weight, cost of remittance to London and establishment of Gold Mint would obviate, <i>Dalal</i> , 11,389-94, p. 678; <i>Reed</i> , p. 608. | |
| Loss from wear and tear should fall on India, <i>Colo</i> | 3388 |
| as Legal tender, <i>Abrahams</i> , 556, p. 212; <i>Newmarch</i> , | p. 241 |
| Measures taken to make, current coin, <i>Abrahams</i> | 1260 |
| Melting down, see Hoards. | |
| Obtained easily in India, <i>Newmarch</i> , 1420; <i>Toomey</i> , 2603, 2605-7; <i>Graham</i> , 4927. | |
| Payment of wages in, <i>McRobert</i> | 3976-7 |
| People not educated to, <i>Meston</i> | 9109-10, 9123 |
| increased Popularity of, reason, <i>Reed</i> | 8993 |
| should not be Pressed on people, <i>Currie</i> | 10,571-5 |
| Purchase of, in transit to India against telegraphic transfers, see under Council Bills and Telegraphic Transfers. | |
| Receipts at currency offices larger than demand, <i>Hunter</i> | p. 593 |
| Receipts and issues into and from Government treasuries and reserves, 1909-10 to 1912-13, <i>Abrahams</i> | 618, p. 214 |
| Receipts at post offices and railway stations, 1907-8 to 1911-12, <i>McLeod</i> | p. 603 |
| Refusal of Currency Department to issue, from 1908 to 1910-11, position has been criticised as one of weakness, <i>Howard</i> | 8333-8 |
| Refusal to give rupees in exchange for, not likely to be warranted in near future, <i>Howard</i> | p. 591 |
| Refusal of Government to issue, in order to build up reserve, question as to whether people would complain, <i>Howard</i> | 8339-44 |
| Rupee coinage more suitable to India, <i>Currie</i> | 10,573-4 |
| Shipment to India in competition with bills, <i>Newmarch</i> | 1418-9, p. 220, 222 |
| Smaller coin desired by people generally, <i>Newmarch</i> | 1745-9 |
| Statements of imports and exports to and from India, amount held by Government and absorption by public, 1899-1900 to 1912-13, <i>Abrahams</i> | p. 216 |
| not very Suitable for India, and paper currency with gold in reserve preferred, <i>Forrest</i> | p. 699 |
| Suitability of, for India, <i>McRobert</i> , 4007-8, p. 548; <i>Howard</i> , 8387-96, p. 584 | |
| Supply from Australia, <i>Howard</i> | 8326-9 |
| Taken freely in certain up-country districts, and not considered an inconvenient size, <i>Toomey</i> | 2608 |
| Tendency to go into paper currency reserve, <i>Abrahams</i> | 1264 |
| Unlimited legal tender, <i>Abrahams</i> | 1111-2 |

- Standard of living, improvement, *Howard* - p. 583
 State Bank, *see* Central or State Bank.
 Sterling loans, *see* Loans, issue by Government in England.
 Sterling reserve, no policy of accumulating high balances with view to building up, *Abrahams* - 265-70
 Sterling bills, rate of exchange in Calcutta, 1907-8, and question as to rule in future, *Abrahams* - 792-8
 Stock Exchanges, opening of, advocated, *Dotal* p. 676
- Stores, purchase of:**
IN INDIA:
 no Objection seen, *McLeod* - - - 7101-8
 Reduction of balance in England would be possible, *Webb* - - - - 5295-301
 System, *Badock* - - - - p. 331-2
- SUNDARA IYER, M. R., Secretary of Economic Society of Madras** - - - 8876-9019, p. 620-32
- BALANCES:**
 not Excessive - - - - p. 632
 High:
 Causes - - - - p. 632
 a Temporary phenomenon only, due to abnormal circumstances - - - 8962-3, p. 631-2
 in London, statistics, 1906-7 to 1910-1 - p. 631
- BANKS:**
 more Decentralisation needed - - - 8898-9
 Government should exercise greater control over so called banks and money lenders 8904-5
 Capital not flowing freely from England to India, and question of reason - - - 8945-50, p. 620
- CENTRAL OR STATE BANK:**
 not Advocated - - - - 8895
 Area, difficulty - - - - 8897-8, 9019
 would be Little service to cultivators - 9017-9
 Note issue, circulation would decrease, notes would be distrusted even if Government guarantee continued 8896, 8897, 9006-12, 8976-9, 8993-8
 State would have no real control - 8896-7
 Co-operative Societies, extension of system and Government assistance desirable 8900-2, 9014-6
- EXCHANGE:**
 Crisis of 1907-8, not the most serious possible 8920-6, 8933
 Gold in circulation not a material support - 8942
 8961, 9001-5
- GOLD:**
 Coined in India, amount, 1865-66 to 1872-3 p. 623
 should be Given if desired by people but not otherwise - - - - 8956-66
- GOLD CURRENCY:**
 Attempt by Government to encourage, by paying salaries and postal money orders partly in, but failure - - - - p. 627
 Difficulties of getting gold into, and retaining it in circulation - - - - p. 626-8
 Increase of circulation not advocated, and not considered practicable - - 8936-7, p. 621-4
 Notes will not be displaced by - - - p. 626-7
 Rupees not likely to be replaced by - - p. 627
 10-rupee piece, popularity doubted - p. 627-8
- GOLD MINT:**
 Advantage claimed for, that gold currency would largely increase, doubted - - p. 620-4
 Opening of, immediately was never recommended by Currency Committee of 1898 - - p. 628
 Gold Standard with gold reserve advocated - p. 628
- GOLD STANDARD RESERVE:**
 Amount, present, sufficient - 8912, p. 629
 Diversion of, 1907, for railway purposes, justification - - - - p. 630-1
 Gold, 10 millions might be sufficient, but sum should not be fixed as should depend on state of finance - - - - 8915-35
 Holding of, in London mostly in gold and a little in securities advocated - - 8913-4, p. 629
 Object of, for maintaining exchange only, should be stated - - - - p. 629
 Securities, approved - - - - p. 629
 Silver branch, not necessary if sufficient gold available for purchasing silver - - 8907
- SUNDARA IYER, M. R.—continued**
- HOARDING:**
 Causes that would attract money from hoards 8939-41
 Increase owing to laws of inheritance - 8938, p. 624-5
 Melting down of sovereigns into ornaments, extent of practice - - - - p. 624-6
 Reasons for, and decrease not anticipated even with advance of education, &c. - 8999-9003
 Indian bank rate, cultivators' money market has no connection with - - - - 8969-71
 Loans, issue of, in England, impossibility of raising sufficient capital by - - - 8877-8, p. 630
- LOANS, ISSUE OF, IN INDIA:**
 Increase possible - - - - 8879-80
 Issue of 5-rupee paper or 1-rupee paper through post offices, co-operative societies, &c., suggestion - - - - 8879-94
 Possibility of attracting money from hoards 8884-6
 Money lenders, rates of interest charged and period p. 625
 Mortgages, difficulties - - - - p. 625
- NOTES:**
 Advantages of - - - - p. 627
 Circulation, increase - - - - p. 626
 Encashment, facilities - - - - 8980-96
 Preference given to, by population very marked, especially in *Moffusil* - - - p. 627
- PAPER CURRENCY RESERVE:**
 Amount, equal to value of notes in circulation, unnecessary - - - - p. 629
 Composition, statistics, 1911 - - - p. 629
 Location, in India, of whole amount advocated p. 629
 Two-thirds in silver rupees and bullion suggested p. 629
- PRESIDENCY BANKS, LOANS TO:**
 Banks would be assisted, but not Indians at large 8963-75
 not Much money available - - - p. 632
 Revenue, surplus, should be used for reduction of capital expenditure, not lent to banks 8963-75
- RUPEES:**
 Circulation, increase from 1893 to 1899 - p. 623
 Coinage:
 Profits, allocation to gold standard reserve should be stopped and profits kept in bullion for use for silver purchases - 8906-12, p. 629-30
 Statistics, 1865-66 to 1872-73 - - p. 623
 Large proportion in circulation compared with gold and reasons - - - - p. 621-4
 Silver standard, impossibility of returning to p. 620
- SOVEREIGNS:**
 Half sovereigns, not popular - - - p. 628
 Imports and circulation - - - - 8951-2
 too Large for ordinary daily transactions and larger payments made in notes - 8953-5
 Swadeski movement, *Reed* - - - - p. 664
- Taxation:**
 Additional, imposed 1885-95 to meet burdens owing to fall in exchange, *Newmarch* - p. 225, p. 226
 Change, sanction of Secretary of State required, and all proposals submitted to, but does not generally take official initiative in proposing, *Bhupendra Nath Mitra* - - - - 4548-51, 4629-30
 Impositions after crisis of 1907-8, and defence of, *Meston* - - - - 9041
 fresh Imposition, 1910-11, *Newmarch* - - p. 226
 Increase desirable for good of the people, *Hamilton* 2382-3, p. 518-9
 Increase in 1910, explanation, *Inchcape* - - 10,749
 India heavily taxed from point of view of individual incomes, but lightly taxed from point of view of size of country, *Webb* - - - - 5330-46
 Net revenue, 1909-10 to 1913-14, *Abrahams* p. 81
 Objection to non-reduction of, with high balances, *Ross* - - - - 3714-9, 3884-5

TAXATION—continued.

- Over-taxation owing to sales of bills in excess of requirements, *Dalal* p. 682-3
 Reduction would not have been advisable, *McRobert* 4175-6, p. 547
 Reduction of balances by reducing, advocated, *Webb* 4969-76, 5048-52, p. 551

REMISSION :

- 1903-7, *Newmarch* p. 226
 under Sir Edward Baker, *Meston* 9041
 not Recommended as a whole until sufficient sums spent on education and sanitation, *Chunilal* p. 765

Taylor, John, and Son, correspondence with Secretary of State, 1900, re receipt of gold at mint p. 751-6

THACKERSEY, Sir VITHALDAS D., Millowner, Bombay p. 717-20
 Budget estimates, excessive caution criticised p. 717

BUDGET :

- Estimated and actual surplus in sterling, 1909-10 to 1912-3 p. 717
 Surpluses, reserve fund suggested p. 717

CENTRAL BANK :

- Area difficulty p. 718
 Extension of scope of present banks preferable, and suggestions p. 718-9
 Headquarters, Bombay advocated p. 718
 Management of paper currency, objection to p. 720
 Not enthusiastic about creation of p. 720
 Gold, increase in circulation p. 719

GOLD MINT :

- Advocated p. 719
 Seigniorage should not be charged p. 719
 10 rupee pieces advocated p. 719

GOLD STANDARD RESERVE :

- Amount, no limit should be fixed p. 719
 Earmarking of gold at Bank of England not as good as gold kept in India p. 720
 Portion should be held in actual gold in India, but a part might be invested in securities p. 719
 Securities, short-dated bonds approved p. 719-20
 Subsidiary branch in India (silver), no objection to, but more logical to hold reserve only in gold p. 720
 There should be such a special reserve p. 719-20
 Grants, criticism of system p. 717
 Hoards of gold, no large extent of p. 719

LENDING BY GOVERNMENT IN INDIA :

- Advocated p. 718
 to Banks other than Presidency at rate not exceeding 6 per cent. if Bank rate over 6 per cent. and the Presidency Banks have not taken loans at rate offered by Government, suggestion p. 718-9
 Nature of securities p. 719

NOTES :

- Increasing popularity p. 720
 not Readily accepted in remote villages p. 719

PAPER CURRENCY RESERVE :

- Location of gold in London, not favoured p. 720
 Securities, future investments in sterling securities advocated p. 720

PRESIDENCY BANKS :

- Borrowing in London should be allowed p. 719
 Loans to :
 at 1 per cent. to 1½ per cent. below Bank rate, advocated p. 718
 Reason for Banks not taking p. 718
 on Short-term bills, suggestion p. 719
 Reserve Treasuries, criticism of system p. 718

RUPEES, COINAGE :

- Arbitrary restriction impossible p. 720
 Profits, diversion to railway purposes, 1907, not approved p. 720
 Silver, purchases must be made in sufficient time to prevent speculation, &c. p. 720

"The Times of India," extracts from "Indian Currency and Finance" published by *Webb* p. 567

TOOMEY, J. A., and T. FRASER 2562-3038, p. 536-42

- Agriculture, state bank would not cater for cultivators now dependent on money lenders, and encouragement of co-operative credit system advocated 2621, p. 537
 Approved borrowers' list, enlargement so as to include some foreign banks, suggestion 2800-1
 Balances, location and management, no objection to methods 2565, p. 536
 Bank rate in India, few complaints 2854-7
 Banks in India, deposits, increase, and question in case of banking crisis 2872-912

CENTRAL OR STATE BANK :

- Amalgamation of presidency banks, difficulties 2621-2, 2623-7
 Area, difficulty 2624
 Argument for, as means of lowering bank rate, not considered important 2847-57, 2922-3
 Discounting of hundis by, would be risky 2869
 Exchange business, impracticability and objection to, would drive existing exchange banks off the field 2621-2, 2680-7
 Management of currency by, impracticability 2621-2, 2628-31, 2688-9
 Objections to, and banking monopoly would result 2621, 2623, 2679-89, 2809-31 2921, p. 537-8
 Questions as to advantage of, in case of banking crisis 2872-912
 Question of, from point of view of larger sums being placed with for lending purposes 2832-46
 Relations of exchange banks with, question of 2816-20

CO-OPERATIVE CREDIT SYSTEM :

- Encouragement advocated 2621, p. 537
 might Have some result in getting money out of hoards 2974

COUNCIL BILLS AND TRANSFERS :

- Market rate for, not undercut by Secretary of State 2826-7
 Sale :
 below 1s. 4d. desirable sometimes 2958
 Sufficient gold goes to India 2582-3
 System approved and no change desired 2566, 2659-67, p. 536

Currency, statistics showing extent of use of different forms of, in various branches of the National Bank of India 2760-82, 2993-7

EXCHANGE :

- Crisis of 1907-8, criticism of Government's delay in using reserves 2940
 Gold would probably not help in supporting 2619-20
 Rate, question as to connection of demand for Council bills with price offered 2628-47
 Undertaking by Secretary of State to protect, advocated, but Secretary of State practically bound now 2759, 2936-42

EXCHANGE BANKS :

- in Case of banking crisis in India would take telegraphic transfers or ship sovereigns to India 2883-90
 Competition with Presidency Banks to certain extent 2654-8, 2970-2
 Deputation to Government of India by Indian officers of, December 1899, repudiation of connection with 2648-53
 Export of gold from India 2706-8, 2936-7
 Exports of uncoined gold to India 2697-8
 Indian deposits, increase 2860-7
 Presidency Banks borrowed from only to small extent in recent years 2914-5
 Publication of accounts :
 Distinguishing Indian deposits and cash from outside Indian, no objection to if all other banks agreed 2924-7
 Distinguishing between fixed deposits and deposits on current account, no objection to, if all other banks agreed 2928-33
 Publication of average balance sheets of Indian business, question of 2934-5
 Sums kept on deposit with Presidency Banks 2876-7, 2913

TOOMEY, J. A., and T. FRASER—*continued*.

GOLD:

- small Amount wanted in Presidency towns and large percentage wanted at up country places 2766, 2771
Capacity of India for absorbing, remarkable 2721
no Difficulty in obtaining at present, but obligation to supply by Government not advisable - 2803
Gold bars, sale of, by dealers to people for ornaments 3011-2

GOLD MINT IN INDIA:

- Gold imported from abroad would not go to, for coinage in normal times, import of sovereigns cheaper - 2699-709
Gold would not be attracted from hoards 2614-8
3010-4
Local gold from mines would be only source in ordinary way - 3008-9
not Necessary at present, but if opened in future sovereigns should be coined - 2602-8, p. 538
Taking of bullion to, for coinage would not be cheaper than import of sovereigns as general rule - 2998-3014, 3038

GOLD STANDARD RESERVE:

Form:

Gold:

- Amount, experience of 1907-8 not sufficient as measure of possible liabilities 2587-90,
3027-35

Fixing of limit not suggested at present

- 2956-7
Holding of all reserve in, not objected to, if real desire for, but would be too expensive and waste of interest 2716-43
Larger proportion should be kept in 2584-94,
p. 536

- Question of amount - 2711-2, 2783-96,
2986-96

Gold or gold securities advocated 2584, p. 536

Securities, short term advocated as far as possible - 2584, p. 536

Silver, objection to 2584, 2595, 2599, 3015-26,
p. 536

Location in London:

- Advantages - 2979-85
Criticism of, as in interests of London money market, entirely wrong - 2985
of Whole amount advocated - 2584, 2596-8,
2755-8, p. 536

all Profits on coinage should be credited to 2584,
p. 536

HOARDING:

- by Agricultural classes - 2949-50
Difference between rupees and sovereigns not realised by some of poorer type - 2950
of Gold, increasing - 2615-6, 2950
Natives gradually investing more in securities 2948-9

no Suggestion as to means of getting money out of hoards, but co-operative credit system might have some effect - 2973-5

Indian money market, question of connection with London money market - 2959-62

JOINT STOCK BANKS IN INDIA:

- Deposits, increase and question as to adequacy of cash balances - 2868-71
no Sums on deposit with Presidency banks, to any important extent - 2872-4

LENDING BY GOVERNMENT IN INDIA:

- Amount would be limited, and difficulty of security, 2932-4
Demand would not be great - 2845-6, 2991
to Exchange banks, not desired - 2944-7
not very much Importance attached to - 2992
to Presidency Banks:
Banks could provide sufficient security to meet all they would require to borrow - 2843-5
Only, advocated - 2797-9, 2943-7, 2991
Short periods in busy season for purposes of trade, and at lower than bank rate, advocated, demand would not be great - 2567-81, 2621
2950-4, p. 537
Question of effect on Indian bank rate - 2847-53

TOOMEY, J. A., and T. FRASER—*continued*.

- London money market, question of connection with Indian trade - 2744-9
National Bank of India, Ltd., receipts and disbursements, statistics - 2760-9, 2993-7, p. 541-2

NOTES:

- Encouragement, advocated, and Government more efficient than State Bank - 2963-9
Increasing issue - 2621, 2779, 2966, p. 538
Preferred - 2603-4

Paper currency reserve, location of proportion in London in gold advocated - 2600, 2668-74, p. 536

PRESIDENCY BANKS, ENLARGEMENT OF POWERS:

- History of discussion, &c., *re* 2621, 2678, p. 537
to Permit dealing in sterling exchange, opposition to - 2621, 2623, p. 537
Refusal of permission to, to borrow in London, speech of Mr. E. N. Baker, C.S.I., *re*, in 1907
p. 538-40

Relations of Joint Stock and exchange banks with, and question as to strength of position as banker's banks - 2872-82, 2891, 2913-6

RAILWAYS:

Offer of loan to, by exchange banks and refusal

- 2954
Private enterprise, encouragement by Government advocated - 2952-4

Rupees, trade often short of - 2772-5

SOVEREIGNS:

- Difficulty of obtaining rupees for, from Comptroller General, cases of - 2608-12, 2802
should be Given for notes or rupees in normal times and when gold available, but no obligation advocated - 2600-1, 2675-7, p. 563
People can obtain freely when wanted 2603, 2605-7
Taken freely in certain up-country districts, and not considered an inconvenience - 2608
Trade, balance generally in favour of India 2905-8

Trade:

see also Private Trade.

Assistance by Government, extract from financial statement, 1889-90, *Abrahams* - p. 43

Balance in favour of India, *Toomey*, 2905-8; *Barrow*, 3111-3; *Webb*, 5266, 5271.

between British India and the United Kingdom, 1889 to 1908, *Newmarch* - p. 290

China, statistics, 1888-89 to 1907-8, *Newmarch* 1431, p. 289

between China and the United Kingdom, 1888 to 1908, *Newmarch* - p. 291

Development, *Dalal* - p. 670

Development of credit and of imports, 1890-1911, *Pandya* - p. 658

no great Difficulty in financing, *McRobert* - 4267

Export, extension desirable, *Howard* - p. 582

EXPORTS:

Extension desirable, *Howard* - p. 582

Excess over imports from 1898-9 to 1912-3,

Dalal - p. 671

Value and volume, 1883-1903, *Freese* - 9522

Exports and imports, January-October 1912, 1913,

Newmarch - p. 760, 761

FOREIGN:

Balance of India's foreign trade, 1883-4 to 1912-13, *Newmarch* - p. 234-6

on Private account 1896-1908 - p. 181

Imports and exports, 1908-9 and 1911-2, *Chunilal* p. 763

Improvement in Indian trade not equal to that of other nations owing to closure of mints, *Freese* 9520, 9522, (p. 34)

between India and Persia, 1888-9 to 1907-8, *Newmarch* - p. 292

between India and other countries (excluding India and Persia), 1888-9 to 1907-8, *Newmarch* - p. 293

Lending by Government for assistance of, *see* Lending by Government.

Manufactured goods, decrease in imports and increase in exports, 1879, 1882, 1907-8, *Howard* p. 583

Methods of assisting, in times of stringency, *Hunter* 6899-911

Trade—continued.

- Note on some features in Indian trade and currency figures for the first 10 months of 1913, *Newmarch* p. 759-82
- Sea-borne, total, 1874-5, 1893-4, 1912-3, *Ross* p. 543
- Value of imports (excluding Government Stores and Treasure) 1896-1901 - - - - - p. 431
- Value of merchandise exported during 1897-1900 with Bengal bank's maximum rate of interest and rate of Council bills - - - - - p. 430
- Transfers between Presidency towns and up-country, business would be better run by bank officials than by Government officers, *Barrow* - - - - - 3310-2

Treasuries:**BALANCES IN:**

- 1888-90 - - - - - p. 52
- Large amount, early in 1913, and question of reason, *Abrahams* - - - - - 280-8
- too Large, *Webb* - - - - - 5313-5
- Placing of, at disposal of trade through banks (preferably Presidency Banks) suggested, *Chunilal* - - - - - p. 765, p. 769
- Daily cash receipts and disbursements (Westland), *Abrahams* - - - - - p. 42
- Distribution of, *Gauntlett* - - - - - p. 729, p. 731

DISTRICT:

- Balances in, policy *re*, and tendency to increase balances carefully watched, *Meston* - 9060-2, 9481-2
- Currency chests at all surplus treasuries, and most deficit treasuries, *Bhupendra Nath Mitra* 4724
- Encashment of notes at, possible, *Meston* 9282-5
- Encashment of notes possible at, if coin sufficient, but not possible at sub-treasuries, and question of, *Bhupendra Nath Mitra* - - - - - 4741-9
- Holding of balances in, policy *re*, and statistics, *Abrahams* - - - - - 33, p. 1-2
- System, *Meston* - - - - - 9060
- Transactions, 1912-3, *Gauntlett* - p. 731, p. 732
- Transfer of balances to banks, no economy at first owing to guarantee, *Meston* - - - - - 9063-4
- Gold held in, 1901-2 to 1912-3, *Abrahams* - p. 85
- Minimum balance necessary for working (Westland), *Abrahams* - - - - - p. 42-4
- no Official reports showing actual daily and weekly transactions, *Bhupendra Nath Mitra* - - - - - 4444
- Reserve Treasuries, *see that title.*
- Statement showing average volume of transactions, *Gauntlett* - - - - - p. 734
- Statistics of balances held in, and of transactions, 1886-7 and 1887-8 (Westland), *Abrahams* - p. 45

SUB:

- no Currency chests as a rule, *Bhupendra Nath Mitra* - - - - - 4725
- Economically worked, *Dunbar* - - - - - 7979-83
- Encashment of notes at:
- Possible, *Sundara Iyer* - - - - - 8987-93
- not Possible, *Bhupendra Nath Mitra* 4741-9
- Possible, but more difficult than at district treasuries, *Meston* - - - - - 9282-5
- Extension of banking facilities in place of, desirable if practicable, *Barrow* - - - - - 3296-9
- Little money left in, as rule, as sums withdrawn to district treasuries when large, *Bhupendra Nath Mitra* - - - - - 4761
- probably Necessary, *Barrow* - - - - - 3168-74
- Principles on which amount of coin at, regulated, *Barrow* - - - - - 3223-32
- Total volume of transactions, 1912-3, by provinces, *Gauntlett* - - - - - p. 733
- Transactions for about a week in each province, *Gauntlett* - - - - - p. 735, p. 736, p. 737
- Transfer of balances between paper currency reserve and, *Bhupendra Nath Mitra* - 4321, 4329-32, 4446-50
- Transfers between, *Bhupendra Nath Mitra* 4521-5
- Working of system, *Gauntlett* - - - - - p. 728-40

Unfunded debt, *see under Debt.*

Union of London and Smith's Bank:

- Capital, business, &c., *Schuster* - - - - - 11,238
- Denial that transactions *re* purchase of silver in 1912 were made known to officials, *Schuster* 11,078

U.S.A.:

- Attitude *re* proposed own State bank, *Schuster* 11,018-21
- Demonetisation of silver, 1873, *Frewen* - - - - - 9573
- Monetary agreement with, suggestion, *Frewen* 9573-80, 9583-9
- Offer by, 1907, to open mints to free coinage of silver, if Indian mints opened, and refusal by Government of India, *Frewen* - - - - - 9522
- Sherman Act, repeal a result of closure of Indian mints, *Frewen* - - - - - 9519 (p. 31)
- Trade with Asia, effect of fall in exchange in 1908, *Frewen* - - - - - 9519 (p. 30)

Upper India Chamber of Commerce:

- Correspondence with Government of India, 1899, *re* relaxing restrictions on Presidency Banks, *Abrahams* - - - - - p. 358, p. 391-3
- Letter to Bengal Chamber of Commerce, 1890, *re* disastrous effect of locking up of balances in reserve treasuries, *Abrahams* - - - - - p. 393-4
- Letter from Bengal and North-Western Railway Company, April 1890 - - - - - p. 394
- Letters, 1904 and 1909, approving proposed increase of invested portion of paper currency reserve and suggesting Indian sterling loans, *Newmarch* p. 265, p. 283
- Representative, *see* Smith, Thomas - - - - - 8432-875
- Walker, Sir Edmund, evidence before Canadian Committee *re* gold currency - - - - - 1115-7

WEBB, The Hon. MONTAGU DE P., C.I.E., President of Karachi Chamber of Commerce 4956-6311, p. 550-70

BALANCES:**Amount:**

- 10,000,000L. formerly - - - - - 5075-8, 6031
- Maximum of 10,000,000L., 3,000,000L. in London and 7,000,000L. in India advocated 5064-85, 5096, 5309-12, 5452-6, 6032-5, p. 553-4, p. 554, p. 569

High:

- Causes - - - - - 4961-8, 4977-84, 5042
- serious Drain on resources of India p. 550-1, p. 554
- Increase from 31st March 1907 to 31st March 1913 - - - - - p. 550
- too Large and in excess of those held by any British Government in any part of the world p. 550, p. 554

in London:

- Expenditure of, and policy approved 5245-60, 5648, 5659-63

High:

- British prestige and influence in India injured by - - - - - p. 564
- Unnecessary, and criticism of policy 4961, 5018-22, 5041-8, p. 550
- Public confidence in official management of India's currency and finances weakened 6223-9, p. 564
- Statistics, 31st March 1908 to 31st March 1912, p. 551
- Reduction would be possible if Government stores were purchased and paid for in India and proposal approved - - - - - 5295-301
- Reduction by reducing taxation, budgeting for large deficits and suspending borrowing and investing in reproductive works, advocated 4969-76, 5048-52, 5581-3, p. 551

System of borrowing for reproductive capital works instead of using, and criticism of p. 553

Bank rate in London, high, question of effect on private remittances from India - - - - - 6184-203

Bombay Mint, opening of, to free coinage of gold, *see* Gold Mint in India below.

Budget year, change, advantage seen - - - - - 5189-93

WEBB, The Hon. MONTAGU DE P.—*continued.*

CENTRAL OR STATE BANK :

- no Advantage seen in 5097-9, 5286
 Advantages not considered to outweigh disadvantages 6121
 no Organic demand for, in India 5204
 Question whether money would be attracted from hoards 5287-8

COUNCIL BILLS AND TELEGRAPHIC TRANSFERS :

- Definition of Council bills 5611-20, p. 569
 Extension of system to Delhi and Karachi, advocated p. 557, p. 569

Sale :

- on Behalf of home charges, at uniform price of a shade below import point (1s. 4½d) advocated 5118-59, 5175-87
 Criticism of system 5457-82, 5545-50, p. 554-7
 Effect on exchange 5641-7
 in Excess of requirements :
 Interference of system with foreign exchanges 5639-40, p. 557
 Objection to 5100-15, 5155-9, 5302-4, 5457-8, 5653-9, p. 556
 Holding back of, in 1894 for certain rates, notification issued after, and result 5605-10
 not a Necessary factor of British Indian trade p. 564
 1893-8, mismanagement of 5903-8, p. 555
 below 1s. 4½d., 1898-9, criticism 5939-42, p. 555-6
 below 1s. 4d., objection to 5133, 5909-11
 1s. 4½d. should be minimum price 5261-74, p. 555, p. 556
 Regulation, policy advocated p. 558-7
 Restriction to sums required to meet home charges and purchase of silver for additions to token coinage advocated 5201-3, 5649-52, 5586, p. 569
 above and below Specie point, effect on trade, 5593-802
 below Specie point, objection to 5555, p. 564
 when Sum equivalent to home charges realised no more bills should be sold until proportion of sovereigns in currency exceeded public requirements 5160-73, p. 556
 Weekly auctions in London, approved while mints were open to free coinage of silver, but difference now * 5409-15, p. 555
 Currency, theory of evolution of different forms of 5860-79

DEPOSITS WITH BANKS IN LONDON :

- List of banks and amounts deposited 1912 p. 552
 Principle objected to 5058-60, p. 552

EXCHANGE :

- Crisis of 1907-8, action of Government in refusing to issue sovereigns criticised 5762, 5912-6
 Hampering of movements of capital to and from India owing to activities of Secretary of State in Exchange, and comparison with other countries 5416-28
 People afraid to invest in India owing to doubt as to stability of 6109
 Value of gold in circulation 5713-26, 5749-51, 5759-68, 6127-40, 5909-17

GOLD :

- in Bars might, in some circumstances, if containing a larger percentage of alloy than a sovereign, be imported cheaper than sovereigns 5831-8
 Earmarked for India, unearmarked and used on some occasions for other purposes at discretion of Secretary of State without reference to India 6064-73

GOLD CURRENCY :

- Attitude of Government re p. 557, p. 563-4
 if Circulating freely people will not be reluctant to part with 6257-65
 Desirable and reasons 5727-31, 5841-52, 5880-2, 6001-3, 6307-10
 Encouragement by Government advocated 5744-8, 5757-8, 5776-86, 6004-11, p. 568
 Essential to proper currency system 5708
 with Establishment of effective, gold standard reserve will be unnecessary 5305, 5752-6, 5802-10, 5835-8, 5874, 6039, 6127-40

WEBB, The Hon. MONTAGU DE P.—*continued.*GOLD CURRENCY—*continued.*

Increase :

- and Decrease in notes and silver would result in decrease of gold in paper currency reserve 6204-22, 6296-8
 Increase of gold in circulation and in paper currency reserve anticipated 6300-1
 Rupees not likely to fall to a discount, and no steps should be taken by Government to prevent 5821-2, 5839-40
 Rupees would be supplanted to certain extent only 5788-801, 6299, 6304
 Involving obligation to give gold for rupees not intended 5979-86, 5993
 Limit on amount of rupees that are legal tender will be possible in future 5997-6000
 Question as to existence in other countries 5972-8
 Reason for change of opinion regarding desirability of, during last 15 or 20 years 6306, 6311
 Recommendations of Indian Currency Committee re, and carrying out of, advocated 5316-22, 5970-1, p. 555, p. 556, p. 557-9
 Recommendations of Professor Dunning McLeod 5970-1, p. 555, p. 556
 Smaller coin not advocated to start with, but might be coined if found desirable by experience 5987-92

possible Tendency to hoard, in case of crisis

- 5812-26
 Use of, marks superior stage in civilisation to use of silver 6307-8

- Gold Currency (Standard) Reserve, abolition when sovereigns everywhere in circulation, and 30,000,000*l.* in gold held in paper currency reserve advocated p. 569

GOLD MINT IN INDIA :

- Advantages to be derived 5706-31
 History of discussion re, p. 557
 Money would be attracted from hoards in times of danger and emergency 5700-1
 Opening of Bombay Mint to free coinage of gold, advocated 5690-8, 5702-3, p. 557, p. 558, p. 568
 Produce of Indian mines would be tendered for coining 5694-9
 no Seignorage should be charged 5703-5
 Sovereigns, or coin identical with, in size, weight and fineness should be coined p. 557, p. 568
 Gold reserve, sufficient already to allow of Government discharging its obligations in gold, without taking from gold needed to maintain exchange 5740-3

GOLD STANDARD RESERVE :

- Amalgamation with Paper Currency Reserve, question as to possibility 6104-7, 6125-6
 Amount, 20 to 25 millions desirable 6039-40, 6155-6, 6249-52
 Criticism of system as wasteful 5827-38, p. 558
 Departures from recommendations of Indian Currency Committee p. 559-60
 Diversion of profits on coinage from, complained of p. 559

Form :

- Bulk should be in gold in India p. 560-1, p. 563, p. 569
 Criticism 6170-7
 Gold, amount too small, and whole amount preferred in gold 6041-5, 6289-94
 Securities :

- Contrary to recommendations of Indian Currency Committee p. 561
 probable Difficulty of realising 6234
 if Loss involved by sale, gold should be shipped from India, but if profit possible securities should be sold first 6277-81
 Objected to p. 559, p. 560
 7,000,000*l.* should be maximum p. 560, p. 569
 Silver, objected to 6104, p. 559, p. 560
 Intermingling of, with paper currency reserve, and Treasury balances at option of India Office complained of p. 559

Location :

- of Gold in London, objected to p. 560
 in India, advocated 6044-6, 6052-63, 6179-83, 6230-3

WEBB, The Hon. MONTAGU DE P.—*continued.*GOLD STANDARD RESERVE—*continued.*Location—*continued.*

in London, appropriation for needs of State
feared in state of crisis or panic - 6057-8,
6064-73, 6230-3, 6388

Object of, to provide gold in India if required
6047-51, 6199-203

Statutory regulations, desirable - 6122-4

Subsidiary branch in India (silver), transfer to
paper currency reserve in exchange for gold,
advocated - 6269-76, p. 560

Title of gold reserve preferred - 6038

Government of India, greater freedom of action
should be allowed to, in matters of local concern
p. 570

HOARDING OF GOLD:

Cash would come out of hoards in times of famine
6282-5

Explanation of nature of, and reason and decrease
anticipated as education advances and railways
constructed - 5786, 6306-7

INDIA OFFICE:

Finance Committee:

Constitution, suggestions 6112-20, 6253-6,
p. 569

every Indian Finance Minister retiring to be on,
in turn, would be advantageous - 6253-4

Presence of two London bankers and absence of
Indian or Anglo-Indian banker or experienced
European official of Indian Government
criticised - p. 568, p. 570

Financial Department and Financial Committee,
criticism of - 6113-5, p. 568

Financial organisation and procedure, criticism
p. 564-8

Interest, rates of, higher than in any other part of
the Empire - 5347-55

LENDING BY GOVERNMENT IN LONDON:

Borrowers practically given permanent loans at
rates payable for short term loans - 5447-51,
p. 552-3

Borrowings and repayments, since 1908 - p. 552

Criticism of system - p. 551-3

Interest, low rate of - 4985-7, p. 552

List of firms and amounts lent, 1912 - p. 551-2

Securities, India sterling bills as, case of
for Short periods, and longer periods advocated
4988-90, 5197-8

LENDING BY GOVERNMENT IN INDIA:

Advocated 4992-5001, 5008-10, 5053-7, 5371-80,
6093, p. 554, p. 569

Criticism - p. 565

Demand, question as to possible extent 5014-6,
5057

no Difficulty anticipated, and money available
would be limited if balances reduced - 5199,
5289-96

to Firms, should be possible - 5281-3

Objection that trade would count on, not agreed
with - 5017

Purposes - 5284-5

Question as to possible amount - 5359-80

Securities:

Nature of, suggestions - 5011-3, 5292-4

should be Required from private borrowers;
from banks should be dependent on circum-
stances - 5002-7

by Tender approved - 5200

LOANS, ISSUE BY GOVERNMENT IN INDIA:

Increase, possibility of - 5275-80, 6161-9

Issue of short term bearer bonds would be useful
5292-4

More could have been raised if price better
6165-9

LOANS, ISSUE BY GOVERNMENT IN LONDON:

should be Avoided as far as possible - p. 568

Borrowing of 3,000,000*l.* in London, 1912, criticism
5381-8, p. 553

Criticism - p. 565-6

Statistics, 1910-12, and comparison with balances
in hand and criticism of policy 5023-40, p. 553

WEBB, The Hon. MONTAGU DE P.—*continued.*

Mints, re-opening of, to free coinage of silver not
desired - 5415

Montagu, Sir Samuel, quoted re gold currency
p. 558-9

NOTES:

Advantages of - 5853-5

not Advocated as main currency for India in
present state of development - 5860, 5880
6309-10

not a Cheaper and better form of currency than
gold - 5730-1

Gold not a rival to, generally - 5855-60

Issues might be made to considerable extent in
times of national emergency without any
security but credit of Government 5064-71,
5205-16, 5389-92

System - p. 561

System approved - 6074-5

PAPER CURRENCY RESERVE:

Fiduciary portion:

Lending out of, in busy times, to Presidency
Banks, would be approved 6092-3, 6141-54,
6242-8, 6286-7

Proportion of whole issue instead of fixed amount
desirable - 6085-91

Securities should be invested in rupee securities,
not sterling - 6235-41

Holding of gold on behalf of reserve in London,
objection to - 6076-84, 6094-5

Investment, suggestions - p. 563

Location of reserve:
in India, advocated, and reasons - 6096-103,
p. 563, p. 569

in London:
Objection to, and criticism of arguments in
favour of - p. 561-3

with View to supporting exchange, criticism
p. 563

Presidency Banks, Government balances, increase
advocated - 5086-91, p. 554

Public debt of India, amount of - 5395-401

Quoted, *Ross* - 3621, p. 543-4

Railways, expenditure on capital works insufficient
5664-73, p. 553

Rate of exchange, making of, by Secretary of State,
and competitors undersold - 5627-38

Reserve treasuries, trade handicapped by system of
5092-5, p. 554

REVENUE, SURPLUS:
Question as to reasonable amount - 5326

Sources - 5217-36

Statistics, 31st March 1910 to 31st March 1913
p. 550

should be Utilised in India, on reproductive works,
instead of being transmitted to London 5061-3,
p. 553

RUPES:
Coinage:
Effect of redundancy of currency on prices
5429-46, 5883-90

Profit:
should be Kept apart in gold carried to special
gold reserve - p. 568

Temptation to issue token coinage excessively
with view to, must be avoided - 6160

no Fresh rupees should be coined beyond those
required to replace wear and tear till gold in
circulation in excess of requirements of public
5732-43, p. 568

Issue of, in exchange for sovereigns, insufficiency
of rupees on occasions - 5570-7

Obtainable in large quantities only by purchase of
Council Bills - 5570-80

no Redundancy at present - 5919-30

SILVER, PURCHASE OF:
Criticism of proceedings - p. 565

Payment by Council Bills:
Drafts sold at below specie point to finance
p. 562

Objection to, 1912 - 5587

Satisfactory on some occasions - 5587

Total currency increased by - 5588-92

Regular purchases advocated - 6012-30, p. 562

- WEBB, The Hon. MONTAGU DE P.—continued.**
 Sovereigns, number in circulation . . . 5769-75
 Taxation, India heavily taxed from point of view of individual incomes, but lightly from point of view of size of country . . . 5330-46
 Trade, balance in favour of India . . . 5266, 5271
 Treasuries, balances in, too large . . . 5313-5
- Westland, Sir James, K.C.S.I.:**
 Minute, 1898-9, quoted, *Newmarch* . . . 1931
 Notes on the management of Government balances, *Abrahams* . . . p. 42-7, p. 53-7
 Proceedings of interview 11th January 1899 between deputation from Bengal Chamber of Commerce and, re management of Government balances, *Abrahams* . . . p. 58-62
- WILSON, Sir Guy D. A. FLEETWOOD, G.C.I.E., K.C.B., K.C.M.G.—continued.**
 Financial Administration in India, growth of criticism in India and importance of . . . 11,458
- GOLD MINT:**
 Amount of coining would be small . . . 11,425
 Bullion, gold ornaments, &c. would be attracted from hoards under certain conditions . . . 11,425
 Coinage of Indian sovereign or 10-rupee piece, question of . . . 11,425, 11,426, 11,428-30, 11,473
 strong Desire for, among Indians . . . 11,425-6
 Representative of English Mint might be present at tests, but no further control desirable . . . 11,426, 11,431-4
 10 Rupee piece would not compete with 10 rupee note, but rather strengthen . . . 11,430
 Hoards, nature of . . . 11,425
- INDIA OFFICE:**
 Finance Department, relations with Finance branch in India, change necessary, and suggestion . . . 11,439, 11,447-56, 11,467-72, 11,474-93
 Secretary of State's Council, Finance Member, suggestions re . . . 11,449, 11,468-70, 11,489-93
- LOANS, ISSUE OF, BY GOVERNMENT IN INDIA:**
 Increase of, and decrease of borrowing in England preferable . . . 11,438
 personal Policy re . . . 11,438
 Possibility of increasing . . . 11,435-8
 Mint, satisfactory work done by . . . 11,426-7
- NOTES:**
 Forgery, possibility of, and improvement of notes desirable . . . 11,446
 Gold should be given for, when convenient . . . 11,444-6
 Popularity of, with Indians . . . 11,440
 Universalisation:
 of Higher denominations up to 500 rupees desired . . . 11,440-6
 Proceedings with regard to, up to present date . . . 11,440
- Wilson, James, speech introducing Bill for establishment of paper currency in India, 3rd March 1860, *Newmarch* . . . 1639-44, p. 294-309**
- BUDGET YEAR:**
 Change to January to December year advocated . . . 11,465
 Inconvenience of present year . . . 11,465
- CENTRAL BANK:**
 no Advantage would be derived, and position of Finance Minister would be nearly untenable with . . . 11,439
 Area difficulty . . . 11,439
 Headquarters, Delhi the only possible place . . . 11,439
 Impossibility of . . . 11,439
 would be Out of touch with work of Indian Finance Department and London markets . . . 11,439
- COUNCIL BILLS:**
 Sale in excess of requirements should be kept within moderate limits, but no definite rule advocated . . . 11,466
 System popular in Calcutta . . . 11,466
 Finance Department in India, Secretary, position of . . . 11,452-4
- FINANCE MINISTER IN INDIA:**
 Difficulty of position owing to being debarred from demi-official communication with India Office and suggested improvement . . . 11,449-56, 11,464, 11,467-72, 11,474-93
 Position as regards issue of loans in England, &c. . . 11,459-64

12

ROYAL COMMISSION ON INDIAN FINANCE AND CURRENCY.

222/100
..

FINAL REPORT

OF

THE COMMISSIONERS.

2

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



LONDON :

PRINTED UNDER THE AUTHORITY OF HIS MAJESTY'S STATIONERY OFFICE
By EYRE AND SPOTTISWOODE, LTD., EAST HARDING STREET, E.C.,
PRINTERS TO THE KING'S MOST EXCELLENT MAJESTY.

To be purchased, either directly or through any Bookseller, from
WYMAN AND SONS, LTD., 29, BREAMS BUILDINGS, FETTER LANE, E.C., and
28, ABINGDON STREET, S.W., and 54, ST. MARY STREET, CARDIFF; or
H.M. STATIONERY OFFICE (SCOTTISH BRANCH), 23, FORTH STREET, EDINBURGH; or
E. PONSONBY, LTD., 116, GRAFTON STREET, DUBLIN;
or from the Agencies in the British Colonies and Dependencies,
the United States of America, the Continent of Europe and Abroad of
T. FISHER UNWIN, LONDON, W.C.

1914.

Price 9d.

[Cd. 7236.]

THE ROYAL COMMISSION.

GEORGE, R.I.

GEORGE THE FIFTH, by the Grace of God, of the United Kingdom of Great Britain and Ireland and of the British Dominions beyond the Seas, King, Defender of the Faith, Emperor of India, to

Our Right Trusty and Well-beloved Counsellor Joseph Austen Chamberlain;

Our Right Trusty and Well-beloved Edmund Beckett, Baron Faber;

Our Right Trusty and Well-beloved Arthur, Baron Kilbracken, Knight Grand Cross of Our Most Honourable Order of the Bath; and

Our Trusty and Well-beloved:—

Sir ROBERT CHALMERS, Knight Commander of Our Most Honourable Order of the Bath, Permanent Secretary to the Treasury;

Sir ERNEST CABLE, Knight, formerly President of the Bengal Chamber of Commerce;

Sir SHAPURJI BURJORJI BROACHA, Knight, formerly Sheriff of Bombay.

Sir JAMES BEGBIE, Knight, Secretary and Treasurer of the Bank of Bombay.

ROBERT WOODBURN GILLAN, Esquire, Companion of Our Most Exalted Order of the Star of India, Secretary to the Government of India in the Finance Department;

HENRY NEVILLE GLADSTONE, Esquire; and

JOHN MAYNARD KEYNES, Esquire, Fellow of King's College in Our University of Cambridge, and Lecturer in Economics,

Greeting!

Whereas We have deemed it expedient that a Commission should forthwith issue

To inquire into the location and management of the general balances of the Government of India; the sale in London of Council Bills and Transfers; the measures taken by the Indian Government and the Secretary of State for India in Council to maintain the exchange value of the rupee in pursuance of or supplementary to the recommendations of the Indian Currency Committee of 1898, more particularly with regard to the location, disposition, and employment of the Gold Standard and Paper Currency Reserves; and whether the existing practice in these matters is conducive to the interests of India; also to report as to the suitability of the financial organisation and procedure of the India Office; and to make recommendations:

Now know ye, that We, reposing great trust and confidence in your knowledge and ability, have authorised and appointed, and do by these Presents authorise and appoint you, the said Joseph Austen Chamberlain (Chairman); Edmund Beckett, Baron Faber; Arthur, Baron Kilbracken; Sir Robert Chalmers; Sir Ernest Cable; Sir Shapurji Burjorji Broacha; Sir James Begbie; Robert Woodburn Gillan; Henry Neville Gladstone and John Maynard Keynes to be Our Commissioners for the purposes of the said enquiry.

And for the better effecting the purposes of this Our Commission, We do by these Presents give and grant unto you, or any three or more of you, full power, at any place in Our said United Kingdom of Great Britain and Ireland, to call before you such persons as you shall judge likely to afford you any information upon the subject of this Our Commission; and also to call for, have access to and examine all such books, documents, registers and records as may afford you the fullest information on the subject, and to inquire of and concerning the premises by all other lawful ways and means whatsoever.

And We do by these Presents authorise and empower you, or any three or more of you, to visit and personally inspect such places as you may deem it expedient so to inspect for the more effectual carrying out of the purposes aforesaid.

And We do by these Presents will and ordain that this Our Commission shall continue in full force and virtue, and that you, Our said Commissioners, or any three or more of you, may from time to time proceed in the execution thereof and of every matter and thing therein contained, although the same be not continued from time to time by adjournment.

And We do further ordain that you, or any three or more of you, have liberty to report your proceedings under this Our Commission from time to time, if you shall judge it expedient so to do.

And Our further will and pleasure is that you, with as little delay as possible, report to Us under your hands and seals, or under the hands and seals of any three or more of you, your opinion upon the matters herein submitted for your consideration.

Given at Our Court of St. James's, the seventeenth day of April,
one thousand nine hundred and thirteen, in the third year of
Our Reign.

By His Majesty's Command,
R. McKENNA.

Indian Currency and Finance.
Royal Commission of Inquiry.

CONTENTS.

| | Paragraphs. | Pages. |
|---|-------------|--------|
| I. INTRODUCTORY - - - - - | 1-11 | 5-7 |
| II. INDIAN CURRENCY SYSTEM - - - - - | 12-118 | 7-29 |
| (1) History since 1893 - - - - - | 12-43 | 7-13 |
| (2) Indian Currency System as it exists at present - - - - - | 44-52 | 13-15 |
| (3) Gold Currency in India :— | 53-76 | 15-20 |
| (a) Gold in Internal circulation - - - - - | 53-68 | 15-19 |
| (b) Proposed Gold Mint for India - - - - - | 69-73 | 19, 20 |
| (c) Conclusions - - - - - | 74-76 | 20 |
| (4) Gold Standard Reserve - - - - - | 77-101 | 20-25 |
| (5) Paper Currency - - - - - | 102-118 | 25-29 |
| III. BALANCES - - - - - | 119-204 | 30-49 |
| (1) Aggregate balances - - - - - | 119-129 | 30-32 |
| (2) Location of balances - - - - - | 130-133 | 32, 33 |
| (3) Balances in India - - - - - | 134-169 | 33-41 |
| (4) Sale of Council Drafts :— | 170-186 | 41-45 |
| (a) History - - - - - | 170-176 | 41, 42 |
| (b) Management - - - - - | 177-186 | 43-45 |
| (5) India Office balance - - - - - | 187-192 | 45, 46 |
| (6) Lending out of India Office balance in London - - - - - | 193-204 | 46-49 |
| IV. FINANCIAL ORGANISATION AND PROCEDURE - - - - - | 205-216 | 49-51 |
| V. STATE OR CENTRAL BANK - - - - - | 217-222 | 52, 53 |
| VI. SUMMARY OF CONCLUSIONS - - - - - | 223 | 53-56 |
| ANNEXE TO REPORT—Memorandum on proposals for a State Bank - - - - - | | 57-87 |
| NOTE BY SIR JAMES BEGGIE - - - - - | | 88-91 |

ROYAL COMMISSION ON INDIAN FINANCE AND CURRENCY.

2-25-14

APPENDICES TO THE FINAL REPORT

OF

THE COMMISSIONERS.

(4)
R.P.

(THIRD VOLUME OF APPENDICES).

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



LONDON :

PRINTED UNDER THE AUTHORITY OF HIS MAJESTY'S STATIONERY OFFICE
BY EYRE AND SPOTTISWOODE, LTD., EAST HARDING STREET, E.C.
PRINTERS TO THE KING'S MOST EXCELLENT MAJESTY.

To be purchased, either directly or through any Bookseller, from
WYMAN AND SONS, LTD., 29, BREAMS BUILDINGS, FETTER LANE, E.C., and
28, ABINGDON STREET, S.W., and 54, ST. MARY STREET, CARDIFF; or
H.M. STATIONERY OFFICE (SCOTTISH BRANCH), 23, FORTH STREET, EDINBURGH; or
E. PONSONBY, LTD., 116, GRAFTON STREET, DUBLIN;
or from the Agencies in the British Colonies and Dependencies,
the United States of America, the Continent of Europe and Abroad of
T. FISHER UNWIN, LONDON, W.C.

1914.

[Cd. 7238.]

Price 1s. 2d.

APPENDICES TO THE FINAL REPORT.

CONTENTS.

| | PAGE |
|---|------|
| XXX.—Statement of Evidence submitted by Mr. Vidya Nagar Pandya, Secretary of the Indian Bank, Ltd., Madras | 635 |
| XXXI.—Statement of Evidence submitted by Mr. Stanley Reel, LL.D., Editor of "The Times of India," Bombay | 662 |
| XXXII.—Statement of Evidence submitted by Mr. Laurence Currie, Member of the Indian Council and of its Finance Committee | 669 |
| XXXIII.—Statement of Evidence on the Indian gold problem, and the various matters connected with Indian Currency and Finance, submitted by Mr. Dadiba Merwanjee Dalal, Senior Partner, Messrs. Merwanjee and Sons, Stock, Bullion, Exchange and Finance Brokers, Bombay | 670 |
| XXXIV.—Memorandum on the Financial organisation and procedure of the India Office, submitted by Mr. L. Abrahams, C.B., Assistant Under Secretary of State for India | 687 |
| XXXV.—Memorandum on the Constitution, Powers and Duties of the Secretary of State in Council and his establishment, submitted by Sir T. W. Holderness, K.C.S.I., Under Secretary of State for India | 692 |
| XXXVI.—Memorandum submitted by Mr. L. R. Windham Forrest, a former Chairman of the Bombay Chamber of Commerce and of the Bank of Bombay | 698 |
| XXXVII.—Letter from the Government of India to the Secretary of State for India and Telegram in reply regarding the desirability of making some part of the Indian cash balances more readily available for the purposes of trade | 701 |
| XXXVIII.—Letter from the Punjab Chamber of Commerce to the Secretary of the Commission, forwarding views and opinions expressed by the Chamber from its formation in 1905 to the present time on matters affecting Indian Finance and Currency | 706 |
| XXXIX.—Letter from Sir Sassoon David, Bart., Millowner, Bombay, to the Secretary of the Commission, forwarding a statement of his views on the questions referred to the Commission | 715 |
| XL.—Statement submitted by Sir V. D. Thackersey, Millowner, Bombay, explaining his views on the questions referred to the Commission | 717 |
| XLI.—Two Letters from Mr. W. B. Hunter, Secretary and Treasurer of the Bank of Madras, to the Secretary of the Commission, in correction (1) of an error in Appendix I. to the Interim Report [Cd. 7070], (2) of answers to Questions 8898, 8968 and 8972 in the First Volume of the Minutes of Evidence [Cd. 7069] | 721 |
| XLII.—Statement of Government balances held by the Presidency Banks handed in by Mr. Bhupendra Nath Mitra, C.I.E., Assistant Secretary to the Government of India in the Finance Department, with reference to Q. 4501 in the First Volume of the Minutes of Evidence [Cd. 7069] | 723 |
| XLIII.—Statements received from the three Presidency Banks showing in percentages the proportion borne by rupees, notes, and gold to their total cash receipts and disbursements | 724 |
| XLIV.—Correspondence with Mr. Gopal Krishna Gokhale, C.I.E., a former Member of the Viceroy's Legislative Council, regarding the Submission by him to the Commission of a Statement of his Views on the Subjects referred to the Commission for consideration | 727 |
| XLV.—Statements supplied by the Government of India showing the Working of their Treasury System, together with two Prefatory Notes by Mr. M. F. Gauntlett, I.C.S., Comptroller and Auditor General (with reference to Q. 4760, page 213, Cd. 7069) | 728 |
| XLVI.—Papers relating to the Receipt by the Government of India of Gold other than British Gold Coin, handed in by Mr. L. Abrahams, C.B., Assistant Under Secretary of State for India | 741 |
| XLVII.—Note on some features in the Indian Trade and Currency figures for the first 10 months of the year 1913, handed in by Mr. F. W. Newmarch, C.S.I., Financial Secretary at the India Office | 759 |
| XLVIII.—Letter from the late Mr. Chunilal D. Saraiya, late Managing Director of the Indian Specie Bank, to the Secretary of the Commission, explaining his views on the questions referred to the Commission | 763 |

ROYAL COMMISSION ON INDIAN FINANCE.

APPENDICES TO THE FINAL REPORT.

APPENDIX XXX.

STATEMENT OF EVIDENCE SUBMITTED BY MR. VIDYA SAGAR PANDYA,
SECRETARY OF THE INDIAN BANK, LTD., MADRAS.

THE LOCATION AND MANAGEMENT OF THE GENERAL BALANCES OF THE GOVERNMENT OF INDIA.

1. *Introductory.*—A comparative statement of balances (see *Statement I.*) of the Government of India ought to enable any student of Economics to judge that—

- (a) They have been keeping larger balances than they can manage with, and that the large increase in recent years, both in India and England, has been quite disproportionate to the growth of their own transactions.
- (b) Comparing the distribution of balances in England and India it is evident that the balances in England have been greater than in India.
- (c) On the other hand, in view of the large reserves with the Secretary of State for India, his balances ought to have been smaller.
- (d) Notwithstanding these inflated balances floating debts were renewed and fresh loans were issued often in advance of the time when the money was actually required.
- (e) This has involved the payment of interest at a higher rate on the debt, while the balances have only been earning a comparatively low rate of interest.

All this could be avoided by the exercise of greater vigilance.

USE OF BALANCES.

2. *Balances, how used in the past.*—The Secretary of State for India has been—

- (a) Lending these balances against securities at a low rate of interest in England and not in India; and
- (b) Placing the cash balances with private banks (in England) out of India without any securities.

3. The balances of the Government of India ought not to be allowed to swell or to be used for investments abroad to earn interest. They should be kept as low as possible, consistent with safety. Enormous budget surpluses are wrong and wasteful.

The current balances should be kept in India until required for the purposes of the Government and in order to make money easy when the Indian market most requires it.

4. *How and when to be used hereafter.*—They ought to be lent in India against approved securities, not only to the Presidency Banks but to all other banks of standing.

At present the Presidency Banks get a certain portion of Government balances free of interest and the Exchange Banks get deposits at interest in London. It is the Indian Banking Institutions who do not get any portion of Indian public money.

5. The Presidency Banks should, in common with other banks, be required to lodge approved securities, if they require any larger sums than the

ordinary balances provided for under the present arrangement with the Government.

6. With a view to encourage banking facilities at places where there are no branches of any Presidency Bank the Government ought to keep a minimum balance with any other approved bank, which offers securities to guarantee Government accounts, for a reasonable period. This is a concession the Presidency Banks now get without any securities.

7. The Presidency Banks are interested in keeping high rates so as to earn dividends for their shareholders, and they would not avail themselves of the facilities for getting monies at the bank rate from the Government; but advances to other banks of some standing in India will reduce the rate of discount and prevent the Presidency Banks raising their official rate.

8. The advances can easily be made in India as the Government balances rise from December to March and the money is particularly required for trade purposes at about that time. The balances begin to fall from about April to November when they are at about the minimum. The trade requirements decrease during this period and thus about the time when the Government balances run low the banks can repay the advances which the Government may then require.

9. *How to further ease the money market during the tight season.*—Even if the Government Treasury balances are insufficient to allow advances being made on the deposit of Government securities the Government might undertake to make these advances in the form of currency notes at a reasonable rate of interest and on such terms (as to amount and period) as may be considered necessary by way of precaution, holding the approved securities temporarily as a part of the Paper Currency Reserve. This would keep down the bank rate and relieve the temporary pressure on the money market without locking up the Paper Currency Reserve in fixed securities or disturbing the specie (gold) holdings. In this way the currency will also become more elastic.

10. *Easing the London money market.*—There is the further question of easing the London money market in order to finance Indian trade.

The resources of the London money market are so great that they do not stand in need of Government of India balances. Of course they would welcome money from any quarter. The London money market would easily adjust itself if the balances were withdrawn. Any withdrawal of balances "is a mere ripple on the surface of commercial London but the same transaction dominates the whole condition of money in India." The Indian revenues should not be utilised for the purposes of the London money market. Nor would the Indian export market be substantially affected by the withdrawal of the Indian balances from London. The trade conditions would improve by the utilisation of the balances in India more than by lending them in the London market. The London market does not employ the money for Indian trade only.

By making the balances available in India, Indian trade would be directly benefitted, whereas the results of the other method are very indirect and doubtful.

11. *Control of balances.*—The despatch from the Secretary of State (Lord Salisbury) to Government of India, No. 225, dated 6th May 1875 in paragraph 17, contains the following passage:—

"It will be competent for the Financial Department either to retain it (the money) in the Treasury or to lend it for short terms under suitable conditions as to interest and security."

Again, the Secretary of State for India in his despatch No. 87 (Financial), dated May 1899, confirms the above as under:—

"I am not sure that I understand the reason why your Government solicit my sanction to such an arrangement. The management of cash balances in India is entirely within your discretion. When it was proposed to institute a Reserve Treasury in order to guard against the risk of public inconvenience on the occurrence of an emergency, the Marquis of Salisbury in his despatch of 6th May 1875, No. 225, though not approving precisely of

the suggestions laid before him, left the matter in the hands of the Government of India, observing that it would be competent for the Financial Department either to retain the money so reserved in the Treasury or to lend it for short terms under suitable conditions as to interest and security."

(a) In view of these pronouncements it is amusing to see the Government of India retaining the money in their Treasuries and the Secretary of State lending it (not for "short terms under suitable conditions as to interest and security" as laid down by him) for long periods on a low rate of interest, and even without security.

(b) The Secretary of State when he incurs any liabilities for India does not pledge the Imperial credit. The Government of India bears all the responsibility; but all the balances of India are used by the Empire generally, India only excepted.

The Secretary of State for India is at present too largely dominated by the influence of the great financial interests in England.

(c) There should be some kind of financial autonomy in the management and location of the general balances and the reserves of the Government of India. India should be treated in this respect in the same way as the self-governing Dominions, such as Canada and Australia. The Government of India should be allowed to employ the balances in India.

(d) With a view to promoting the general financial interests of India it may be desirable to appoint a representative advisory board or committee to assist the Government in the profitable utilisation of the funds at their disposal.

GOLD STANDARD WITH GOLD CURRENCY OR EXCHANGE STANDARD WITHOUT GOLD CURRENCY.

12. Originally the goal of Indian currency policy was a gold standard with a gold currency. This policy was inaugurated in 1893 by the closing of the mints to the free coinage of silver and developed in 1899 "to give effect to the recommendations contained in the report of the Indian Currency Committee of 1898 which were endorsed by the Secretary of State and generally accepted by the Government of India." These recommendations include :--

- (1) Making the British sovereign a legal tender and a current coin, and
- (2) Throwing open the Indian mints to the unrestricted coinage of gold.

In 1899 "the measure of transcendent importance before the Government was to place the currency of India on a gold basis and stable exchange." (Honourable Mr. Clinton Dawkins, September 1899), and "To provide for actual striking of gold coinage at an Indian mint was really a corollary." He further said, "no other measure would save India from embarrassment." The Secretary of State for India was so thoroughly convinced of the necessity of introducing and popularising gold coins, that in a despatch, dated 24th May 1900, he remarked: "To make the use of gold coins more popular and especially among the class of people for whom a coin valued at Rs. 15 is an unduly large unit, it may be desirable for your Government to coin gold pieces of three or five rupees at the Calcutta Mint which should be made legal tender, but would be issued altogether irrespectively of the branch of the Royal Mint at Bombay." The Government of India in their letter, dated 4th May 1907, in reply to the Chamber of Commerce, Bombay, said: "They had never concealed from themselves the inconvenience attending a gold standard which is not accompanied by an effective gold circulation, and they are in full accord with the view that a more general use of gold among the people would simplify the task of directing a managed currency."

Again, we had the statutory fixing of the value of the rupee at 16 pence, and the sovereign was made a legal tender for payment or on account, doubtless with the intention of encouraging the importation of sovereigns. Rupees issued for sovereigns, however, are not re-exchangeable.

13. On the other hand, the Secretary of State commenced unlimited sales of Council Bills and Transfers at rates below gold import point

and doubtless checked the importations of sovereigns from London. The measures for opening the mints to the free coinage of gold have not been put into practice. The machinery which was said to have been ordered from England in 1899 to strike gold coins never reached India. The Secretary of State lent his ears to the technical objections raised by the Treasury and dropped the matter.

In 1912 the Financial Member, when speaking on the resolution of the Honourable Sir Vithaldas B. Thackersey entertained the Council with arguments against the opening of Indian mints to the free coinage of gold. They were numerous but were suitably classified into three sets of objections, namely:—

- (1) That a gold coinage is unnecessary;
- (2) That it would be ineffective in support of exchange; and
- (3) That it would be wasteful or even harmful.

14. From the above it is difficult to understand the attitude of the Secretary of State for India in this matter. One may reasonably assume that two opposing influences have been at work, i.e., one to give India a gold standard and currency, the other to give her a gold exchange standard only without a gold currency. The latter modification has been imposed upon the former scheme with the following results:—

- (a) We find that the credit of India is no better in the estimation of the London money market.
- (b) The elaborate safe-guards to ensure convertibility of the rupee into sovereigns even in London are dependent upon the balance of trade in favour of India and the accumulated reserve of gold.
- (c) Instead of gold currency there have been issues of token rupees; and
- (d) The burden of Government in supporting the artificial relationship becomes greater every day.

Conclusions on the Foregoing.

15. In my opinion—

- (a) Council Bills and Transfers ought not to be sold which in any way stop the import of gold into India. Gold should be allowed and even encouraged to come freely into India and every effort made to keep it in the country when it arrives.
- (b) The rupee, as a token coin, should not be issued to an unlimited extent, and the circulation of the artificial rupee ought not to be allowed to expand.
- (c) All devices or contrivances to prop up an artificial position are insecure.
- (d) Government ought to take serious steps to put gold into circulation to replace the fictitious rupee as effectively as possible.
- (e) There is advantage even in forcing gold into active circulation as it—
 1. Tends to limit the liability of the Government to the public.
 2. Automatically supports sterling exchange.
 3. Removes the necessity for larger reserves.

16. No Government has any right to give only nine pennyworth of silver for sixteen pence and to hold the other seven pence without any legal obligation to give gold in exchange for the rupee.

How the Secretary of State's requirements for Home charges can be met.— So long as the balance of trade is in favour of India to an extent larger than the requirements of the Secretary of State for India exchange cannot fall below the fixed standard. The difficulty might arise when the balance of trade goes against India, but if the gold reserves in India are sufficiently strengthened the amount of gold required for payment can be met out of such reserves during these special years.

The maintenance of reserves in India undoubtedly adds to the strength of the position of the Government of India, but the maintenance of such reserves in England instead of India cannot give any addition to this strength.

If the reserves were maintained in India they would be available to meet the demands for remittance to England.

If necessary for the present temporary gold loans might be raised in London to meet any extraordinary demands. Gold loans can be paid back out of the accumulation of gold in normal years.

The Government need not undertake the duty to lay down gold at its destination when exported for payment of balance of trade. This business may be left to the Exchange Banks.

GOLD.

18. Prices are alleged to have risen owing to the increase of production of gold in the world's mines.

All other countries are absorbing more gold and there is no reason why India should be grudged its share of the absorption (*see* Statement U.). Considering the population of India, the per capita amount of gold held in India is much smaller than that held in other countries, and if India is rich enough to absorb its share of gold now why should other countries object when they are not restricting their own absorption? Even disregarding the growth of gold for banking reserves, the use of gold for arts, &c., in other countries is much larger than in India (*see* Statement III.), if the population is taken into consideration. Government having adopted the gold standard ought not to consider that the circulation of gold as currency is objectionable.

A gold standard cannot be considered to have been established in India until it is supported by a gold currency.

It ought not to be detrimental to the interest of England as the gold would not be attracted from England but from the world's mines, though it may come through England, as the extra balance of trade of India is from countries other than the United Kingdom.

Extra gold received should be put into circulation and this will attract more gold. If extra gold is attracted it is bound to get into circulation gradually after the demand for so-called hoarding is satiated.

With the free mintage and gold currency India may one day hope to become the banking centre of Asia, and in that case the balances of trade of countries in Asia with countries in other continents will be settled through India.

GOLD AND GOLD NOTES.

19. Circulation of gold and gold notes can be attained by the following means among others:—

I. By the introduction of Universal Currency Notes redeemable only in gold, and by the gradual conversion of the present Rupee Currency Notes into Gold Notes through the accumulation of sufficient gold reserves. They will be popular only if the gold reserves are held in India. This will centralise the reserve of gold and effect economy in the circulation medium with the concurrent circulation of gold.

These new Universal Gold Notes may be of the denomination of a sovereign and fractions of a sovereign. A promise on the notes would be to pay a sovereign on one or the number of these required to make up one sovereign. Transactions in India being very small the necessity of having smaller coins than a sovereign has been repeatedly urged in various quarters. On the other hand objection is taken to small gold coins of less than half a sovereign as being not convenient to handle, but Gold Notes for these small denominations will take their place.

II. Gold should be issued more freely to the public not only from the Presidency Towns but also from the District Treasuries. Post Offices and Presidency Banks branches should be instructed to exchange rupees for gold. The Comptroller-General does not allow the issue of more than a limited number of sovereigns a day at the Presidency Currency Office to a single bank. Thus the gold reserve will be more evenly distributed

throughout the country than by being locked up in the Currency Offices of the Presidency towns from whence it can find its way in very small quantities.

The people should be assured that they will suffer no loss in converting gold coin into rupees.

It is said that sovereigns can be obtained on demand for rupees at the Indian Treasuries to-day. The public do not know this, nor have they any legal claim on the Treasuries or elsewhere for such conversion.

Mr. Lionel Abrahams, Assistant Under Secretary of State, in his Memorandum on General Balances says—

“It will be noticed that in each year (that is from 1909–10 to 1912–13) the importation of sovereigns exceeded the absorption by the public, and that at the end of each year there has been a substantial amount held by the Government at the disposal of the public to be exchanged for rupees.” (Cd. 7070, page 21.)

In “Capital,” dated 27th May 1909, we read :—

“The Accountant-General, United Provinces, has informed all Treasury Officers and Agents of the Bank of Bengal in the Provinces that as sovereigns and half sovereigns are not available at present, no application for supply of the coins should be submitted until further notice.”

I have not been able to trace the further notice referred to in the above.

On the 25th January 1910 the Indian Bank Limited, Madras, wanted only 500 sovereigns from the Accountant-General, Madras, who replied that “sovereigns are issued to the public at not more than 100*l.* a day to each applicant.”

This was how the bank was treated in the matter, and I am told that individual applicants were induced to accept doles of 3 to 5 sovereigns each.

The correspondence in connection with the same is appended herewith. See Statement IV.

The Bank of Madras shows in its weekly statement the number of sovereigns in stock. The applicants for sovereigns at the head office were informed that the bulk of the stock of sovereigns was held at one of the important branches, and the important branch would in its turn announce that the same was held at the head office. Even now the issue of sovereigns to the public for more than 10,000*l.* to a single party on one day requires the sanction of the Comptroller-General to whom “the purpose for which the gold is asked for has to be reported.”

III. Gold Universal Currency Notes must be encashable in gold at all the central places where Reserve Currency Agencies might be established in charge of District Treasury Officers.

To whatever extent these gold notes may circulate they would take the place of rupees and therefore they would tend to check the demand for rupees.

What affects the use of notes both for local and remittance purposes is the excessive desire to convert them into coin, but as encashment is rendered easier the desire for conversion lessens.

IV. All payments in excess of a certain amount, say Rs. 150, should be made only in gold, the payee being given the option of demanding payment in rupees or gold notes.

“Government must prevail upon the people to accept the gold, and to encourage them to do so it should be offered to them in the form most suitable to their needs. Gold must be helped and nursed into circulation by the influence of the Government Official.”

V. By opening the mints to the free coinage of gold sovereigns in India.

(a) “Gold can be attracted profitably from Africa to pay the balance due to India from London (as the freight, insurance and time in transit from African mines to Bombay compare favourably with charges and time in transit from mines to London) if, in exchange for the raw gold, currency can be obtained as quickly and economically as in London.”

(b) Gold produced in India will not go out if a free mint be established in India.

As Sir Clinton Dawkins said in 1900—

The Government of India will have the satisfaction that “they have been able to assist the Indian gold mining industry by saving it the freight and charges incidental to the transmission of its gold to London.”

(c) Recoining of old coins can be done more economically, thus saving time, charges and interest.

HOARDING.

20. Both Government officials and Anglo-Indian writers have very exaggerated notions about India's hoarded wealth and “the ingrained hereditary custom of hoarding among natives.” It may be true that the Indian is not so enterprising as the European and does not make the best use of his money for his country at present, but this is due to—

- (1) Deep feelings of distrust and suspicion owing to the unsettled and disturbed political state of India for so many centuries.
- (2) He is obliged to keep a larger cash balance through utter lack of banking facilities of deposit and remittance.
- (3) Similarly he holds his money in his own possession in lieu of safer and more tempting investments. He has no financial organisations to advise him in the choice of his investments.
- (4) Because the bulk of population still remains quite uneducated.

This feature of hoarding is transient and is disappearing gradually (*see* Statement V. of some of the Investments in India), and must die out with education and general awakening. The remedy does not lie in denying gold to India, but in taking steps to educate her to make the best use of it. That is the proper and permanent remedy.

In Statement VI. will be found some extracts from “Capital,” dated June 25th, 1908, in this connection.

Sovereigns.—Again inferior coins, if numerous enough, will always drive out superior coins from circulation, therefore an Indian need not be blamed if he prefers to retain sovereigns.

THE LOCATION, DISPOSITION, AND EMPLOYMENT OF THE GOLD STANDARD AND PAPER CURRENCY RESERVES.

21. The maintenance of reserves in India will engender confidence, and will enable gold coin and gold notes to circulate. Gold coins do not circulate because they are not available to any substantial extent after the requirements of hoarders have been met. Rupees were largely hoarded, but in spite of this they circulated as currency because the total amount available was sufficient to meet both purposes. The purposes for which the gold reserves in England obtained by the unlimited sales of Council bills have been utilised are—

- (1) For the purchase of silver.
- (2) Meeting bills drawn from India to meet an unfavourable balance of trade without a fall in exchange; and
- (3) In exceptional years to “supplement temporarily the resources in London of the Secretary of State for India at times when he is unable to sell Council bills except below specie exporting point.”*

The amount required for purchase of silver should be drawn when the necessity for rupees or the purchase of silver for it actually arises, and it ought not to accumulate in anticipation. For the other purposes the maintenance of reserves in India would make no difference as mentioned already.

To facilitate the establishment of a gold currency in India the Gold Standard Reserve should be kept wholly in gold, and no portion invested. No further portion of paper currency should be invested as the currency reserve in gold will help towards the establishment of gold currency.

22. The keeping of reserves in gold in India is essential for the following further reasons:—

- (1) In case of political troubles or war against England or commercial crisis in England there would be great difficulty in getting gold and in selling securities.

* Cd. 7070, Section II., page 88.

- (2) When, added to the above, there is commercial crisis in India also (because trade is so sympathetic), and especially when the trade balance goes against India with famine or war on the frontier or political difficulties internally—any one or more or all of them (which God forbid) will do havoc in the absence of gold in India.
- (3) As matters connected with Indian finance and currency come to be better understood in India the procedure of holding gold in England is likely to constitute a much more serious difficulty for the Government to handle. (See paragraph 16.)
- (4) The result of keeping reserves in England is that they are likely to be invested in securities, owing to the control of London financiers, as the Secretary of State is too often influenced in favour of the London market. The London market trades in credit based upon the barest minimum of gold. Retaining gold in India strengthens the position of the Empire inasmuch as it strengthens the position of India.
- (5) The Paper Currency Reserve is obviously meant to redeem the Indian Currency Notes and if there is any place where it ought to be located it is India.
- (6) India is peculiarly situated and there are special reasons in her case why extra caution should be observed. India cannot obtain immediate assistance or immediate re-inforcement of gold in a few hours from neighbouring countries as the Banks of England and France are able to do.

Indian cash reserves must therefore be regarded with the utmost jealousy.

23. *Securities.*—That portion of the Gold Standard Reserve which consists of the securities of those Colonies against which a deep-seated grievance exists in the minds of the Indian public should be placed elsewhere without delay. Similarly the securities, either not repayable by the borrowing Government or payable at a distant date, should be disposed of.

STATE CENTRAL BANK FOR ALL INDIA.

24. Those who advocate the establishment of a State Central Bank for all India have not formulated any definite scheme for its working. From what I can gather the idea appears to be to form a central institution with private capital to—

- (1) Absorb the three Presidency Banks (so as to consolidate and concentrate the banking facilities in India), enlarging their power, among others, to lend and borrow outside India and enter into sterling operations.
- (2) Take over from the Government the management of—
 - (a) The paper currency.
 - (b) Gold reserves.
 - (c) Government Treasuries.
 - (d) The general balances of the Government of India both in India and England.
- (3) Some would expect it to undertake the convertibility of the rupee, the promotion of the circulation of gold, foreign remittance business, &c., &c.

25. If another Royal Commission has to sit it will be to enquire into the working of the proposed State Central Bank only as it is proposed that it shall relieve the Secretary of State for India and the Government of India of some of the administrative functions relating to Indian Finance and Currency. After a century of administration by the East India Company the British Parliament decided to transfer the administration to the British Crown and it would be regrettable if after another 50 years only they were to take the retrograde step of re-transferring one of the most important branches of administration to a private company.

26. It has not been explained fully how this is to be attained or how the difficulties in its working in practice can be overcome. The various details

as to capital and shareholders, board of directors, connection and control of the Government and the public, &c., of such an institution have not been worked out. In theory the advocates of the establishment of the State Central Bank may have some good reasons on their side, but in practice I believe it would not subserve the best interests of India.

In dealing with the question it is necessary to take into consideration the working of the three Presidency Banks in the past, as they are intended to form the nucleus. As it is proposed to establish and work the new Central Bank more or less on similar lines and with the same materials it is desirable to examine the materials closely. I shall, therefore, touch upon some features of the working of the Presidency Banks and incidentally point out what further restrictions are necessary.

27. I shall first indicate the objections to, and difficulties in, the formation of such a State Bank.

I. To constitute a Central Bank to undertake to work on the lines indicated in my opening remarks practically amounts to a transfer of one of the most important branches of administration from the British Crown to a private company. This step will be viewed as putting an important branch of Indian administration outside the pale of criticism in Parliament. India cannot afford to lose Parliamentary control over any branch of Indian administration. It is dangerous to hand over the financial arrangements to a divided control, even if Government retained a certain power of supervision.

II. The existence of a dominant Bank with State connections is contrary to the fundamental principles of Free Trade. The creation of a State Bank must affect adversely both the Exchange Banks and the Indian Banks which have been doing useful work in the past. (Please refer to the Memorial from the Exchange Banks of Calcutta dated 3rd February 1900.*)

III. I take the following from the proceedings of the meeting of the Bombay Chamber of Commerce as reported in "Capital," 24th July, 1913:—

"The resources and working capital of the present Banks have grown proportionately to the demands for increased credit, and the stringency experienced during the busy season is not an argument to the contrary, but is due to the action of Government in collecting and locking up most of their revenue when money is urgently required."

To which I may add "and in investing it in the London money market."

The growth of credit in India to finance exports and imports (see Statement VII.) has kept pace with requirements.

Forcing a Central State Bank on the lines advocated by the enthusiasts will result in a maze of credit finance—credit banking, credit reserves, and credit currency. A natural and steady development all round of banking facilities checks speculation.

The development of credit is urgently required in quite a different direction.

What India wants most is some method by which the Zemindar and the bulk of the poor agricultural population may come within reach of cheap and easy money. Their requirements are for long periods, and these cannot be met by the proposed State Bank.

A State Bank formed by the amalgamation of the Presidency Banks which would receive deposits from the public for short periods or Government balances, payable at call, can finance only seasonal business.

To finance the Zemindars and the agriculturists separate organisations under State patronage require to be formed.

The Zemindars require Landholders' Banks. To help the agriculturists the co-operative credit movement has to be developed in the right direction. The Government has not taken up this movement as wholeheartedly as it might have done. Central co-operative credit institutions having proper organisation should be established to carry out the work required to be done in the different Presidencies.

* Cd. 7071, page 409

These credit institutions should be worked by the Indians themselves with the encouragement and liberal support of the Government, and not by any alien institutions.

IV. The Specie Reserve on hand or cash balances now held by the Presidency Banks to meet their liabilities will be reduced to an unsafe minimum and the Banks to a consequent risk of panic, as they will look to the Central Bank to help them in emergencies. The tendency of the Central State Bank would be to treat the Government balances more or less as fixed deposits than as money at call; and it would thus allow its own reserves to fall below the limit of safety and be more likely to rely on Government help in time of crisis.

From Statement VIII. appended herewith, showing the percentage of cash to liabilities in the case of the three Presidency Banks, it will be clear how the percentage has gone up and down. A statutory limit requires to be fixed for the maintenance of a regulated proportion of specie on hand to the total liabilities of the Presidency Banks.

Credit lent at call or short notice should not be treated as money.

V. The Central Bank could not undertake the conversion of silver rupees into gold as the capital required to support this object would not earn a sufficient dividend. Even a Bank with a large uncalled capital cannot do so. It would be dangerous to adopt such an artificial procedure.

The Central Bank cannot maintain exchange as "the credit required to maintain exchange takes it beyond any Bank."—(Mr. Hunter, Q. 6319, Cd. 7069, page 265.)

VI. An Indian State Central Bank cannot be allowed to enter into foreign business owing to the risks involved and this limitation would cripple the usefulness of such a bank.

The temptation to employ money profitably abroad would lead them to transfer funds outside India.

The internal trade of the country would not receive the undivided attention of the Central Bank.

VII. A Central Bank with private capital would be a business concern pure and simple, looking generally to the profits of its own various enterprises before considering problems connected with the needs and obligations of the people. The chairman of the European Calcutta Trades Association at one of their annual meetings said :—

"It is often said that trade follows the flag; it would be better to say that flag follows trade. First comes the trade, then the chartered trading company and then follows the flag. If the commercial venture is unsuccessful the flag stays at home. This is the secret of our success as a colonising nation and the reason why we have few worthless possessions."

Extract from Honourable G. Fogg's speech at the meeting of Bank of Bombay :—

"The true course for the shareholders to pursue, having regard to their own interests, and saying nothing with regard to the public interests which to them were of minor importance, was to throw away the amalgamation scheme at once."

It is likely to be jealous of its powers and privileges, declining to permit private interest to secure the advantage of individual enterprise.

This will be clear from the working of the Presidency Banks in the past.

(a) The Presidency Banks have responded to the requirements of some of the large European trading interests. They have financed some particular crops which they found most convenient to their own ends.

So far as I am aware they have no systematic scheme or sympathetic desire to finance Indian trade or industries. Their interest in Indian native concerns has been only to the extent that it was necessary to exploit them for their own gains.

(b) At times of stringency in the money market the Government of India appear to a certain extent willing to grant loans to the Presidency Banks. But this facility to take money at the bank rate is not availed of by them. Thus they look to their own profits before their obligations to the public.

(c) They have never regarded the Indian native banking concerns as auxiliary institutions to finance indigenous trade and industries.

(d) They have not even recognised their responsibility to lend against the Government paper, and their refusal to so lend has been under the plea of financing trade.

Their willingness to agree now to any amalgamation is based upon their own interests rather than with a due sense of their obligations to the public.

VIII. The Central Bank's business should be to encourage gold currency and to provide India with gold reserves, but the institutions which are to form the nucleus of the proposed bank are run by men who are not prepared to encourage this for fear of disturbing the European money market. They feel that their first duty is to the London money market. The needs of India are only a secondary consideration. Thus one of the main objects of the Central Bank will be defeated.

IX. The too close connection which must exist between the Government and the Central Bank is likely to cause serious embarrassments.

(1) It is bound to produce a general impression that the State is responsible for the good conduct and prosperity of the banks, and when any one of them is involved in difficulty or in danger there will be a disposition to claim as of right assistance or even indemnity from Government.

Power to inspect the bank's operations could not be dispensed with and this would impose upon Government in the public view a responsibility for the management of the bank. The expectations unfortunately engendered by the close connection between the State and Presidency Banks were the cause of inconveniences almost amounting to a public danger. These inconveniences have been experienced by the Government in the past, and it is probable that difficulties of this character may occur not infrequently in the future.

(2) Again an external power which can be called upon to prohibit a competitor from encroaching upon the markets enjoyed by his rival possesses a jurisdiction which is too useful not to be frequently invoked.

The indigenous institutions working at places where the Presidency Banks have branches find themselves at a disadvantage.

(3) The close connection is likely to place the Government in a further critical position at a time of commercial crisis or trade depression.

X. It is proposed to transfer the paper currency to the new bank.

People in India have implicit faith in the British Government. Bank notes, even with Government guarantee, will not be accepted. The innovation would arouse suspicion and distrust which it would be difficult to allay. The Government should not pledge their power and prestige for the profits or reputation of a private company. The paper currency is steadily growing and performing the useful function of economising metallic currency. It will suffer by transfer to a bank; it will get a set-back until matters are explained and confidence restored, which takes a very long time in India.

It is hardly necessary to add that the profits from note issues should go to the general taxpayer, and not to any particular section of the community, such as the shareholders of the proposed Central Bank.

The Government of India has got about 300 treasuries and about 1,500 sub-treasuries, which are doing useful work very economically. These treasuries will have to be maintained for other purposes, because the Presidency Bank with too costly a management cannot afford to open so many branches.

Thus it is not possible for the Central Bank to afford such facilities for the circulation of gold and gold notes and the conversion of gold to token coins as can be done by the treasury offices, which are very necessary for gold currency.

The State treasuries cannot be put under the control of the bank, as it will be dividing the responsibility. The State Bank cannot be so much in touch with the Government machinery.

The new bank will be at best an experiment. On the other hand the Treasury system has developed after half a century of working, confidence in the notes of the Government of India has been secured, and it would not

be wise to disturb both for a mere experiment. To this may be added the following remark of Mr. Lionel Abrahams :—

“ It will be noticed that this list of advantages does not assume that the establishment of a State Bank would enable economies of any importance to be affected by the reduction of Government establishments, or that it would lead to any increase in the popularity of the paper currency or in the efficiency of its management. Neither of these results seems probable. As regards the latter, the growth of the note circulation and the additional facilities for encashment that have from time to time been provided under Government management seem to indicate that the efficiency attained under that system is probably as great as would be attained under management by a bank.” (Cd. 7071, page 352.)

XI. A Central Bank, unless it be a national body representing all Indian interests, has no right to be constituted or designated as a State Bank for India to manage Indian finance and currency.

By experience Indians find that the full benefits of similar institutions ostensibly started for India do not reach further than the white community.

The bank with which Government keeps accounts should not be a sectarian one: a bank in which there is a vast majority of a certain class is likely to influence its working to the detriment of other interests. It is not possible for a sectarian bank to approach finance from an Indian standpoint. When once a particular community gets hold of certain advantages it naturally tries to retain them.

It will be clear from the facts and figures given in the subsequent part of my notes that the Presidency Banks now in existence are sectarian, the European element greatly predominating, and in the new amalgamated State Bank the same element will predominate and Indian interests be subordinated. (See also sub-paragraphs a and b, objection No. VII., page 644.)

Again, owing to the conflicting interests of the multifarious communities covering such a large continent as India, it is difficult to constitute a cosmopolitan body at one place to look after the interests of all alike; local influence is certain to be in the ascendant, and other parts of the country are likely to be neglected.

XII. *Amalgamation.*—Centralisation would probably mean some curtailment of existing credit. There are customers who have got large facilities in two or three Presidencies at the same time, but a Central Bank might decline giving any single facility equal to the aggregate of facilities allowed by the three banks.

FURTHER RESTRICTIONS FOR THE PRESIDENCY BANKS.

28. It is necessary to go into further details in reference to the constitution of the proposed bank.

We must closely examine the working of the Presidency Banks which are to form the nucleus. I shall therefore take into consideration questions relating to the shareholders, the board of directors, the management, &c., &c.

29. The Presidency Banks with whom the Indian Government keeps account are sectarian.

SHAREHOLDERS.

A. Taking the case of the Bank of Bengal, “ Capital,” writing the history of that bank up to 1888 said: “ The shareholders in the bank are mainly European.”

| | Rs. |
|---|--------------|
| On 30th June 1888 there were 244 Asiatics holding | - 2,525,659 |
| 1,102 Europeans holding | - 17,474,341 |
| | <hr/> |
| | 1,346 |
| | <hr/> |
| | 20,000,000 |
| | <hr/> |

It is admitted that the native of India is no less desirous of making his capital fructify than peoples of other countries, and he therefore seeks a safe investment. The bank has the prestige arising out of the monopoly of all

Government business and connection with the Government. In India connection with the Government carries great weight.

We still find that the shareholders of the Bank of Bengal now numbering "some thousands" are mainly Europeans. ("Capital" 1909.)

Why has there been no increase in the numbers of Asiatic or Indian shareholders? How did the shareholders remain mainly European after a quarter of a century in view of the prosperous working of the Bank of Bengal?

B. *Bank of Madras.*—Taking the list of shareholders eligible for the general meeting held on the 4th August 1913, we find that the shareholders of this bank are also mainly Europeans, viz. :—

| | Rs. |
|---|-----------|
| About 181 natives holding about 3,342½ shares = - - | 1,671,250 |
| About 762 Europeans holding 11,657½ shares = - - | 5,828,750 |
| | 7,500,000 |

It is necessary for the better government of the Presidency Banks that the shareholders of a particular community should not be in a vast majority.

I would suggest that the shares to be held by any shareholder should not exceed a fixed number, and that the voting be so regulated that Indian interests shall be protected.

*Attendance and Proceedings at the Meetings of the Shareholders
of the Presidency Banks.*

30. It would be interesting to prepare an analysis of attendance of the shareholders at the general meetings of the three Presidency Banks.

A. The directors of the Bank of Bengal have the shareholders' meetings to themselves; an outside shareholder is a *rara avis*. The advent of an outside shareholder creates surprise.

From the copy of the proceedings of the shareholders of the bank of Bengal held in August 1913, we see that out of the shareholders of the bank numbering "some thousands" only one shareholder was present as attorney to eight absent shareholders. It may be noted it has been ruled that the attorney-shareholder cannot propose any resolutions at the meetings. Thus the six directors present at the meeting (with a single shareholder who could not move any resolution) carried on the proceedings in the name of the shareholders. All the three propositions regarding—

- (1) Passing of the accounts submitted by the directors;
- (2) The election of the retiring directors;
- (3) Appointment of the auditors to audit the accounts, for which the directors are responsible, were all proposed and seconded and carried by the directors themselves.

A director had to propose even a vote of thanks to the chair.

The proceedings of the shareholders of the Bank of Bengal have been generally conducted in this manner.

B. I attach herewith a rough analysis of the list of shareholders of the Bank of Madras (Statement IX.) showing the number of votes each was entitled to at the general meeting held in August 1913.

From the analysis it is clear that out of nearly 950 shareholders of the Bank of Madras—

1. There are about 325 who are not entitled to any vote.
2. Out of 950 shareholders there are about 225 ladies who never grace the meetings with their presence to use their votes.

Q. No. 6983. (*Mr. Keynes.*) How are your directors appointed at present?

A. (*Mr. Hunter.*) By the shareholders.

Q. No. 6984. Are they in fact appointed in that way, or is it, as is often the case in England, that the existing directors nominate their successors?

A. (*Mr. Hunter.*) If a director retires in the course of the year, the vacancy is filled up by the directors, but at every annual meeting two directors retire, and it is open to the shareholders to re-elect them or not. (Cd. 7069, page 287.)

I have requested the Bank of Madras to furnish me with the analysis of the attendance of the shareholders at the general meeting for the last 25 years in the form attached herewith. For attendance in the current year see Statement X. compiled by me from the reports of the proceedings of the bank in the Madras press.

From the analysis it will be seen the general meetings are attended generally by one or two and sometimes six shareholders besides the directors and the officers of the bank who are generally in the majority. The apathy of the shareholders in attending the meetings is deplored by the chairman before the empty chairs, and has often been commented upon by the Madras press.

In Statement XI. there is an extract from the "Madras Mail," the leading Anglo-Indian daily of Madras.

In this connection I may suggest that clause No. 56 of the Presidency Banks Act requires to be modified to enable more shareholders to attend the meetings. That is, the qualification for voting requires to be reduced. It should also be provided that proxies should not be given in favour of the directors or the officers of the bank.

CONTROL BY THE SHAREHOLDERS.

31. From the foregoing it will be seen that in the case of the two Presidency Banks, the Bank of Bengal and the Bank of Madras, the directors are practically left to pass the accounts submitted by themselves, to re-elect themselves or their successors, and to appoint auditors of their own choice to audit their accounts.

Owing to the apathy of the shareholders the directors comply with just the formalities required by law, and issue a report and a balance sheet. They do not give so much information to the shareholders as they used to give in their annual reports.

Thus, the control and direction of a bank is vested in a group of men responsible to nobody but themselves, without effective supervision by the Government. This state of affairs certainly requires to be mended.

AUDITING.

32. The Presidency Banks have generally not found it necessary in the past to have their accounts audited by any member belonging to the Society of Chartered Accountants of England and Wales. Some of the auditors have been members of other chartered societies probably having longer historical traditions of accounting and auditing.

The Joint Stock Banks of India have hereafter to get the accounts audited by auditors approved of by the Government, but such a provision is not found in the Presidency Banks Act.

I append a statement, No. XII., showing how long each auditor of the Bank of Madras has occupied his position. It is clear they have always been European, and for long periods. When in 1910 a new chartered accountant was appointed, we find in the report of that year the following:—

"Branch loans amounting to Rs. 15,67,137, included in Accounts of Credit Rs. 1,28,11,355-3-8, were not on securities authorised by the Presidency Banks Act. The securities actually held, as shown by the branch returns, formed, in our opinion, ample liquid security for this amount. We have satisfied ourselves that these loans have now, at the date of this report, been put in order."

33. There should be a detailed and careful audit conducted by auditors who do not owe their appointments to the directors. It should not consist merely of comparing numbered items of balances from the ledger with the balance sheet. Besides the audited accounts a Statement of Valuation of Assets must be submitted to the shareholders every three or five years, conducted by those competent to give an opinion. At present, one or other of the auditors comes from outside. Such auditors cannot be expected to certify to the value of the assets shown in the balance sheet. The public attaches exceptional value to the audit certificates of skilled accountants, but the auditors generally refuse to be saddled with the responsibility of valuing

assets. The book-keeping may be all right, according to the rules of the bank, but it is the value of the assets which is important.

34. Some of the banks that have failed in India had a galaxy of chartered accountants to audit their accounts for a number of years, who certified to the book-keeping, but the failures were due to the directors not having any proper valuation of their assets. It is not my purpose to suggest anything against the assets contained in the balance sheets of the Presidency Banks, but as they are the custodians of public money, a statement of valuation of assets, if published, will inspire more confidence besides being to their own interest.

I think the Government must insist upon every bank, doing business in India, submitting a statement of value of assets and an estimate of its liabilities. Provision must be made in the Presidency Banks Act for a Government audit and valuation of assets by competent persons.

35. The new Indian Companies Act has prescribed a form of balance sheet for the joint stock banks, &c., which may be adopted. All the provisions for submission of reports and returns to the Registrar, which are available for public inspection, require to be incorporated in the Presidency Banks Act.

36. *Borrowings by the Directors.*—It is not enough that a director shall abstain from voting on any motion respecting the loan or advance of money or otherwise giving credit to himself, his co-trustee, servant, relative, &c.

It will have salutary effect (and is very necessary) if the total amount of all the liabilities (alone or with others) of the directors or firms in which they are partners of joint stock companies in which they or their partners are common directors (or managing directors or agents) be shown in the balance sheet. If these particulars appear in the weekly statements of the three Presidency Banks, there will be no room for "window dressing."

37. *Gentleman and his groom Advances.*—The Presidency Banks Act, Clause 36a, (6), requires, if possible, to be so worded that there may be no room for advances to a gentleman and his groom.

THE DIRECTORS AND THE EXECUTIVE OFFICERS OF THE PRESIDENCY BANKS.

38. I beg to present to the Royal Commission the following extract from "Capital" (dated 2nd September 1909) the leading financial organ of the Anglo-Indian community in India about the directors of the most important of the three Presidency Banks.

Extract from "Capital," September 2nd, 1909.

The directorate of the Bank of Bengal has always been a very close borough, confined to certain favoured firms, some sixteen in number. Of those firms three went bankrupt, one having its certificate suspended and six have closed up their business, so that only seven remain to draw directors from—Messrs. Jardine, Skinner & Co., and Gillanders. Arbuthnot & Co. have had a member of their firm a director during the past half century at least. They evidently have a freehold tenure of this position.

* * * * *

Of the present board Messrs. Geo. Henderson & Co. came on the scene in 1873, Messrs. Begg, Dunlop & Co. in 1888, and Messrs. Turner, Morrison & Co. in 1893. The defunct firms are: Colvin, Cowie & Co., Gisborne & Co., Croke, Rome & Co., who came on prior to 1860, Mackillop, Stewart & Co., 1861, Shand, Fairlie & Co., 1863, Lyall, Rennie & Co., 1866, Ashburner & Co., and Carlisle Nephews, 1871, John Elliot & Co., 1885.

Until 1876 there were always three Government directors, the last three being a member of the Board of Revenue, the Master of the Mint and the Accountant-General, Bengal. With the passing of the Presidency Banks Act of 1876, Government ceased to hold shares and to appoint directors. But in 1877 the bank invited the Administrator-General, in 1880 the Official Trustee, and later, in 1887, the Official Assignee, to seats on the board. These funeral additions may probably have been intended to restrain the exuberance of the commercial directors, but what other earthly use they

were to the Bank it is difficult to see, as they have been as mutes ever since their appointment.

* * * * *

Messrs. Kettlewell, Bullen & Co., who were in the first batch of firms, dropped out for some time, and then re-appeared with the advent of Mr. Aitkin only to disappear. Messrs. Hoare, Miller & Co., who entered an appearance in 1862, seem out of favour now. Messrs. Begg, Duulop & Co., in whose firm the late secretary's brother was a partner, were admitted in 1888, but their Mr. J. F. Macnair having, it is said, been too independent, their firm, when he resigned in 1893, languished under the cold shade of the secretary's displeasure, and their contempt was not purged until a few years ago.

* * * * *

Now, I am not sure that this arrangement, under which a seat on the direction of the Bank of Bengal becomes apparently an asset in the partnerships of certain firms, is an absolutely wise and prudent one. The firms in question are undoubtedly of the highest standing; but firms, even of the highest standing, do not possess a monopoly of all those requisites which go to make an ideal bank director. It is common knowledge that the partners in these firms have not always been men of outstanding ability. The aim of the bank should be to secure the very best men, not to have the partners in certain firms running in and out of the board room with their qualifying scrip, like dogs at a fair. Firms like Apcar & Co., Balmer, Lawrie & Co., Birkmyre Brothers, Duncan Brothers, Finlay, Muir & Co., Graham & Co., F. W. Heilgers and Co., Kilburn & Co., Frankissen, Law & Co., Mackinnon, Mackenzie & Co., Macneill & Co., J. Thomas & Co., Williamson, Magor & Co., Andrew Yule & Co., among others, could all have furnished able directors and brought business, which is an important item. But the man in the street, rightly or wrongly, has an idea that the directors have no independence, and are simply dummies or pawns for the secretary to play with. The present is a convenient time to change all this.

* * * * *

The Bank of Bengal is an eminently conservative institution. Although founded in 1806 no reports were issued until the directors were required to do so at a general meeting of the proprietors on the 10th December 1856, or 50 years after. It would be as well if the directors now recognise that the times are changing rapidly, and that they must "wake up." The shares are now held by some thousands of proprietors, and these shareholders should have some voice in the selection of the directors. At the present moment, the annual meeting is a hole and corner affair, and very seldom more than one person is present, other than the directors. Business now has to be captured, it does not go seeking; and if the Bank of Bengal is to get that share which its position and character justifies, it must alter its methods and move with the times.

* * * * *

The real remedy is, to increase the number of commercial, and to eliminate the present Government, directors, who cannot possibly be of any useful service to the bank. The five mercantile directors are all good men and true, but seven directors for a bank of the size and importance of the Bank of Bengal, seem too few. The Bank of England has some 26 governors and directors; the large London banks have boards of a dozen and upwards. It may safely be presumed that, if the London banks have these large boards, they have them because they find them profitable and useful. The directors of the Bank of Bengal are by no means well paid, Rs. 200 a month for fees, and a special allowance in respect of the daily attendance of two of them, which must not exceed Rs. 15,000 per annum, cannot by any means be called excessive, so the ground of expense can hardly be taken as an objection.

If the Government desire to be represented on the direction of the Bank of Bengal, to which they are certainly entitled, though it must be borne in mind that they deliberately cut themselves adrift in 1876, and vacated the

three seats they then held, they should certainly, as they did before, nominate directors with some pretensions to knowledge of commerce and finance. The Comptroller-General, the Accountant-General, Bengal, or the Director-General of Statistics, should all make excellent Government directors. But *absit omen*, Government and commercial graveyards are hardly a good field to select from. Messrs. Overend, Gurney & Co. thought to enlist the services of a Mr. Edwards, an official receiver, of sorts, in bankruptcy—people know with what result.

* * * * *

Further comments are needless.

39. *Bank of Madras*.—In every respect the same state of affairs as described about the Bank of Bengal by "Capital" is literally true about the Bank of Madras.

From Statement XIII. appended, it will be seen that (1) Messrs. Best and Co. (2) Parry and Co. (3) Barclay Orr and Davids and Brightwell (4) Arbuthnot and Co. (5) Binny and Co., had permanent seats to fill up, namely, five seats out of seven on the Board of Directors of the Bank of Madras. Messrs. Arbuthnot and Co. disappeared on their failure in 1906; Messrs. Binny and Co. had to temporarily vacate the seat at the time of Arbuthnot failure, but re-appeared in 1911.

40. The following paragraphs will enable the Commission to understand more fully the exceptional position of the Bank of Madras.

I. The Presidency Banks are practically foreign banks like other exchange banks, and Indians are treated by them as foreigners in their own country.

II. Indians are excluded from the board, and superior executive offices of the Bank of Madras. The Bank of Madras was established in 1843, but there has never been an Indian on the board of directors for the last three-quarters of a century. Why should the two vacant seats not be filled by the election of two Indians?

It is said the proportion of advances of the Bank of Madras made to Indians and Europeans is six to one, but there has never been a single independent Indian colleague to guide the board in fixing the personal credits for Indians.

The Bank of Bengal was established in 1806, but, so far as I know, has never had an Indian director.

III. The European directors are fluctuating, and are engaged in their own mercantile business. In certain cases they have been indebted (sometimes heavily) to the Bank, and are not in a position to exercise that check and control which is essential to keep under curb the executive officers. This leaves a free hand to the European executive officers of the Bank to manage the finances of the institution as they like. I have been supplied with a copy of the byelaws of the Bank of Madras, but I do not find any rules required to be made under section 63, sub-clauses (g), (h), (i), (j), and (m).

IV. The directors are themselves exporters, importers, or manufacturers competing with the Indians to whom they have to allow credit from the bank. The credit and rates of interest for Indians is fixed by them.

V. The directors are not in touch with the Indians except for their individual personal business with retail dealers through their Dubashes,* who guarantee the credit allowed by the firm. As the Dubashes furnish securities for the guarantee, the firms are not particular about making detailed inquiries. There is no co-partnership between the Indians and Europeans in the Madras Presidency. Thus, they are unable to know the means and positions of the Indian parties to whom the Bank lends.

VI. Their information is derived either from the executive officers who are not fully in touch with Indians, or on second-hand information from their subordinates or interested parties.

VII. The executive officers (like the directors of the Bank of Madras) are innocent of the local vernaculars, and have to do business through interpreters. As the executive officers have to depend upon the information

* Dubash = an interpreter or broker attached to a mercantile house or bank for the purpose of transacting business with Indians.

supplied by their subordinates or interpreters, there is danger of corruption in the matter of advances.

VIII. Instead of availing themselves of the services of Indians for higher appointments, raw men are imported from abroad, who have to gain experience when they reach India.

The maximum salary of an Indian in any office in the bank (except the head cashiership) is generally the minimum salary of a European assistant newly imported. The loan accounts of European firms are not allowed to be handled by native assistants at some offices.

IX. The three Presidency Banks have in all about 54 branches, but they have never put an Indian in charge of a branch office, even as agent or accountant.

THE QUESTION OF THE CAPITAL OF THE PROPOSED CENTRAL BANK.

41. The following are some of the questions which should be addressed to those who advocate the establishment of a Central State Bank :—

(a) What will be the amount of capital of the proposed bank ?

As all the balances and revenues of the Government of India would be placed with the bank, and these would be increased by further deposits of the public, the capital must be enlarged in proportion to the increased liabilities. (Of course we must leave out of the question the capital required for supporting the exchange.) On the other hand, owing to the difficulties of investments in the slack season due to the restriction of not employing funds outside India, a large amount of capital would not earn any substantial dividend.

(b) Should the capital be sterling or rupee ?

Sterling capital is necessary to attract European capital, one of the reasons for the formation of the bank being to cheapen money. It may also simplify account keeping. But if the capital of the bank is in sterling it is a slur upon the integrity of the rupee, although the bank would be formed for the express purpose of supporting the exchange value of the rupee as legal tender. A compromise has been suggested that the capital should be in rupees and the accounts published in terms of sovereigns of rupees 15 each.

(c) Where is the extra capital to come from ?

(1) Is any further part to be open to the British public ? If so, how much ?

(2) Is Government supposed to subscribe ? If so, how much ?

My own opinion is that as the bank is to be established in the supposed interests of India, the whole of the capital ought to be held in that country.

(d) 10,000,000*l.* sterling is the amount which has so far been fixed for the capital of the bank to earn a dividend of 5 per cent. per annum. 9,000,000*l.* will be absorbed in the allotment of shares to the existing body of shareholders of the three banks who are mainly Europeans.

Will the Indian public and the Government be satisfied with an allotment of the paltry sum of 1,000,000*l.* sterling only ?

What control will this amount give to the Government and the Indian public ?

CONTROL OF THE NEW BANK.

42. Is there going to be a divided control of—

1. The shareholders in India.
2. Shareholders outside India.
3. The Secretary of State and the Government of India, or is it proposed to leave the control to the Government only ?

As will be seen from the working of the Presidency Banks, the shareholders are not exercising any control on the Board. They are under the impression that as the Government entrusts to them its balances it is also keeping a sufficient watch on the management and prosperity of the banks. As a matter of fact, the Government is holding aloof so as not to interfere

with the free working of the institution. So far as I am aware, no strict supervision is exercised by Government lest it should incur the onus of direct responsibility to the shareholders.

Hereafter the Government must have a larger control. The banks should act under a code of strict rules sanctioned by the Government, and to see that they are enforced the Government's representatives should take part in the management. How far the Government representatives should be left to decide matters on their own responsibility without consulting the authorities at Simla or Whitehall is a subject for consideration. Frequent consultations between the Government and a body of officials and non-officials would mean red tape and delay.

Government directors have been suggested. There would still remain certain difficulties as to the appointment and control by the Government representatives. Will they be officials or non officials, Europeans or Indians? Probably the former, although they have no special training and must go out of office when they get some experience as only senior officers can be appointed.

The Government directors in the past have not been a success.

Conclusion.

43. From the foregoing it is clear that there is no necessity for a Central State Bank for India on the lines suggested by its advocates.

As the Presidency Banks have got the monopoly of all Government business and their close connection with the Government has produced a general impression that the State is responsible for their good conduct and prosperity, some Government control and check is necessary on the working of these banks. It is on the close connection and monopoly of the Government business that these banks are trading and it is this which induces the public to deal with them in preference to other equally sound and strong institutions.

44. In my opinion if some alterations are made in the Presidency Banks Act to facilitate transactions among themselves during the busy season on reasonable terms for protection, and if the defects pointed out by me in the control and management of the banks are removed, the three Presidency Banks may be allowed to keep the Government balances with them, but only to the extent to which they hold under present arrangements. Any further patronage or concessions should be entirely dependant upon the services which they may render to the country as a whole in the future.

Indian Specie Bank, Ltd.,
65, Bishopsgate Street, London, E.C.,
21st October 1913.

VIDYA SAGAR PANDYA,
Secretary, Indian Bank, Ltd., Madras.

STATEMENT I.

GENERAL STATEMENT of GROSS REVENUE and EXPENDITURE, charged against REVENUE or CAPITAL, with ANNUAL SURPLUS or DEFICIT and CASH BALANCES (in INDIA and ENGLAND).

| | | 1900-1. | 1901-2. | 1902-3. | 1903-4. | 1904-5. | 1905-6. | 1906-7. | 1907-8. | 1908-9. | 1909-10. | 1910-11. |
|--|----------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | | £ | £ | £ | £ | £ | £ | £ | £ | £ | £ | £ |
| Gross Revenue | { India - | 64,505,997 | 64,140,933 | 64,600,947 | 70,220,835 | 70,471,190 | 69,890,637 | 72,270,089 | 70,284,638 | 69,159,795 | 73,882,288 | 79,706,616 |
| | { England | 218,076 | 491,208 | 694,805 | 746,744 | 636,103 | 951,232 | 874,465 | 718,637 | 601,740 | 711,207 | 975,857 |
| Total - - - | | 64,724,073 | 64,632,141 | 65,295,752 | 70,967,579 | 71,107,293 | 70,841,869 | 73,144,554 | 71,003,275 | 69,761,535 | 74,593,495 | 80,682,473 |
| Expenditure charged to Revenue | { India - | 45,852,804 | 42,311,859 | 43,865,937 | 49,823,762 | 48,187,459 | 50,132,176 | 52,346,771 | 52,209,962 | 54,574,086 | 54,863,938 | 57,164,623 |
| | { England | 17,200,957 | 17,368,655 | 18,361,821 | 18,146,474 | 19,463,757 | 18,617,465 | 19,208,408 | 18,487,267 | 18,925,159 | 19,122,916 | 19,581,563 |
| Total - - - | | 63,053,751 | 59,680,514 | 62,227,758 | 67,970,236 | 67,651,216 | 68,749,641 | 71,555,179 | 70,697,229 | 73,499,245 | 73,986,854 | 76,746,186 |
| Net Revenue in India - - - | | 18,653,193 | 21,829,074 | 20,735,010 | 20,397,073 | 22,283,731 | 19,758,461 | 19,923,318 | 18,074,676 | 14,585,709 | 19,018,350 | 22,541,993 |
| Net Expenditure in England - - - | | 16,982,881 | 16,877,447 | 17,667,016 | 17,399,730 | 18,827,654 | 17,666,233 | 18,333,943 | 17,768,630 | 18,323,419 | 18,411,709 | 18,605,706 |
| Ultimate Result - - - | { Surplus or Deficit | 1,670,312 | 4,951,627 | 3,067,994 | 2,997,343 | 3,456,077 | 2,092,228 | 1,589,375 | 306,046 | — | 606,641 | 3,936,287 |
| | | — | — | — | — | — | — | — | — | 3,737,710 | — | — |
| Expenditure not charged to Revenue, Capital Outlay on— | | | | | | | | | | | | |
| Railways - - - | { India - | 787,863 | 2,670,400 | 3,034,657 | 3,233,331 | 4,401,930 | 7,360,894 | 5,363,350 | 8,152,831 | 6,158,581 | 4,224,631 | 7,054,441 |
| | { England | 647,002 | 853,201 | 1,529,344 | 1,301,774 | 1,495,093 | 2,049,305 | 2,551,691 | 2,414,214 | 3,329,587 | 2,096,986 | 1,860,764 |
| Irrigation Works - - - | { India - | 582,606 | 540,234 | 557,512 | 504,089 | 353,913 | 524,245 | 718,259 | 758,505 | 923,623 | 1,015,821 | 1,142,472 |
| | { England | 7,877 | 7,317 | 6,679 | 3,809 | 7,259 | 31,949 | 79,368 | 87,217 | 59,866 | 36,528 | 61,416 |
| Total - - - | | 2,025,348 | 4,071,152 | 5,128,192 | 5,043,003 | 6,258,195 | 9,966,393 | 87,126,668 | 11,412,767 | 10,471,657 | 7,373,968 | 10,119,093 |
| Total charges, including Capital Expenditure - - - | { India - | 47,223,273 | 45,522,498 | 47,458,106 | 53,561,182 | 52,943,302 | 58,017,315 | 58,428,380 | 61,121,298 | 61,656,290 | 60,104,390 | 65,361,536 |
| | { England | 17,855,836 | 18,229,173 | 19,897,844 | 19,452,057 | 20,966,109 | 20,698,719 | 21,839,467 | 20,988,698 | 22,314,612 | 21,256,430 | 21,503,743 |
| Total - - - | | 65,079,109 | 63,751,666 | 67,355,950 | 73,013,229 | 73,909,411 | 78,716,034 | 80,267,847 | 82,109,996 | 83,970,902 | 81,360,820 | 86,865,279 |
| Closing Cash Balance - - - | { India - | 10,598,981 | 11,880,301 | 12,082,416 | 11,869,552 | 10,749,770 | 11,781,457 | 10,328,237 | 12,851,723 | 10,235,827 | 12,295,428 | 13,566,922 |
| | { England | 4,091,926 | 6,693,137 | 5,767,787 | 7,294,782 | 10,262,581 | 8,436,519 | 5,606,812 | 5,738,489 | 8,453,715 | 15,809,618 | 18,174,349 |
| Total - - - | | 14,690,907 | 18,573,438 | 17,850,203 | 19,164,334 | 21,012,351 | 20,217,976 | 15,935,049 | 18,590,212 | 18,689,542 | 28,105,046 | 31,741,271 |

STATEMENT II.

(Referred to in para. 18.)

ADDITIONS to the BANK and other RESERVES in GOLD of some important COUNTRIES.

| Banks and Treasuries. | 31st December 1889. | 31st December 1899. | 31st December 1910. |
|---|------------------------|------------------------|------------------------|
| | £ | £ | £ |
| Bank of England - - - - | 17,784,000 | 29,002,000 | 31,095,000 |
| Scotch Banks of Issue - - - - | 4,591,000 | 6,227,000 | 4,918,000 |
| Irish Banks of Issue - - - - | 3,480,000 | 2,816,000 | 3,649,000 |
| Germany—Imperial Bank - - - - | 12,234,000 | 22,939,000 | 32,760,000 |
| German War Fund - - - - | 5,869,000 | 5,869,000 | 5,869,000 |
| Austria-Hungary - - - - | 5,426,000 | 43,982,000 | 54,971,000 |
| Bank of France - - - - | 50,471,000 | 74,310,000 | 130,050,000 |
| Bank of Spain - - - - | 6,009,000 | 13,485,000 | 16,301,000 |
| Bank of Portugal - - - - | 1,028,000 | 1,075,000 | 1,348,000 |
| Bank of Netherlands - - - - | 5,069,000 | 3,730,000 | 10,391,000 |
| National Bank of Belgium - - - - | 2,606,000 | 4,329,000 | 5,037,000 |
| Bank of Italy - - - - | 18,132,000 | 15,702,000 | 38,670,000 |
| Bank of Sicily - - - - | | | 2,261,000 |
| Bank of Naples - - - - | | | 8,091,000 |
| Bank of Russia - - - - | 42,565,000 | 90,275,000 | 130,288,000 |
| Bank of Finland - - - - | 861,000 | 888,000 | 873,000 |
| National Bank of Romania - - - - | 2,011,000 | 1,444,000 | 4,759,000 |
| National Bank of Bulgaria - - - - | 426,000 | 127,000 | 1,254,000 |
| National Bank of Servia - - - - | 345,000 | 286,000 | 992,000 |
| Imperial Ottoman Bank - - - - | 740,000 | 1,381,000 | 6,171,000 |
| Royal Bank of Sweden - - - - | 1,379,000 | 2,195,000 | 4,482,000 |
| National Bank of Denmark - - - - | 2,754,000 | 3,249,000 | 4,085,000 |
| National Bank of Norway - - - - | 1,755,000 | 1,755,000 | 1,904,000 |
| Banks of Switzerland - - - - | 2,364,000 | 3,890,000 | 6,187,000 |
| Bank of Greece - - - - | 21,000 | 79,000 | 40,000 |
| United States—In National Banks - - - - | 17,348,000 | 41,860,000 | 46,849,000 |
| In State Banks - - - - | 5,306,000 | 16,400,000 | 16,323,000 |
| In the Treasury - - - - | 64,459,000 | 82,279,000 | 226,731,000 |
| Bank of Australia - - - - | 18,465,000 | 21,862,000 | 37,915,000 |
| Canadian Treasury and Banks - - - - | 1,505,000 | 4,651,000 | 22,235,000 |
| Banks of South Africa - - - - | 1,028,000 | 6,740,000 | 10,357,000 |
| Total - - - - | 296,031,000 | 503,850,000 | 866,856,000 |

STATEMENT III.

(Referred to in para. 18.)

ABSORPTION of GOLD for purposes other than the ADDITION to BANK RESERVES from 1890 to 1910.

| | Net Addition to Stock of Gold. | Addition to Reserve. | Net Absorption for other Purposes. | Population. |
|----------------------------------|-----------------------------------|-------------------------|--|-------------|
| | £ | £ | £ | |
| United Kingdom - - - - | 115,200,000 | 13,807,000 | 101,393,000 | 45,216,665 |
| United States of America - - - - | 276,900,000 | 202,790,000 | 74,110,000 | 92,027,874 |
| Germany - - - - | 144,000,000 | 20,526,000 | 123,474,000 | 64,903,423 |
| France - - - - | 205,700,000 | 79,579,000 | 126,121,000 | 39,252,245 |
| Italy - - - - | 30,700,000 | 10,041,000 | 40,741,000 | 34,687,000 |
| India - - - - | 126,600,000 | 6,500,000 | 120,100,000 | 315,086,372 |
| Total - - - - | 899,100,000 | 313,161,000 | 585,939,000 | |

STATEMENT IV.

CORRESPONDENCE REFERRED TO IN PARA. 19 (II.).

1. Letter from the Secretary, Indian-Bank, Ltd., to the Currency Officer, Fort St. George, Madras, dated 25th January 1910.

I beg to enquire if you issue sovereigns to the public, and if so, whether you can arrange to issue to us 500*l.* sovereigns the cost of which will be sent to you on your reply.

2. Letter from the Assistant Accountant-General, in charge of Paper Currency Department, to the Secretary, The Indian Bank Ltd., Madras, dated 26th January 1910.

With reference to your letter No. A. 10/444 dated 25th January 1910, I have the honour to state that sovereigns are issued to the public at not more than 100*l.* a day to each applicant.

3. Letter from Mr. Vidya Sagar Pandya to the Accountant-General, Madras, dated 15th August 1913.

I beg to enclose herewith a copy of my letter addressed to you as Secretary of the Indian Bank, Limited, dated the 25th January 1910, and a copy of your reply to the same dated the 26th idem. I shall feel obliged if you will kindly favour me with a copy of instructions or Government Order under which the issue of sovereigns to the public was so restricted and the circumstances under which it was done. If you have any other circulars or orders issued during the years 1908 up to date regarding the issue of sovereigns to the public, I have to request you to kindly send copies of the same. This information is required in connection with my evidence before the Royal Commission on Indian Finance and Currency in London.

4. Letter from the Officiating Commissioner of Paper Currency to Mr. Vidya Sagar Pandya dated 20th August 1913.

With reference to your letter dated 15th August 1913, I have the honour to state that, formerly the issue of the sovereigns used to be restricted with reference to the available balance from time to time but that no restriction is now placed over the issue of sovereigns to the public, except that the issue of more than 10,000*l.* to a single party on one day requires the sanction of the Comptroller-General to whom the purpose for which the gold is asked for has to be reported.

STATEMENT V.

(Referred to in para. 20)

STATEMENT of some of the INVESTMENTS in INDIA.
(In Lakhs of Rupees.)

| Year. | Total Capital and Reserves of Banks in India. | Private Deposits in Banks. | Total. | Post Office Savings Banks closing Balance. | Capital of Joint Stock Companies Registered in India. | Amount of Policies (issued by 17 Insurance Companies) in India. | Permanent Debt in India. | Year. |
|-------|---|----------------------------|--------|--|---|---|--------------------------|-------|
| 1890 | 4,99 | 25,01 | 30,00 | 635 | 24,25 | 11 | — | 1890 |
| 1891 | 5,05 | 26,22 | 31,27 | 706 | 26,35 | 12 | — | 1891 |
| 1892 | 5,12 | 25,07 | 30,19 | 782 | 26,46 | 16 | — | 1892 |
| 1893 | 5,27 | 24,31 | 29,58 | 827 | 26,65 | 15 | — | 1893 |
| 1894 | 5,43 | 27,39 | 32,82 | 840 | 27,06 | 21 | — | 1894 |
| 1895 | 5,85 | 29,09 | 34,94 | 904 | 28,87 | 22 | — | 1895 |
| 1896 | 6,09 | 28,45 | 34,54 | 964 | 30,35 | 17 | — | 1896 |
| 1897 | 6,51 | 26,06 | 32,57 | 929 | 32,09 | 23 | — | 1897 |
| 1898 | 6,89 | 27,16 | 34,05 | 943 | 34,60 | 59 | — | 1898 |
| 1899 | 6,94 | 29,54 | 36,48 | 965 | 34,46 | 45 | — | 1899 |
| 1900 | 6,87 | 31,46 | 38,33 | 1,004 | 36,09 | 52 | — | 1900 |
| 1901 | 7,15 | 35,47 | 42,62 | 1,068 | 37,22 | 47 | 116,19 | 1901 |
| 1902 | 7,31 | 41,80 | 49,11 | 1,142 | 37,91 | 64 | 117,55 | 1902 |
| 1903 | 7,36 | 45,06 | 52,42 | 1,233 | 38,57 | 81 | 119,42 | 1903 |
| 1904 | 7,55 | 49,80 | 57,35 | 1,341 | 40,17 | 89 | 122,29 | 1904 |
| 1905 | 7,86 | 51,30 | 59,16 | 1,399 | 41,63 | 87 | 126,08 | 1905 |
| 1906 | 8,30 | 57,09 | 65,39 | 1,477 | 44,05 | 97 | 130,45 | 1906 |
| 1907 | 9,48 | 61,28 | 70,76 | 1,518 | 50,40 | 1,40 | 132,83 | 1907 |
| 1908 | 9,78 | 64,39 | 74,17 | 1,523 | 56,72 | 1,78 | 134,56 | 1908 |
| 1909 | 10,32 | 73,41 | 83,73 | 1,587 | 61,18 | 2,24 | 136,84 | 1909 |
| 1910 | 10,67 | 82,31 | 92,99 | 1,692 | 63,73 | 2,83 | 138,09 | 1910 |
| 1911 | 11,13 | 84,91 | 96,04 | 1,890 | 69,02 | 2,84 | — | 1911 |
| 1912 | — | — | — | — | — | 2,62 | — | 1912 |

STATEMENT VI.

(Referred to in para. 20.)

EXTRACT from "CAPITAL," June 25th, 1908.

But how is this to be managed? One thing certain, it cannot be managed in a day. A great preparation is needed before the ingrained hereditary custom of hoarding will break down before the light which is now breaking in upon every other thing in India. And the preparation must begin in the primary schools, and be carried right up through the higher schools, colleges and universities. If the sons of the wealthy nobles and zemindars got a good all-round education from their youth up, not merely of a literary order, but were trained in the sciences and the arts and in their application to the development of everything relating to modern life. If their minds got lightened up by coming, in the course of their education, into practical contact with the fascinations (for example) of electricity and the immense possibilities of its applications to industrial life; to the wonderful revelations of chemistry; to engineering, civil and practical; to textile manufacturers; to agricultural and commercial enterprise and to the providing of facile means of inter-communication by canals and railways of commercial transport throughout India and to its ports—if, I say, the sons of the wealthy of the land were brought up through an education such as I have indicated, the great hoards would begin gradually to open to be directed into fruitful channels, and the Government of India would never be at a loss where to get money for needful railway construction. The leaders of the *swadeshi* movement (all success to them) may lay to heart this truth that until the vast hoards of India's internal wealth are available for the development of the country, *swadeshi* will lead a starved life. Education, education, education, are the three requisites for thawing the frozen hoards of India. And this cannot be realised a day too soon.

STATEMENT VII.

(Referred to in para. 27, III.)

The DEVELOPMENT of CREDIT and of IMPORTS and EXPORTS in INDIA.

| Year. | Capital and Reserve of Banks in India in Lakhs of Rs. | Private Deposits in Banks in Lakhs of Rs. | Clearing House Returns, Calcutta, Bombay, and Madras in Lakhs of Rs. | Index Numbers. | | | | Imports and Exports of Merchandise and Treasure excluding Government Stores. | | Year. |
|-------|---|---|--|----------------|----------------|-------------------------------|--------|--|---------------|-------|
| | | | | Capital. | De- posits. | Clearing House Returns. | Total. | In Lakhs of Rs. | Index Nos. | |
| 1890 | 4.99 | 25.01 | 1,37.75 | 96 | 98 | 94 | 96 | 193.16 | 99 | 1890 |
| 1891 | 5.05 | 26.22 | 1,46.50 | 98 | 102 | 100 | 100 | 192.49 | 98 | 1891 |
| 1892 | 5.12 | 25.07 | 1,43.81 | 99 | 98 | 98 | 98 | 193.07 | 99 | 1892 |
| 1893 | 5.27 | 24.31 | 1,46.08 | 102 | 95 | 100 | 99 | 202.86 | 104 | 1893 |
| 1894 | 5.43 | 27.39 | 1,58.34 | 105 | 107 | 108 | 107 | 196.70 | 100 | 1894 |
| 1895 | 5.85 | 29.09 | 1,75.79 | 113 | 114 | 120 | 116 | 201.18 | 103 | 1895 |
| 1896 | 6.09 | 28.45 | 1,81.23 | 118 | 111 | 124 | 118 | 193.71 | 99 | 1896 |
| 1897 | 6.51 | 26.06 | 1,90.73 | 126 | 102 | 130 | 119 | 194.12 | 99 | 1897 |
| 1898 | 6.89 | 27.16 | 1,76.25 | 133 | 106 | 120 | 120 | 206.39 | 105 | 1898 |
| 1899 | 6.94 | 29.54 | 2,02.55 | 134 | 115 | 138 | 129 | 208.60 | 107 | 1899 |
| 1900 | 6.87 | 31.46 | 2,12.35 | 133 | 123 | 145 | 134 | 207.58 | 106 | 1900 |
| 1901 | 7.15 | 35.47 | 2,11.49 | 138 | 139 | 144 | 140 | 234.09 | 120 | 1901 |
| 1902 | 7.31 | 41.80 | 2,29.49 | 141 | 163 | 157 | 154 | 241.68 | 124 | 1902 |
| 1903 | 7.36 | 45.06 | 2,43.91 | 142 | 176 | 166 | 165 | 277.88 | 142 | 1903 |
| 1904 | 7.55 | 49.80 | 2,51.07 | 146 | 195 | 171 | 171 | 295.20 | 151 | 1904 |
| 1905 | 7.86 | 51.30 | 3,00.45 | 152 | 200 | 205 | 186 | 292.18 | 149 | 1905 |
| 1906 | 8.30 | 57.09 | 3,31.48 | 161 | 223 | 226 | 203 | 318.14 | 163 | 1906 |
| 1907 | 9.48 | 61.28 | 3,66.38 | 183 | 239 | 250 | 224 | 345.53 | 177 | 1907 |
| 1908 | 9.78 | 64.39 | 3,56.20 | 189 | 252 | 243 | 228 | 302.89 | 155 | 1908 |
| 1909 | 10.32 | 73.41 | 3,61.00 | 200 | 287 | 246 | 244 | 348.77 | 178 | 1909 |
| 1910 | 10.67 | 82.31 | 4,10.08 | 207 | 322 | 280 | 270 | 386.26 | 197 | 1910 |
| 1911 | 11.13 | 84.91 | 4,54.51 | 215 | 332 | 310 | 286 | 430.19 | 220 | 1911 |

STATEMENT VIII.

(Referred to in para. 27, IV.)

PERCENTAGE of CASH to LIABILITIES of the THREE PRESIDENCY BANKS.

| Year ending December. | Bank of Bengal. | Bank of Bombay. | Bank of Madras. |
|-----------------------|-----------------|-----------------|-----------------|
| 1893 | 44.69 | 56.5 | 44.0 |
| 1894 | 53.68 | 62.3 | 43.1 |
| 1895 | 47.21 | 51.7 | 43.8 |
| 1896 | 36.41 | 31.5 | 42.8 |
| 1897 | 39.11 | 28.0 | 37.7 |
| 1898 | 40.18 | 32.9 | 43.2 |
| 1899 | 30.83 | 29.6 | 30.6 |
| 1900 | 31.95 | 24.3 | 27.4 |
| 1901 | 39.90 | 35.2 | 37.6 |
| 1902 | 39.17 | 42.0 | 43.5 |
| 1903 | 31.86 | 29.8 | 43.9 |
| 1904 | 38.26 | 40.6 | 37.5 |
| 1905 | 28.36 | 32.8 | 35.7 |
| 1906 | 30.97 | 37.0 | 36.3 |
| 1907 | 25.65 | 33.8 | 35.4 |
| 1908 | 28.41 | 39.7 | 30.3 |
| 1909 | 31.40 | 35.2 | 25.8 |
| 1910 | 28.02 | 35.4 | 28.8 |
| 1911 | 36.82 | 36.7 | 24.2 |
| 1912 | 33.18 | 21.9 | 24.0 |

Taken from the Investor's India Year Books, 1911 and 1913.

STATEMENT IX.

(Referred to in para. 30B.)

ROUGH ANALYSIS of the LIST of SHAREHOLDERS of the BANK of MADRAS,
August 1913.

A.—

| | Ladies. | Number of Shareholders entitled to no Vote. | Number of Shareholders showing the Number of Votes each are entitled to. | | | | | | | | | | Total Number of Shareholders. |
|-------------|---------|---|--|-----|----|----|----|----|----|----------|-----|-----|-------------------------------|
| | | | 1. | 2. | 3. | 4. | 5. | 6. | 7. | 8 to 10. | 11. | 12. | |
| Indian | 25 | 89 | 65 | 16 | 4 | 2 | 1 | 2 | — | — | 1 | 1 | 181 |
| European | 200 | 235 | 365 | 96 | 43 | 12 | 4 | 6 | 1 | Nil | — | — | 762 |
| Grand Total | 225 | 324 | 430 | 112 | 47 | 14 | 5 | 8 | 1 | Nil | 1 | 1 | 943 |

B.—

| | Shares. | Rupees. |
|----------------------------------|---------|-------------------|
| Number of shares held by natives | 3,342½ | = 1,67,12,50 |
| " " " Europeans | 11,675½ | = 5,82,87,50 |
| Total | - | <u>7,50,00,00</u> |

C.—Classification of Indian shareholders :—

| | | | | |
|------------|---|---|---|------------|
| Mahomedans | - | - | - | 13 |
| Bengali | - | - | - | 1 |
| Parsi | - | - | - | 47 |
| Christians | - | - | - | 4 |
| Hindus | - | - | - | 116 |
| Total | - | - | - | <u>181</u> |

STATEMENT X.

(Referred to in para. 30B.)

ANALYSIS OF ATTENDANCE OF SHAREHOLDERS at the GENERAL MEETING
of the BANK of MADRAS.

| Year of the General Meeting. | Number of Directors on the Board at the date of the Meeting. | Present in Person. | | | Present by Proxy. | | |
|---------------------------------------|---|---|------------------------------|---|---|--------------------------------------|--|
| | | 1. Direc- tors, Ex- Directors, and Partners of their Firms. | 2. Mem- bers of Staff. | 3. Shareholders other than Directors, Ex-Directors, and Partners or Members of the Staff. | 1. Proxies in favour of Directors or Partners. | 2. Proxies in favour of Staff. | 3. Proxies in favour of Shareholders other than Directors, Ex-Directors, and Partners or Members of Staff. |
| 1893 | — | — | — | — | — | — | — |
| 1894 | — | — | — | — | — | — | — |
| 1895 | — | — | — | — | — | — | — |
| 1896 | — | — | — | — | — | — | — |
| 1897 | — | — | — | — | — | — | — |
| 1898 | — | — | — | — | — | — | — |
| 1899 | — | — | — | — | — | — | — |
| 1900 | — | — | — | — | — | — | — |
| 1901 | — | — | — | — | — | — | — |
| 1902 | — | — | — | — | — | — | — |
| 1903 | — | — | — | — | — | — | — |
| 1904 | — | — | — | — | — | — | — |
| 1905 | — | — | — | — | — | — | — |
| 1906 | — | — | — | — | — | — | — |
| 1907 | — | — | — | — | — | — | — |
| 1908 | — | — | — | — | — | — | — |
| 1909 | — | — | — | — | — | — | — |
| 1910 | — | — | — | — | — | — | — |
| 1911 | — | — | — | — | — | — | — |
| 1912 | — | — | — | — | — | — | — |
| 1913 | 7 | 7 | 2 | 3 (includes one Broker). | — | — | — |

STATEMENT XI.

(Referred to in para. 30B.)

EXTRACT from "THE MADRAS MAIL," MADRAS.

The Annual General Meeting attended by only one shareholder and held in a room in which the temperature was registering 95 degrees is probably unique in the annals of banking. Such were two of the best remarkable features of yesterday's annual meeting of the Bank of Madras. Of the temperature we prefer to say nothing. Heat, we are told, generates heat, and it would be impossible to refer to the subject coolly. As regards the presence of only a solitary shareholder we consider that a greater compliment could not be paid to the Board of Directors and the executive staff. It proves that the shareholders as a body consider that the affairs of the bank are being conducted in the best possible manner and that there is no fault to be found anywhere or with anybody.

Mr. Decaster, the one representative of the shareholders present, when he found that he was unable to pass his vote of confidence and congratulations on account of there being no seconder, must have felt himself in a rather awkward predicament, but the intention was no doubt accepted with the same pleasure that it would have been had it been possible to embody it.

The Hon. Mr. Byson's speech, though addressed to practically empty chairs, will no doubt be read in print by the majority of the shareholders. . .

STATEMENT XII.

(Referred to in para. 32.)

AUDITORS of the BANK of MADRAS.

| Names of Auditors. | 1898 | 99 | 1900 | 01 | 02 | 03 | 04 | 05 | 06 | 07 | 08 | 09 | 10 | 11 | 12 | 13 |
|----------------------------------|------|----|------|----|----|----|----|----|----|----|----|----|----|----|----|----|
| 1. A. Ronaldson - - - | P | P | P | P | P | P | P | - | - | - | - | - | - | - | - | - |
| 2. G. L. Yonge - - - | P | P | P | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 3. E. J. Firth - - - | - | - | - | P | P | P | P | P | P | P | P | P | - | - | - | - |
| 4. E. J. Drysdale - - | - | - | - | - | - | - | - | P | P | - | - | - | - | - | - | - |
| 5. Fraser & Ross - - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| <i>a.</i> Ian S. Fraser, C. A. - | - | - | - | - | - | - | - | - | - | P | P | P | - | - | P | P |
| <i>b.</i> Graham Ross, C. A. - | - | - | - | - | - | - | - | - | - | - | - | - | P | P | - | - |
| 6. A. H. Lewis, C. A. - | - | - | - | - | - | - | - | - | - | - | - | - | P | P | P | P |

STATEMENT XIII.

(Referred to in para. 39.)

BANK OF MADRAS.

LIST of FIRMS from which the DIRECTORS of the BANK of MADRAS are elected.

| Names. | 1898 | 99 | 1900 | 01 | 02 | 03 | 04 | 05 | 06 | 07 | 08 | 09 | 10 | 11 | 12 | 13 |
|--|------|----|------|----|----|----|----|----|-----------------|----|----|----|----|----|----|----|
| 1. Best & Co. - - - | P | P | P | P | P | P | P | P | P | P | P | P | P | P | P | P |
| 2. Parry & Co. - - - | P | P | P | P | P | P | P | P | P | P | P | P | P | P | P | P |
| 3. Barclay Orr and Davids and Brightwell. | P | P | P | P | P | P | P | P | P | P | P | P | P | P | P | P |
| 4. Wilson & Co. - - - | - | P | P | P | P | P | P | P | P | P | P | P | P | P | - | - |
| 5. Binny & Co. - - - | P | P | P | P | P | P | P | P | - | - | - | - | - | P | P | P |
| 6. Arbuthnot & Co. - - | P | P | P | P | P | P | P | P | Failed in 1906. | | | | | | | |
| 7. Dymes & Co. - - - | P | P | P | P | P | P | - | - | - | - | - | - | - | - | - | - |
| 8. King and Josselyn - | - | - | - | - | - | - | P | P | P | P | P | - | - | - | - | - |
| 9. Gordon Woodroffe & Co. | - | - | - | - | - | - | - | - | P | P | P | P | P | - | - | P |
| 10. South Indian Export Co. | - | - | - | - | - | - | - | - | P | P | - | - | - | - | - | - |
| 11. T. A. Taylor & Co. - | - | - | - | - | - | - | - | - | - | - | P | P | P | P | - | P |
| 12. Bombay Co. - - - | - | - | - | - | - | - | - | - | - | - | - | - | P | P | P | - |
| 13. Branson and Branson - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | P | - |
| 14. Walker & Co. - - - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | P | P |
| Total Number of Directors - | 6 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |

APPENDIX XXXI.

STATEMENT OF EVIDENCE SUBMITTED BY MR. STANLEY REED, LL.D.,
EDITOR OF "THE TIMES OF INDIA," BOMBAY.

I.—*Indian Finance and Indian Politics.*

1. The main point which I would venture to place before the Commission is that Indian finance cannot be dissociated from Indian politics. The two are indissolubly linked. I would quote in support of this view the authority of Lord Cromer, himself a former Finance Minister of India, who said :—

"It is essential to bear in mind that the difficulties which beset this question (the preferential question) are not solely fiscal; but also political. This feature is almost invariably characteristic of oriental finance and nowhere is it more prominent than in India."^{*}

I submit then that the questions relating to Indian finance and currency must be considered in relation to the political and economic condition of India. In both respects the country has undergone a profound revolution in the past 15 years.

2. The most remarkable political phenomenon of modern times is the renaissance of Asia. This has been aptly described as the rapid transformation of the Asiatic peoples from a state of passive acquiescence in the act of being governed into a quick desire to govern themselves. These forces have been seen at work in Japan; they are now operating in China. They have affected the foundations of Indian Society, where they gave rise to the movement which is generically known as Indian Unrest.

3. No modern movement has been more widely misunderstood. Attention has been too largely concentrated on the maleficent aspect of the Unrest—the violent political agitation accompanied by anarchical crime. Behind these malignant forces there has stood a great quickening of the dry bones of India, affecting every phase of society and stimulating the national life to an unprecedented degree.† These new forces have permitted a decennium of unparalleled activity—political, economic and social. The transformation is so great that it has led to the commonplace amongst experienced administrators, that the country is changing so fast that no one who has been absent five years is qualified to pronounce a confident opinion on its present day problems. It was to meet these altered conditions that the Legislative Councils were enlarged and their powers expanded, and the administration liberalised, in 1909. The scope and purpose of these changes are indicated in the last official report on the condition of India :—

"There has been noticeable of recent years a certain quickening of interest among the more educated classes in India, in questions affecting the public welfare—not only in political questions in the narrower sense, but also in questions regarding such subjects as education, sanitation, and the development of Indian industries. With this has gone a desire to take a larger share in shaping the policy of Government and in the work of administration. The momentous changes in the constitution and functions of the Legislative Councils introduced under the Indian Councils Act of 1909 had their origin in a recognition of these aspirations and a desire to entrust to the leaders of the Indian peoples a greater share in legislation and government, and wider opportunities of expressing their views on administrative measures."[‡]

4. In the unreformed Imperial Legislative Council no representative of commerce and industry took his seat as of right, although the chairman of the Calcutta Chamber of Commerce was usually nominated. In the Council

* "The Spectator," July 19th, 1913.

† The official report on the Condition of the People in the Central Provinces (1901-02 to 1911-12) asserts "No one dare say that the new spirit has not brought to India an amount of good which vastly outweighs the evil."

‡ Moral and Material Progress of India, 1901-02 to 1911-12.

to-day the chairmen of the Calcutta and Bombay Chambers sit as of right, together with a representative of the Indian commercial community. The change in the Provincial Councils is less marked, but can be indicated by two instances. The Bombay Legislative Council is entitled to elect three members to the Imperial Council. At the first election in 1909 it sent a prominent millowner and merchant, a distinguished Indian economist, and only one lawyer. At the second election in 1912 it chose one millowner, one merchant, and one economist. It is not exaggerating to say that the most notable result of the changes of 1909 has been to give commerce and industry, for the first time, their rightful place in the counsels of the Government, and to transform the character of the wider and freer debates in the Imperial and Provincial Legislative Assemblies in the direction of giving greater prominence to financial and economic questions.

5. The enlargement of the Legislative Councils upon these principles, and the quickened interest in Indian economic questions which has followed, are incompatible with the retention of large powers over the administration of Indian finance by the Secretary of State. The Government of India has been made susceptible to the impact of organised public opinion. It is the logical corollary of this policy, deliberately adopted to meet the altered conditions of India, that the Government of India shall have the power to defer to this criticism when it carries conviction. Over a wide range of administrative questions this is already the case. With regard to finance it is not. The position cannot be better indicated than it was by a writer in "The Times," who said:—

"The recent constitutional changes in India make it most dangerous to adhere to the old methods of secret bureaucratic administration. During the past few years the leaders of the educated classes in India have been invited to assist the Administration with their criticism and advice, and every effort is made to furnish them with the information and aid which they require for the effective performance of these new responsibilities. . . . Now consider the present position of such an Indian statesman. In every branch of the administration except one his advice is welcomed and his criticisms receive full consideration, while he is given all the information that he can possibly require to enable him to form a sound opinion for himself. But when the question relates to the Secretary of State's financial transactions he finds himself in a very different atmosphere; 'The Secretary of State reserves entire discretion'; 'The India Office will not agree to that'; 'the matter rests with the Secretary of State'; he has to be content with such phrases as these. Naturally, the Bluebeard's cupboard in distant Whitehall excites his liveliest curiosity, and since he is heir to centuries of the intrigues and dishonesty that constitute the Oriental idea of administration, is it any wonder that when information is withheld he suspects the worst?"*

6. Apart from these considerations, the administration of a large part of the Indian finances by the Secretary of State is undesirable because it is opposed to the true principle of parliamentary control over India, as enunciated by the present Under-Secretary of State. Speaking of the necessity of devolution in the administration of India during the Budget debate, 1913, Mr. E. S. Montagu said:—

"The tightness of control of each step in the machine is an excuse for the step below. . . . I know I shall be told indignantly by hon. members that, were it not for their interpolation of questions as to Indian affairs there would be no opportunity of any public and recognised criticism of the Indian Government. All these things are a matter of degree, and as time goes on, you take steps in India to bring the Government more and more face to face with the people, and every step that you take in India in that direction ought to lessen control here. But I should like to remind the House that evolution in this respect was accomplished by the recent reforms, and that in the Legislative Councils now enlarged, elective and representative, questions

* "The Times," November 1912.

are asked and answered, resolutions moved and discussed, on questions of every variety of importance concerning every branch of administration. It is only necessary to glance at the proceedings of one of these Councils to realise that a very genuine interest in administration is taken by the leaders of Indian opinion, and that there is very little danger that any real or apparent grievance, or any Government action of any kind which appears to require explanation, will pass unchallenged."

II.—*Economic Changes in India.*

7. These political changes have been transcended by the economic revolution in India. In part the two are associated, in part they are distinct. The past 15 years have been indelibly marked by famine and pestilence. Both visitations have left permanent impressions. Famine has made the Indian people more resourceful and Indian labour more mobile; plague, unlike famine, which chiefly affects the young and aged, and is corrected by greater reproductivity, has taken heaviest toll of those in the prime of life. These two forces have effected a revolution in rural India comparable only to the results of the Black Death in England in the fourteenth century. The social and economic changes have been quickened by political activity. There can be no doubt that the swadeshi movement in Bengal, though it resulted only in a temporary and sterile boycott in the Province where it had its origin, markedly stimulated industrial progress in India. Industrial development became imbued with the missionary spirit, and Indians of all classes realised that they were pursuing a genuinely patriotic policy in assisting in the development of the industrial resources of their country, either by actually promoting industrial enterprises themselves, or in investing their wealth in them. It is difficult for those who do not live in India, and who are not actually in touch with its sentiments, to realise how deep this movement has gone. Some evidence lies on the surface, like the growth of trade, the development of industry, the increase in banking deposits, the enlistment of Indian politicians in industry and commerce, the floating of the Tata Iron and Steel Works, and Hydro Electric Works,—the first essay of Indians in major industry—with Indian capital, the enthusiasm with which private gentlemen have given themselves to the propagation of co-operative credit, the establishment of organisations for the uplifting of the masses and the depressed classes on a basis of service. But for the most part this revolution is unseen.

8. Although the economic literature relating to India is defective, still we are not without the means of gauging, from official records, the magnitude of these changes. They are indicated in the chapter on "The Condition of the People" in the last report on the Moral and Material Progress of India for the decennium ended 1912. This reflects in language strongly marked by official conservatism the economic revolution which has been silently effected. These conditions are illustrated by the following excerpts:—

Punjab.—"The outstanding features of the decade were plague and colonisation. The first resulted in a reduction of the population in the census decade by 1·7 per cent.; the second in an increase in the cultivated area by 8·14 per cent., and in the more lucrative irrigated area by 14 per cent. These two forces combined have resulted in "an extraordinary increase in the individual wealth of the agricultural community"; "the relief given to congested areas is immense"; and it is now "unlikely that famine relief will ever be required in the future, at any rate on anything like the scale of the past."

Central Provinces.—"The economic development of the Province has certainly been the most striking feature of the decade. The rise in prices and in wages is a point that at once arrests attention. . . . In spite of prices hitherto only associated with years of famine, which would, not many years ago, have sent swarms of villagers to beg or die along the village roads and in the cities, the present is a time of the greatest prosperity for the working classes. The causes of this are simple. There has been a diminution in the supply of labour and an increase in the demand for it."

Bombay.—"The last year of the present decade is interesting because it illustrates the great change that has taken place in the economic condition of the masses. The rainfall is so scanty that there is no doubt that in the previous decade famine would have been declared in Gujarat and the eastern districts of the Deccan. But in fact famine was declared only in the Panch Mahals district, where the population consists largely of the primitive tribes. . . . On the whole, the decade has been a period of general prosperity, of a wider distribution of wealth, and of the expansion of industry and commerce."

Madras.—"It may be fairly said that the people are becoming alive to the necessity of the creation of some new measure of industrial life. There is a strongly marked tendency to industrialism on a small scale. . . . The diffusion of education, the swadeshi movement, the rise in prices, and the even greater rise in the cost of labour, have led to a better appreciation of modern methods of working. New ideas are slowly permeating the mass of the population, and the economic pressure due to improved means of communication with the rest of the world is bringing about a marked change in the method of production."

United Provinces.—"A very marked change is in progress in the standard of life of the upper and middle classes, which may be summarised as a gradual approximation to European standards adapted to local conditions. . . . Among the lower classes of the urban population changes are naturally less marked, but the tendency on the whole is in the same direction."

"Owing to the development of industries, much money has been thrown into the Indian market during the last decade. Both the combination and movement of indigenous capital in the country have greatly increased of late. Competition among the new firms has greatly enhanced wages; wage-earners (and some professional men too) now have a greater quantity of money in their hands. At the same time hoarding has markedly declined. Our upper and middle classes now make it a point to invest their savings, or deposit them in banks, which has the same effect. We constantly see instances of this change in our society. It is surprising how little cash even well-to-do people keep in their hands. Professional men and Government servants with large incomes keep with themselves money just sufficient for the expenses of the month, as we see in making an inventory of their property when they die suddenly. Men in service, with good bank balances, have been found to be strangely distressed when the payment of their salary was delayed by a week! At the same time that investment has replaced hoarding, owing to the spread of industrialism, capital is in quicker circulation than ever before, which has the effect of multiplying its volume. Financially India has become one country instead of being a group of mutually distrustful and isolated provinces."—"Economics of British India." By J. Sarkar.)

9. The economic changes indicated in these extracts are corroborated in many directions, and will be still more clearly revealed when the Census report for 1911 is issued. They are signs of greater economic strength; they reveal the emergence of India from the state of depressed and congested agriculture to a state where congestion has been relieved by the arrest of the growth of the population synchronising with the extension of cultivation through irrigation and the spread of industry. In short, India has passed from the stage when extensive emigration was regarded as the cure for all its economic ills, to one when every industry is short of labour. In no direction is this change more marked than in the increased resistance of the people to the shock of famine. The failure of the rains in the United Provinces in 1907 caused a shortage in the autumn harvest of 4,000,000 tons of food grains, and in the spring harvest of 3,000,000 tons; a total of 7,000,000 tons representing a value of 38,000,000*l.* Two years later there was hardly a trace of this famine left. When the rains failed in Gujarat in 1899, the suffering people had to be carted to the relief kitchens to die; a similar failure in 1911 brought no demand for State relief for the people. More significant still is the experience of the Native State of Bhavnagar.

This State suffered severely in the drought of 1899, and when the rains failed in 1911, the same administrators prepared for the relief of eighty-one thousand people for six months at a cost of Rs. 52 lakhs. In practice, there was "no distress worth the name and no demand for famine labour."

10. It is sometimes assumed that these changes are the temporary product of a few good seasons. Undoubtedly the prosperity of India will wax and wane according to the character of the seasons, but the changes noted go far deeper than the sequelæ of a cycle of prosperous years. The spread of education, the extension of productive and protective irrigation, the growth of industry, and the quickened national life ensure that India is launched on a course of continuous economic development which nothing but a political cataclysm can arrest. These changed conditions warrant a much more resolute revenue policy in the future, and the free use of Indian resources in India.

In the light of these political and economic conditions, I venture to make the following suggestions on some of the specific points referred to the Commission.

III.—*Location and Management of Indian Balances.*

11. The balances of the Government of India should be kept in India and administered by the Government of India.

12. The policy now pursued, as disclosed in the evidence before the Commission, is to hold all the surplus funds of the Government of India, over and above the prescribed working balance, at the disposal of the Secretary of State, for him to remit to London through council bills up to the maximum demands of trade. The balances thus accumulated, in excess of the Secretary of State's requirements, are devoted to the avoidance of debt. This practice is open to objection on the following grounds.

13. India has only an insignificant unproductive debt. This burden, which stood at £70 millions in 1902, had been reduced to £12½ millions in 1913; it is in process of automatic liquidation through the operation of the Railway Annuities and the avoidance of debt section of the Famine Insurance Fund.

14. India has already made large sacrifices from revenue for reproductive works. Until comparatively recently the railways were worked at an annual loss to the State, the aggregate loss under this head being variously estimated at from £50 to £36 millions. Since 1877-8 a certain sum has been set apart annually under the Famine Insurance Fund for the avoidance of debt. If that allotment had been funded, it would now amount to approximately £4 millions. India is also redeeming her railway debt through terminable annuities, and that fund amounts in round figures to £10,000,000 since 1902-3. Quite apart from the sums devoted to the avoidance of debt from revenue, India has, under these heads, devoted from £64 to £50 millions to the avoidance of debt.

15. In view of the insignificance of the unproductive debt and the arrangements which have been made for its automatic extinction, it is no longer justifiable to devote Indian surpluses to the avoidance of debt. The productive works should be financed from loans, and the Indian market freely utilised for this purpose, the surpluses automatically accruing to the provincial governments for expenditure on education and sanitation.

16. The practice of withdrawing the surplus funds of the Government from the market and locking them up in the reserve treasuries until they can be released by sales of council bills is a contributory factor in the very high rates of money which prevail in the busy season, and which constitute a severe burden on trade. It is not only that rates for money are high, but that money is on occasion unobtainable on unimpeachable security even at these rates. There is a general demand from trade and industry that these surplus balances, over and above the prescribed working balances and the Secretary of State's budgetted requirements, shall be automatically released for the benefit of trade. Further, in view of the constitution and functions of

the Imperial Legislative Council, the surpluses of the Government of India ought not to be hypothecated, either directly or indirectly, before the Budget has been passed by the Council, and then only in accordance with the principle that the claims of education and sanitation are stronger than those of reproductive works which ought to be financed out of loans.

IV.—*The Reserves.*

17. The profits on coining, and any interest that may accrue, should be devoted to building up the gold standard reserve, without limit, until such time as further experience, followed by independent inquiry, establishes beyond doubt that the reserve is sufficient to meet all reasonable requirements.

18. Until an effective gold circulation is established the gold standard reserve is the real buttress of exchange. Great Indian interests are associated with the stability of exchange; they would prefer the confidence accruing from an unimpeachable gold holding to any temporary advantage from interest, or to the diversion of any portion of the reserve to the avoidance of debt. The present limit of £25 millions is based on the experience of 1907-8. That, I suggest, is an unsafe guide; the conditions of 1907-8 were abnormal, and the next crisis, whether it be more or less severe, will be very different. Whilst recent changes have given greater economic stability to India, the volume of the token currency has increased, the foreign trade has grown; again in 1907-08 the famine area was limited, it was succeeded by good seasons, and the storm centre was not in London. The time has not arrived when we can estimate with confidence the demand which may be made on the reserve, and which Government ought to be prepared to meet immediately and in full.

19. The gold in the gold standard reserve should be held in India. The course of events has weakened public confidence in the reserve. The Fowler Committee recommended that it be held in gold; the Secretary of State decided that it should be held in Consols in London. In 1906 the Government of India decided to hold a portion of the gold standard reserve in silver; despite the strong protests of the Bengal and Bombay Chambers of Commerce, and of the late Sir Edward Law, who instituted this reserve, this practice still obtains, although under another name. In 1907 it was decided to devote half the profits on coining to railway construction, and a million sterling was allocated to this purpose before the practice was abandoned in deference to the pressure of public opinion. These changes were made, impairing the utility of the reserve for its only legitimate purpose, without any consultation with commercial interests in India. The time and method of the employment of the reserve, and the control of the reserve, are at the discretion of the Secretary of State, who does not number amongst his financial advisers at the India Office any with Indian experience. These conditions induce the demand, strongly expressed by the Bombay Chamber of Commerce in 1907, and in the Imperial Legislative Council in 1912, that a substantial portion of the reserve shall be held in gold in India.

V.—*A Gold Mint.*

20. The Indian Mints should be opened to the free and unrestricted coinage of sovereigns, the Government of India to have the right to strike any subsidiary gold coin which they may deem necessary. The main ground on which I advocate the establishment of a gold mint is that it would provide the machinery for the rapid conversion of the great stores of gold bullion held in India into currency when they came out under pressure of famine. The second ground is that, in the opinion of experienced Indian bankers, the coinage of sovereigns in India would exercise a material influence in promoting the circulation of the sovereigns actually absorbed. So far as I can ascertain, the only argument against the establishment of a gold mint in India is that it would be an unnecessary expense. India is perfectly willing to bear the expense. Neither the Government of India, nor the Indian publicists and economists who have pressed for the execution of the policy laid down when the gold standard was established, have suggested that the

cost of the Mint should be borne from any source other than the profits on coining, of which it would form but a fraction. As against this expense must be set the saving of the cost of remitting light weight sovereigns to London; this was 13,600*l.* in 1912-13.

VI.—*The Finance Committee.*

21. The composition of the Finance Committee of the Secretary of State's Council is inconsistent with established conditions in India. Formerly Indian opinion was represented on the Committee, either by a retired officer of the Finance Department, or by an ex-official of one of the Presidency Banks. But since the retirement of Mr. Hardie and the return of Mr. J. F. Finlay to India, Indian interests have ceased to be directly represented. On the retirement of Lord Inchcape in 1911, they ceased to be indirectly represented. The Finance Committee of the India Office Council has consisted since 1911 of two London Joint Stock Bankers and one member of the Home Civil Service, none of whom has any direct knowledge of Indian conditions. The Committee so constituted exercises wide powers. The Council on whose behalf, or by whose advice, it acts over-rides the Government of India in important matters of finance, and acts not only as a financial arbiter, but almost a financial autocrat.*

22. I am of opinion that the Finance Committee of the Secretary of State's Council should be reorganised so as to provide for the representation of at least the Finance Department of the Government of India; the Presidency Banks; and Indian commerce and industry.

VII.—*A State Bank.*

23. In the absence of any detailed scheme, it is impossible to express an opinion on the question of a State Bank. There is no strong demand for it in India. The advantages of such an institution are recognised. It would relieve the Secretary of State of a large amount of remittance and banking business which would be more correctly transacted by a Bank. It would relieve the Government of India of the management of the paper currency, and a great volume of Treasury work, which, though very efficiently done, could be still more effectively transacted by a State Bank. It would also provide the means of automatically placing the surplus funds of Government at the disposal of trade and probably increase the use of currency notes, attract depositors, and induce a reduction in the Government working balances. These advantages are so manifest that if we had a *tabula rasa*, probably there would be no strong opinion in favour of dividing India into three separate zones operated by the Presidency Banks.

24. But we have not a *tabula rasa*. On the contrary, we have a complex system on to which the State Bank would have to be grafted. Not only is India a large country; but it is one of widely diversified conditions. The commerce and industry of Calcutta are carried on under conditions totally different from those which prevail in Bombay. The Exchange Banks enter largely into the internal commerce and industry of India. Swadeshi banking has made considerable strides and has come to stay. All these interests are entitled to consideration before a State Bank comes into operation. Some are uneasy at the probable effects of the proposals which have been given currency.

25. For these reasons I suggest that if the Commission decide in principle in favour of a State Bank, the question, with any scheme which may be adumbrated, be referred to a small committee, which will take evidence in the chief cities of India, so that all interests affected may have an opportunity of expressing their opinion.

* Lord Curzon, the House of Lords, November 1912.

APPENDIX XXXII.

STATEMENT OF EVIDENCE SUBMITTED BY MR. LAURENCE CURRIE, MEMBER
OF THE INDIAN COUNCIL AND OF ITS FINANCE COMMITTEE.*Balances in London.*

1. It seems certain that it will be necessary for the Secretary of State to keep large balances in London; and it is therefore important to consider how these balances should be employed. The practice, described in Mr. Badock's Memorandum,* of lending on securities to an approved list of borrowers, has proved satisfactory in the past; and I understand that no loss has ever been incurred by the Secretary of State in respect of these loans. At times, however, the balances are so large that it is impossible to find sufficient borrowers with the requisite security; and it was to meet this difficulty that it was decided to deposit with certain approved banks the money which could not be lent against securities. While I think that this was justifiable as a temporary expedient, I should not like to revert to it and still less to establish it as part of the regular practice.

2. As a general rule, it should be possible to keep the balances in London below 10,000,000*l.*, which sum can always be lent to the approved borrowers. If, owing to exceptional causes, they should rise much above this figure, I think that the Secretary of State might lend against bank bills. The Bank of England would, of course, be instructed only to take in such bills as security for the loans as they would themselves take when lending to the market. In practice, it would probably be found desirable to restrict loans against bills to the two discount companies and to two or three of the larger firms. A possible objection to lending against bills is that it might interfere with the market for Indian Railway Debentures, which are at present largely used by the discount market as security for their existing loans. I should suggest, therefore, that if it is decided to lend against bills, that not more than one-third of the total loans should be so lent.

Balances in India.

3. As regards lending any part of the cash balance in India, I doubt whether this would be desirable. If, however, the objections of the Government of India could be overcome, I think that a portion of the paper currency reserve might advantageously be lent against securities, as has been suggested.

Gold Standard Reserve.

4. I consider that the gold standard reserve should be held mainly in London, where alone it can be utilised if required.

5. I entirely agree with the policy adopted in recent years of buying short dated securities instead of permanent stocks for the gold standard reserve. I believe that it would be best to sell gradually all the irredeemable stocks, and to hold the English portion of the reserve in:—

- (1) Short dated securities with not more than four years to run.
- (2) Loans against securities.
- (3) Gold lodged at the Bank of England.

It is unfortunate that the sale of the existing securities must entail serious loss; but it seems probable that a greater loss will be incurred by continuing to hold them.

Council Bills.

6. I think that the sale of Council Bills is the best and most economical method of remitting the balances of the Indian Government to London, and I cannot usefully add anything to what Mr. Abrahams has said on this subject. I agree with him that it would be unwise to restrict the sales by any of the methods suggested. Such a restriction could not, I believe, fail to hamper Indian trade, and to bring about an unnecessary export of gold from this country.

Gold Coinage.

7. I am not at present in favour of coining gold in India. I doubt if there is any genuine demand for it amongst the commercial community; and

* See Cd. 7070, page 309.

the arguments advanced in support of the proposal appear to be mainly sentimental. There is, I think, no evidence to show that the British sovereigns at present circulating in India fail to supply the necessary gold currency.

APPENDIX XXXIII.

STATEMENT OF EVIDENCE ON THE INDIAN GOLD PROBLEM AND
THE VARIOUS MATTERS CONNECTED WITH INDIAN CURRENCY AND FINANCE
SUBMITTED BY MR. DADIBA MERWANJEE DALAL, SENIOR PARTNER,
MESSRS. MERWANJEE AND SONS, STOCK, BULLION, EXCHANGE AND FINANCE
BROKERS, BOMBAY.

STATEMENTS.

- I.—India and the Empire.
- II.—The Circulating Currency of India.
- III.—How and why India draws Gold.
- IV.—India does not hoard Gold.
- V.—India's Consumption of Gold for the Industrial Arts.
- VI.—Consumption of Gold of Principal Countries in Industrial Arts in 1911.
- VII.—India's just share of the Annual Production of Gold.
- VIII.—How to reduce India's Demand for Gold.
- IX.—Transportation Charges on Gold.
- X.—A Gold Mint for India.
- XI.—The Minting of Sovereigns in India.
- XII.—Seigniorage on Coinage of Gold in India.
- XIII.—The Three Government Reserves.
- XIV.—Gold Standard Reserve.
- XV.—"Gold Standard" not "Gold Exchange Standard."
- XVI.—Paper Currency Reserve.
- XVII.—Council Bills.
- XVIII.—Cash Balances in London.
- XIX.—Cash Balances in India.
- XX.—Presidency Banks or State Bank.
- XXI.—Purchases of Silver.
- XXII.—Financial Organisation and Procedure of the India Office.

I.—INDIA AND THE EMPIRE.

1. In the past fifteen years India has made great economic strides. The patient industry of her people, the magnitude of her resources, the developments induced by the extension of irrigation, the spread of railways and the growth of industry have made her one of the great economic forces of the world. Already she is the largest consumer of British manufactured goods, and is one of the principal suppliers of the world's demand for cotton, wheat, seeds, jute and rice. She has more recently entered the field of major industry, and Indian pig iron finds a market in the Far East and South America. The magnitude of her trade and the high prices of produce have, since the adoption of the Gold Standard, set up a demand for the precious metals which has drawn upon her the gaze of the money markets. The problems arising from these conditions are not mere matters of accounts; they must, I submit, be considered in close relation to the economic and political importance of India; they must be adjusted with a full appreciation of the position of India in the Empire—a position which, as Lord Curzon has appositely said, entitles her to be given a place of pride in the Imperial partnership and to be placed at the high table in the banquet hall of the Empire States.

II.—THE CIRCULATING CURRENCY OF INDIA.

2. The Comptroller-General and Head Commissioner of Paper Currency in his report for 1911-12 estimates each denomination of currency in the following words:—"The latest estimate of the number of rupees in circulation

“ is 180 crores and the figures for gold and currency notes respectively may “ be taken to be 60 crores each.” This works out into sterling as follows :—

| | |
|---------------------------------|---------------|
| | £ |
| 180 crores silver Rupees | = 120,000,000 |
| 60 crores worth Gold Sovereigns | = 40,000,000 |
| 60 crores Paper Currency | = 40,000,000 |
| | 200,000,000 |

3. The total floating metallic currency, according to the above estimate, is about 61,250,000 sovereigns and 1,954,600,000 silver rupees. The volume of silver rupees is enormous, and causes anxiety to the Government and to Indian economists and cambists. The problem arising from this mass of token currency does not yet present any special difficulties; but certainly calls for tactful, expert handling. It is necessary to avoid as far as possible fresh rupee coinage; and to secure the confidence of the Indian people. Currency Notes should be made bullion certificates pure and simple and the metallic reserves should be located in India. For the next ten or fifteen years, until the currency and banking arrangements are perfected, the people in some districts will have to be encouraged to use gold in circulation, in preference to rupees. The longer the whole problem is temporised with or delayed, the stronger will be the ultimate pressure on the world's supply of gold.

III.—HOW AND WHY INDIA DRAWS GOLD ?

4. The genius of the British has endowed India with 33,000 miles of railways, 37,000 miles of metalled roads, 59,000 miles of irrigation canals, 75,000 miles of telegraph lines and 19,000 post offices. These commercial undertakings of the Government of India are only surpassed by those of the United States and two or three of the leading European nations. With the assistance of these great public services cotton, oilseeds, rice, opium, jute, wheat, &c., produced by the 90,000,000 actual working agriculturists of India, are brought to the ports of export and converted into bills of exchange on foreign countries. As the exports of India in most years exceed the imports and the Government of India's ordinary disbursements in the London market, the ultimate balance of trade has to be settled in bullion and sovereigns. The excess of exports of merchandise over imports since the Fowler Committee reported, *i.e.*, from 1898-99 to 1912-13, amounts to 511,872,000*l.*, and gives an annual average for that period of 34,124,800*l.*

5. The Indian demand for gold will be regulated by the character of the seasons and the efficiency of the transporting agencies. Unfortunately 93 per cent. of the inhabitants of India are illiterate, and such a population cannot easily be induced to accept foreign securities, or modern agricultural and industrial equipment in adjustment of India's balance of trade.

IV.—INDIA DOES NOT HOARD GOLD.

6. The unfounded and unjust indictment has been made against India that it hoards gold bullion and sovereigns. In the *London Daily Telegraph* of 11th July, 1913, in an article on “Gold Mint for India,” it was stated :—

“ For generations beyond count it has been the custom of the Indian peasant to hoard his small profits in a metallic form. A story of successive avalanches of alien races, which have swept in succession out of the northern passes and founded new dynasties, has been handed down from his forbears, and habits of mistrust and insecurity, as a consequence, have been inbred, and have found vent in the custom of hoarding. The great ones of the land have had their secret stores of jewels and pits of rupees within their castle walls; the poor have been in the custom of hiding their scanty reserve of silver coin beneath their huts or boughs, or of adding a bracelet to their daughter's ankles. The very large claims that India has been making recently upon the world's supplies of gold—chiefly coined in the form of sovereigns—have drawn public attention to the fact that these imports have been made, not for currency, but for the purpose of hoarding.”

7. *Amount of Gold in India.*—The published statistics of the Government of India begin from the year 1835 and according to Government tables the value in rupees of the net imports of gold into India between 1835 and 1912 was 321 crores (equivalent in sterling at the rates of exchange prevailing from time to time to, roughly, 236,000,000*l.*). For the purpose of dissecting the hoarding theory it is necessary to analyse the imports that took place before and after 15th September 1899, when sovereigns were declared legal tender.

8. *Description of Gold Imported.*—India does not import the gold bars of international commerce, which weigh 400 ozs. each and which the Bank of England is always ready to purchase at 77*s.* 9*d.* per oz. By Notification of the Government of India, No. 2662, dated 26th June 1893, the Mint Masters of Bombay and Calcutta Mints were directed to receive gold bullion at the rate of 7·53344 grains troy of fine gold for one rupee. This important notification was cancelled on 11th December 1906. This action and the absence of a Gold Mint make it impracticable for India to deal in the commercial gold bars so well-known in Europe and America. The Indian demand for gold is confined to the costly 10 oz. London manufactured bars and to sovereigns and foreign coins. The importation of foreign coins, however, is microscopical and need not be investigated. The 10 oz. gold chips that India imports are specially prepared; they are highly polished and bear the name of the importing bank together with the stamp of the London bullion brokers, the minimum cost of these is 77*s.* 10½*d.* per oz. in London. These bars are not only used for industrial purposes, but were also employed until 1899 for purposes of speculation, when the price of gold as measured in rupees was constantly fluctuating. Sovereigns imported before 15th September 1899 were principally for conversion into ornaments and not for currency. The Indian people are particularly fond of shield sovereigns for melting purposes, and give higher prices for them. To procure these the Exchange Banks made special arrangements with the banks in England and in Scotland. They are now very difficult to obtain.

9. *Gold Imports prior to 1900.*—The first Lord Swaythling (then Sir Samuel Montagu, Bart.), in his evidence before the Indian Currency Committee on 12th July 1898, stated "I believe there is something like 300,000,000*l.* of gold now in hoards." I do not feel there is any appreciable amount of secreted or hidden gold in India and regard Lord Swaythling's 300,000,000*l.* as mainly conjectural. Between 1835 and 1900 (a period of 65 years) the net recorded import of gold was, approximately, 135,000,000*l.* The annual average absorption works out at 2,076,200*l.* for the arts, industries, and gold coinage of that period; this indicates only a feeble demand for a great country and does not point to any appreciable burying or secreting of gold. This gold has been scattered all over India and for practical purposes of calculation need not now be taken seriously into consideration. What remains of it after the usual wear and tear is mainly in the shape of ornaments belonging to the women of the country. All women are reluctant to part with their jewellery and the Indian women are particularly tenacious with regard to their ornaments. Terrible famines swept over Western India in 1877 and 1899; and although destitution was intense, and in some districts one quarter of the population was in receipt of Government relief, still gold did not come out for export. The following table shows the gold movements in famine years:—

Gold Movements in Famine Years.

| Year. | Import. | Export. | Net Import. |
|---------------|-----------|-----------|-------------|
| | £ | £ | £ |
| 1877-1878 - - | 1,052,618 | 740,532 | 312,086 |
| 1896-1897 - - | 2,994,119 | 1,466,761 | 1,527,358 |
| 1899-1900 - - | 7,632,530 | 1,338,797 | 6,293,733 |

10. Between 1890 and 1897 there were three or four important and successful "corners" in the 10 oz. gold bars in the Bombay market. Although prices touched high levels, the gold tendered on each occasion was less than half a million sterling and the cornerers made considerable

profits. This goes to show that there was no loose or buried gold about, and that the imported gold bars rapidly melt into ornaments. If there was any buried gold, it would have come promptly to the surface, and would have been tendered for the "corner" settlement and re-purchased on advantageous terms (10 to 20 per cent. profit) for the settlement of the following month.

11. In the year 1892-93 and 1894-95 the rate of exchange fell severely and gold of all descriptions come out for export; these are the only two years when the net recorded exports of gold from India were over a million sterling. It was during this period that exchange came down with a rush from 18*d.* per rupee to nearly 13*d.* per rupee. Furthermore, the price of silver, which stood for 60 years at Rs. 105, fell to nearly Rs. 85 per 100 tolas. The Indian people for the first time saw "cheap" silver, and it was to them partly a novelty to exchange dear gold for silver and silver rupees. Between 1835 and 1912 there were only three years in which the exports of gold were higher than imports, as is shown in the following table:—

Years in which Gold Exports were higher than Imports.

| Year. | Imported. | Exported. | Net Exports. | Rate of Ex-change. | Price of Gold per Tola. | | Price of Silver per 100 Tolas. | |
|-----------|-----------|-------------|--------------|--------------------|-------------------------|-------------------|--------------------------------|--------------------|
| | | | | | Highest. | Lowest. | Highest. | Lowest. |
| 1878-1879 | £ 975,366 | £ 1,572,815 | £ 597,449 | 19·895 | Rs. a. p. 19 14 6 | Rs. a. p. 18 11 0 | Rs. a. p. 105 12 0 | Rs. a. p. 105 12 0 |
| 1892-1893 | 1,187,859 | 3,062,981 | 1,875,122 | 15·026 | 26 8 0 | 24 6 0 | 105 12 0 | 105 12 0 |
| 1894-1895 | 1,170,853 | 4,486,916 | 3,316,063 | 13·100 | 30 5 0 | 27 10 0 | 92 2 0 | 84 5 0 |

12. *Gold Imports between 1900-1 and 1911-12*:—Prominence has been given to the views expressed by Sir Edward Holden at the Manchester Statistical Society in October last and at the Annual General Meeting of the London City and Midland Bank this year. Sir Edward Holden has studied the distribution of gold in recent years and comes to certain conclusions regarding India after looking at the main outlines only of the situation. In the figures given by him at Manchester, he states that India took 100,000,000*l.* between 1900 and 1912; but he did not separate the gold bars imported for the arts and industries from the sovereigns which came out mainly to charge India's empty currency reservoir. In order correctly to examine the gold movements, I give a table showing the amount and description of gold imported and exported between 1900-1 and 1911-12:—

Gold.

| Year. | IMPORTS. | | | EXPORTS. | | |
|---------|------------|--------------|---------------|------------|-------------|---------------------------|
| | Bullion. | Sovereigns. | Foreign Coin. | Bullion. | Sovereigns. | Foreign Coins. |
| | £ | £ | £ | £ | £ | £ |
| 1900-1 | 2,349,999 | 4,489,715 | 1,092,299 | 6,685,702 | 663,781 | 21,107 |
| 1901-2 | 1,944,710 | 3,517,331 | 76,316 | 2,464,500 | 1,761,623 | 20,473 |
| 1902-3 | 2,808,835 | 5,812,501 | 173,576 | 2,170,823 | 765,835 | 15,210 |
| 1903-4 | 4,664,997 | 8,656,232 | 110,684 | 2,439,982 | 4,357,749 | 13,075 |
| 1904-5 | 5,683,423 | 8,689,961 | 167,935 | 2,334,704 | 5,717,666 | 18,359 |
| 1905-6 | 5,695,363 | 3,994,485 | 142,800 | 2,407,500 | 7,106,139 | 13,683 |
| 1906-7 | 6,831,342 | 5,360,917 | 163,329 | 2,012,222 | 410,017 | 29,323 |
| 1907-8 | 7,159,246 | 6,445,833 | 230,015 | 2,200,474 | 11,883 | 44,252 |
| 1908-9 | 4,391,566 | 1,079,149 | 132,106 | 2,233,576 | 454,181 | 11,420 |
| 1909-10 | 7,285,323 | 9,240,964 | 161,061 | 2,192,229 | 27,927 | 14,185 |
| 1910-11 | 9,817,801 | 8,540,318 | 236,890 | 2,206,979 | 378,048 | 24,213 |
| 1911-12 | 8,965,867 | 18,342,266 | 354,271 | 2,253,158 | 113,880 | 122,182 |
| Total | 67,598,472 | 84,169,672 | 3,041,282 | 31,601,849 | 21,768,729 | 347,482 |
| | | £154,809,426 | | | £53,718,060 | |
| | | | | | | Net Imports £101,091,366. |

13. This table shows that owing to the absence of a gold mint and gold refineries in India, 31,601,849*l.* gold bullion had to be exported to London for conversion into sovereigns. This gold was mainly from the Indian mines. India lost two months' interest and two sets of freight, insurance and other charges on this gold. The bullion imported was in the shape of 10 oz. polished bars and aggregates 67,598,472*l.* This is for India's demand for the arts and industries and gives an annual average for this period of 5,633,206*l.* The imports and exports of foreign coins are small items and need not be investigated. The country has imported 84,169,672*l.* sovereigns and has exported 21,768,729*l.* sovereigns and retained a balance 62,400,943*l.* The Comptroller-General's estimate (*Gazette of India*, December 21st, 1912) is that 40,000,000*l.* sovereigns are in circulation. The number of sovereigns in India in the Paper Currency Reserve on 31st March 1912 was 15,500,000 thus making a visible supply of 55,500,000. If the Comptroller-General's estimate is correct, then only 7,400,943 sovereigns were melted between 1st April 1900 and 31st March 1912 or an average annual trade consumption by Indian goldsmiths of 616,745*l.* This leads one to believe that there has been no hoarding of sovereigns since they were declared legal tender in India.

14. *Conclusions about Hoarding.*—A full examination of the gold statistics of India induces the conclusion that the vaunted wealth of Hindustan is a myth, and that there is no appreciable secreting or burying of gold. The Indian demand for sovereigns is largely for currency purposes, and such demand will continue until the currency reservoir is full, or until saturation point is reached. Mr. A. Montagu Brigstocke, Accountant-General, Bombay, after investigating the movement of sovereigns (Bombay and Karachi Circles, Paper Currency Report, 19th July 1913) says there is much positive evidence that sovereigns form an increasingly large portion of the actual currency in circulation, while the enormous increase in the receipts of gold at the treasuries, following on larger issues in payment of crops, affords unmistakable refutation of the picturesque but inaccurate statement that "the gold which is dug up in South Africa is buried in South Asia." During the critical years 1907 to 1909, the gold assets of the Government of India were drained to the extent, of some 20,000,000*l.*, and on the 31st March 1909 there was only 23,417*l.* gold in the Currency Reserves in India. The demand for gold for the industrial arts in India is in no sense abnormal; but as it has attracted attention in Europe and America, I examine it separately in the next two statements.

V.—INDIA'S CONSUMPTION OF GOLD FOR THE INDUSTRIAL ARTS.

15. By Hindu caste custom it is necessary for the bridegroom, or his father, to give gold and silver ornaments to the bride at the time of marriage. These ornaments are called "stree-dhan," which means the "woman's property," and are in the nature of a marriage settlement. The bride's father at the time of giving away the bride may also supply a dowry in the shape of ornaments. These settlements (in the shape of ornaments) are the absolute property of the woman, who conserves them with great care. Among Hindus certain months are considered more auspicious for marriages; at such time the demand for gold is heavy, and the Indian bullion dealers make provision for supplying the up-country demand by larger imports from London. In recent years there has also been political unrest in some parts of India; but it is difficult to gauge whether it has led to special investment in gold ornaments. Certainly, there has been no abnormal demand compared to the prosperity of the country, and it has to be kept in mind that early this year, according to the Chancellor of the British Exchequer, nearly 60,000,000*l.* gold was hoarded on the Continent owing to the Balkan disturbances. The bulk of the gold bullion that comes to India is for the industrial arts, and it is only necessary to estimate the number of sovereigns melted for the same purpose. The great bullion market of India is in Bombay, and the official records of the Bombay Currency Office show that between 1901-2 and 1912-13, *i.e.*, a period of 11 years, 1,298,500 sovereigns were taken for melting, which gives an annual average at 118,045*l.* The average for the whole of India, for the last 12 years, as derived from Government figures,

is 616,745*l.*; therefore for the year 1911 a very liberal and very generous estimate will be 2,000,000*l.* The gold bullion imported in the year 1911 was 8,943,546*l.*, and the total demand for the arts and industry of that year would, on a generous estimate, come to 10,943,546*l.* This amount appears large, but it is certainly not excessive for a population of 315,000,000. For the purpose of instituting comparisons between India's demand with that of the other countries, one has to study the figures of the world's industrial consumption of gold, and it is found that India stands a bad sixth on the *per capita* basis. Switzerland has an enormous trade demand for gold, possibly to make watch cases, and consumes per head four times more than England and France and ten times more than India. The *per capita* trade demand of France, England and America is a great deal larger than that of India. Even assuming that 200,000,000 people of India are born never to possess a gold ornament, the trade consumption of the balance of the population only approximates the demand of France or England.

VI.—CONSUMPTION OF GOLD OF PRINCIPAL COUNTRIES IN THE INDUSTRIAL ARTS IN 1911.

16. The following table, on a sterling basis, is compiled from the Washington Mint Bureau figures, and the Indian consumption is calculated by adding 2,000,000*l.* (the liberally-estimated amount of melted sovereigns) to the actual gross import of 8,943,546*l.* gold bullion for consumption in the industrial arts in 1911 :—

| Name of Country. | Gold Consumed. | Population. | Per Capita. |
|------------------------------|----------------|-------------|-------------|
| | £ | | £ |
| Switzerland - - - - - | 1,341,989 | 3,741,971 | ·35863 |
| France - - - - - | 3,596,165 | 39,601,509 | ·09080 |
| United Kingdom - - - - - | 3,698,680 | 45,365,599 | ·08153 |
| United States - - - - - | 6,460,218 | 91,972,266 | ·07024 |
| Germany - - - - - | 3,192,372 | 64,903,423 | ·04918 |
| India - - - - - | 10,943,546 | 315,132,537 | ·03472 |
| Austria-Hungary - - - - - | 1,181,528 | 49,414,833 | ·02391 |
| Belgium - - - - - | 143,837 | 7,516,730 | ·01913 |
| Portugal and Spain - - - - - | 468,663 | 25,011,811 | ·01873 |
| Denmark - - - - - | 51,370 | 2,775,076 | ·01851 |
| Italy - - - - - | 616,446 | 34,686,683 | ·01777 |
| Netherlands - - - - - | 104,056 | 5,945,155 | ·01750 |
| Norway - - - - - | 41,096 | 2,391,782 | ·01718 |
| Sweden - - - - - | 84,103 | 5,521,943 | ·01523 |
| Finland - - - - - | 27,472 | 3,030,400 | ·00906 |
| Russia - - - - - | 1,160,009 | 135,859,400 | ·00853 |

VII.—INDIA'S JUST SHARE OF THE ANNUAL PRODUCTION OF GOLD.

17. The population of the world is 1,597,404,000. One by one the economically developed countries have adopted the gold standard, and the only two nations of any importance left with a silver standard are China (population 433,553,630) and Persia (population 9,500,000) and their demands on the world's gold for arts, industries and hoarding are negligible. Practically, therefore, the whole of the 100,000,000*l.* annual gold production of the world is to be distributed amongst 1,154,350,370 inhabitants. There are no defined or measurable laws or regulations for the distribution of gold among different countries, and the only computation or adjustment that can be arrived at is on the basis of population.

18. *British Empire and Gold.*—The population of the British Empire is 418,357,157, and its share of 100,000,000*l.* annual gold supply (on the world's gold-money-using population basis) is 36,241,263*l.* The British Empire in 1911 produced 54,387,000*l.* gold. The production of the Empire does not remain within its boundaries and to a considerable extent supplies the demand of foreign countries.

19. *Gold Share of United Kingdom.*—On the basis of the 1911 census, the United Kingdom (population 45,365,599) is entitled to 3,929,968*l.* of the annual supply of gold for the world's gold monetary systems.

20. *Gold Share of India.*—India has a population of 315,132,537 and is entitled to 27,299,556*l.* of the annual supply of gold for the world's gold monetary systems. So when India draws 20,000,000*l.* to 30,000,000*l.* gold in any year when its harvests are abundant, it takes no more than its approximate share of the annual supply. Since the Fowler Currency Committee's Report, *i.e.*, between 1898-99 and 1912-13, the net import of gold into India is 132,000,000*l.* or 9,428,571*l.* per annum.

21. There cannot be any genuine or well founded direct objection to India getting gold. Sovereigns were declared legal tender in India on 15th September 1899, and since that date the Bank of England has only increased its stock of gold by 4,000,000*l.* out of the 1,000,000,000*l.* produced in the world.

VIII.—HOW TO REDUCE INDIA'S DEMAND FOR GOLD.

22. The demand for silver for industrial arts can be stimulated and pressure on gold proportionately relaxed if the Government of India abolish in full the duty on silver and allow a proper silver market to be built up in India from which the Far East can be fed and the internal demands of the country met on a reasonable basis. Indian bullion merchants and bankers recommend people to take gold in preference to silver because of the silver import duty. Government imposed a duty of five per cent. on the imports of silver in 1893, and raised it to 4*d.* per oz. which is approximately 15 per cent. in 1910.

23. Government should establish a silver warehouse in Bombay and issue, if required, warrants for each bar of silver imported into India. The effect of this would be that the people would learn to centralise the stock of this metal and bankers and others could advance on silver warrants. This plan would also help Government to buy silver in India when required and to make advances against silver from the currency reserves.

24. The most effective way of husbanding and centralising gold is to encourage the use of Paper Currency and to promote the extension of banking and investment facilities. The Indian mind will never be fully reconciled to the notes issued by the Government Paper Currency Department, unless the whole issue is based on metallic reserves,—such reserves to be entirely kept in India and no portion transferred to London.

25. To encourage the people to make investments in International securities it is necessary to open Stock Exchanges under Government auspices in different parts of India. This would tend not only to turn a portion of the demand for gold towards securities, but also help Government to raise large loans in the Indian markets and make it more independent of the London money market.

26. One of the great needs of the country is more branch banks in the interior. While Great Britain has 8,500 banking offices, India has only a few hundred. It is of the utmost importance that, say, 500 branches of the Presidency Banks should be opened, and they should be compelled by law, until English education becomes more general, to permit the Indian people to draw and sign cheques in the vernacular languages of their districts and to grant interest on current accounts. In the *Times of India* of 18th March 1910 I wrote over my signature as under:—

“I believe if the Government makes it worth while and insists on the Presidency Banks opening branches in every town in India having twenty thousand inhabitants, we can not only establish centres from which the currency situation can be directed, but the branch banks will form powerful schools of finance and banking for our Indian communities.”

27. The stamp duty on cheques in India should be abolished. The people of India are particularly economical, and they will not draw cheques freely if the stamp is required. The recent imposition of bourse taxes checks business in securities and acts as a super-tax on brokers; these taxes should be abolished. The new half per cent. stamp duty on industrial debentures prevents the free negotiation of a type of security which the Indian public is inclined to handle somewhat freely.

28. It would be desirable to see the cheque system introduced into the inland towns of India. Unfortunately India has 294,875,811 illiterate people, and of the 18,539,538 literate inhabitants only 1,670,387 know the English language. How can such a mass of illiterate humanity draw cheques or handle currency notes with confidence? The retiring Finance Minister, Sir Guy Fleetwood Wilson, at a farewell dinner given to him in Bombay on 27th June 1913, said:—

“What is wanted in India is light, more light, always light, and it is education alone which will give us that light.

“It is to education that we must look to dispel many of the misapprehensions which go so far to create discontent in this country. Education dispelled the ‘money drain theory,’ and we must use it to dispel the idea that British rule has reduced India to poverty and its people to starvation. The exact opposite is the case.

“India is at the present time very prosperous and its people have probably never before been so well off. The volume of our exports and imports proves it.”

29. The gaze of the Bankers and Currency Experts in Europe and America should be directed to the educational problem of India. It is through education alone that the demand in India for gold ornaments can be minimised and the tension on the world's gold can be correspondingly relaxed. To make the Indian people plough the sands of the vernacular languages will be of no avail, and until a fair percentage acquire a knowledge of the English language, the country cannot have either accumulative thought or confidence in the teachings of modern economics.

IX.—TRANSPORTATION CHARGES ON GOLD.

30. The difficulties in connection with the free in-flow and out-flow of gold arise not only from the absence of a gold mint but also from the cost of ocean freight and loss of interest during transit between India and other gold countries. The London-Bombay freight is $\frac{1}{2}$ per cent., and the interest for 22 days on the ocean journey at 5 per cent. $\frac{1}{8}$ per cent. The heavy freight, the long route, and the incidental charges at present make it practically impossible temporarily to move capital from India to Europe in order to take advantage of favourable rates of interest. A letter posted from London to Calais (103 miles) costs $2\frac{1}{2}d.$, and a letter posted from London to Bombay (7,000 miles) *via* Calais, Brindisi, Suez and Aden, costs only $1d.$ The advantage of cheap carriage conferred on a letter posted from one point of the Empire to another should be extended to the movement of gold between England, Australia, Africa and India. It is anomalous that the ocean freight on gold bullion, which only weighs $\frac{1}{3}$ as compared with silver, should be the same as for silver bullion. In the next mail contract, the India Office should stipulate that the cost of gold freight between London and Indian ports by mail boats should be on a reasonable freight basis to Government and the public. The India Office should also arrange for an expeditious and cheap overland gold parcel post service between England and India. The movement of gold and sovereigns in bulk by the overland route between Bombay and London under present regulations is practically barred; but if this route were opened and made commercially practicable for exporters, there would be better prospects of oscillations of gold between India and Europe. India would then be less isolated, and the transit period reduced to 13 days. There are no movements of gold between India and her immediate neighbours, for the reason that Persia, Afghanistan, Turkestan, China, Korea and Hongkong have not got gold standards. The free in-flow and out-flow of silver between India and the outside world is fettered by the silver duty.

X.—A GOLD MINT FOR INDIA.

31. For 21 years the free coinage either of silver or of gold has been denied to the people of India. Such a state of affairs does not prevail in any economically-developed country in the world.

32. *Present Mints.*—Bombay and Calcutta possess mints which are said to be the largest in the world. Sir Guy Fleetwood Wilson in the Budget Speech (1913) stated that he knew of none better, and that the work they turned out was a credit to the Indian Government; in so saying he did not rely on his own judgment, but on the judgment of experts in Europe who had given him their opinion. The Calcutta Mint has cost 457,325*l.*, and the Bombay Mint 254,034*l.*

33. *Cost of Gold Mint.*—It is well known that the cost of making the necessary additions for the coinage of gold to the present equipment of the Bombay Mint would be inconsiderable. In the telegram sent by the Secretary of State to the Viceroy on 20th June 1900 it is stated that the cost of building of a new mint on the vacant ground in the north-east angle of the present Bombay Mint would be 12,933*l.*

34. *Cost of Minting Rupees.*—Lieut.-Colonel W. G. R. Cordue, R.E., Mint Master, Bombay, has been so good as to furnish me with figures showing the cost of minting rupees at the Bombay Mint. These show that the manufacturing charges, per million pieces struck, including the cost of direction, supervision, labour and stores, varies between 478*l.* and 917*l.*, according to whether coinage is heavy or low.

35. *Light Weight Sovereigns.*—In 1912–13, 2,329,000*l.* light weight sovereigns were remitted to London, and the cost of freight was 13,600*l.* If these sovereigns are brought back, then it will cost a similar amount for freight. If they were re-coined in India the cost would be small. In fact, the salaries and fixed establishment charges of the Bombay Mint for the year 1911–12 were only 14,685*l.*, and the freight item on light weight sovereigns does not look like a commercial proposition for India.

36. *“Export Corner” of the Bank of England.*—Lord Swaythling informed the American Monetary Commission that the Bank of England has now got what they call an “export corner”; that is, they sift out the minimum legal weight sovereigns and heap them up for the exporters. This great bullion authority further stated that if Liverpool and Manchester Banks want sovereigns they get full weight, because the freight is against sending them from the north to the Continent, and that in the north country places one sees the most beautifully bright and heavy sovereigns, which are denied to London, and the exporters cannot get them. The sovereigns that come to India are collected in London; therefore they are not full weight, and naturally soon fall light in India.

37. *Refineries.*—In connection with the new gold mint there should be complete refineries, and the charge for melting and assaying gold should not, under any circumstances, be heavier than in London. The melters who are recognised by the Bank of England charge $\frac{1}{4}$ *d.* per ounce for melting, and the assay fee is 4*s.* 6*d.* for a bar of 400 ounces. The Bombay Mint should recognise American and other foreign assays in the same way as the Bank of England. Without a refinery it will not be possible to deal with Indian manufactured ornaments and the raw gold from the Indian mines.

38. *The Government to Buy and Sell Gold.*—The Indian Paper Currency Department should on day of tender issue currency notes in exchange for gold at the rate of 3*l.* 17*s.* 9*d.* per ounce standard (on the lines of the English Bank Charter Act of 1844). The Bombay Mint should receive gold for coinage at 3*l.* 17*s.* 10 $\frac{1}{2}$ *d.* per ounce standard, and deliver the coins within 15 days without any charge for assaying or coining, or for waste in coinage. From the gold held in Paper Currency Department the Government should manufacture and sell as near cost price as possible gold of various fineness as is required for ornaments by the Indian people. This will prevent the melting of coins, and will lead to the domestic consumption of the gold which is mined in India. By this means alone will Government be able to check the exact amount of gold that is used in the arts and industries, and such records will be of increasing value in years to come. It will also prevent ignorant buyers up-country from getting inferior gold made up in the Indian bazaars. The Government should also sell gold for export when convenient.

39. *Conclusions on a Gold Mint.*—For these reasons it is unjust to deny India a gold mint of its own, and that it should be made to send its gold

and its light weight sovereigns to be minted and returned from London at the cost of two heavy transportation charges and the loss of two months' interest. It is unfair to allege that the establishment of a gold mint in India is to gratify ignorant vanity or cheap ostentation. All practical and unbiased economists can come to one conclusion only, that a gold mint is a vital necessity to India. As the circulation of sovereigns is increasing, the establishment of a gold mint should be no longer delayed.

XI.—THE MINTING OF SOVEREIGNS IN INDIA.

40. The Treasury Officers and bankers who signed the Currency Report of 1899 had no doubt in their minds that a branch of the Royal Mint could and would be established in India. If that Committee had had any misgiving on the subject, it would doubtless have recommended an independent gold mint and would also have prescribed an Indian gold coin. The publication of the papers regarding the establishment of a mint for the coinage of gold in India suggest many serious reflections to the mind of the Indian public, and they look with regret upon the obstructive attitude adopted by His Majesty's Treasury in London. The 315,000,000 people of India have not been granted a branch of the Royal Mint, while Western Australia (population 283,986), Canada (population 7,192,338), New South Wales (population 1,648,210), and Victoria (population 1,315,000) hold this right. This invidious distinction should not exist in India.

41. If on the restatement of the policy of the Government of India (*vide* the despatch of 16th May 1912), the British Treasury authorities remain unyielding, the only recourse for India is to coin a ten-rupee gold piece free of seigniorage and at the same time to demonetize the sovereign. The Commission should definitely settle this matter with the Treasury before publishing their report.

XII.—SEIGNIORAGE ON COINAGE OF GOLD IN INDIA.

42. There should be no seigniorage charged on the gold coinage in India. In England there is no seigniorage. If any one takes a bar of gold to the Royal Mint in London he receives its full value in sovereigns, weight for weight, without any deduction whatsoever.

43. *Coinage and Minting Profits.*—Between 1900-1 and 1912-13 the profit on the coinage of new rupees was 21,358,880*l.* During the same period the Indian mints made a net profit of 1,720,169*l.*, after providing 5 per cent. for depreciation on plant and 3 per cent. depreciation on buildings, and allowing interest at 3½ per cent. on the cost of the land, buildings, plant, and the average silver, nickel and bronze holdings.

44. The mint and rupee coinage profit in India between 1900-1 and 1912-13 was 23,079,049*l.*, which gives an annual average of 1,923,254*l.* When there is such an enormous surplus profit on the subsidiary coinage, there should, as the Government of India recommend, be no seigniorage on the coinage of gold.

45. *Arrangements for Bombay.*—The gold offered for tender at the 1912-13 Bombay Mint should be coined and delivered within 15 days free of charge as at the London Mint. The fixed mint price of gold in England is 77*s.* 10½*d.* per ounce troy. The Bank of England is always ready to buy gold at 77*s.* 9*d.* per ounce for immediate payment. The Bank of England consequently offers 1½*d.* per ounce less than the English mint, which corresponds to the interest rate of four per cent. for 14 days on the ounce value. The Americans have the finest arrangement in the world for receiving gold, and their mints and assay offices pay the counter value of the gold in cash on the third day after the deposit of the metal. The Bombay Mint should endeavour to approach the American standard for efficiency and despatch.

XIII.—THE THREE GOVERNMENT RESERVES.

46. There are some writers on Indian currency who urge the Government to intermingle their three reserves—the Gold Standard Reserve, the Paper Currency Reserve, and the Treasury Balances—and treat them as the absolute

property of the State. Although these funds are, for currency purposes, slightly inter-connected, I am strongly of opinion that they should be separately compartmented and separately administered. The Treasury Balances being derived from revenue, loans and deposits, must be administered according to the Budget programmes. The Paper Currency Reserve is held by Government only as custodian trustee; it cannot be risked under any circumstances whatsoever, and Government must be prepared to return it to the holders of Currency Notes intact whenever demanded. The Gold Standard Reserve is a revocable trust fund created from the profit on silver coinage for the support of sterling exchange, and can be used only for this declared purpose. If a State Bank is established, these last two funds must be kept separate and distinct from the Banking Department.

XIV.—GOLD STANDARD RESERVE.

47. The Indian Currency Committee of 1898 in their report state:—
 “ We also recommend that any profit on the coinage of rupees should not be credited to the revenue or held as a portion of the ordinary balance of the Government of India, but should be kept in gold as a special reserve, entirely apart from the Paper Currency Reserve and the ordinary Treasury balances.” (C. 9390, page 18, paragraph 60.)

48. *Essence of the Reserve.*—The essence of the Gold Standard Reserve is that it should be a reserve of liquid gold and not of gold securities. It has been truly said that, as at present constituted, this fund is no more a gold reserve than are the investments of the joint stock banks of London gold reserves.

49. *Location.*—Sir Edward Holden declares that the Indian people ought to have the right to say where the gold should be held, and he fears that if gold is held in London there will be no anxiety on the part of the English bankers to keep the gold reserves of the United Kingdom at the highest figures. As long as the British Empire exists there can never be any difficulty in transferring from India such portion of this fund as is required for the Secretary of State's payments in London.

50. *Limit of Reserve.*—If the reserves of the paper currency are made entirely metallic and consist mainly of gold, then 25,000,000*l.* gold in the Gold Standard Reserve Fund will be ample.

51. *Investment Register.*—The India Office has never published the full details of its investments. It has never stated the rate or date of purchase of its securities. The minimum of information is given to the public. The operations in connection with the investments in British Treasury Bills are kept secret.

52. A full statement of the holdings of the Gold Standard Reserve should be published every month in a return to Parliament and simultaneously in the “Gazette of India.” This statement should give details of all the transactions in Stock Exchange Securities, Treasury Bills and Exchequer Bonds, if any, during the month.

53. *Silver Branch.*—The silver branch of the Gold Standard Reserve should be closed by transferring the 60,000,000 of rupees to the Paper Currency Office, and taking Consols and gold from the Paper Currency Office in exchange. The Consols so acquired should follow the destination of the present invested portion of the Gold Standard Reserve.

54. *Investments to be Liquidated.*—The British Treasury Bills and Exchequer Bonds when they fall due should not be renewed; but the proceeds paid to the credit of India Office account at the Bank of England. The India Office should direct the Bank of England to sell Consols at their discretion. This would clear the Consol holding slowly without disturbing the London market. All other securities should be sold under similar discretion within a year.

XV.—“GOLD STANDARD” NOT “GOLD EXCHANGE STANDARD.”

55. The report which Sir Robert Chalmers drafted and which Sir Henry Fowler, Mr. Robert Campbell, Sir Everard Hambro, Sir David Barbour and

others signed on 7th July 1899 is the financial Magna Charter by which a gold standard has been settled for India and subsequently confirmed by the Indian authorities. Some currency writers have endeavoured to show that the standard of India is a "gold exchange standard." Such a standard is not understood in India nor has it been authoritatively accepted and adopted as the currency policy of India. Conservative and responsible interests in India do not understand why efforts are now being made to penalise India with a make-shift make-believe standard when a reasonable effort on the part of Government would induce a full and effective gold standard and gold currency. Since 1900 about 47,000,000*l.* worth of silver has been purchased in London and coined into rupees in India; this prodigious coining of tokens has made the early adoption of a full fledged gold standard difficult. In some quarters it is believed that the saturation of the rupee coinage caused the inflation of prices; special officers of the Government of India were deputed to make inquiries and their report is to be published next year. A close study of the circulating currency of India shows that the problem of changing from rupees to sovereigns and paper money is not at present a difficult one if Government adopts steady, active measures.

XVI.—PAPER CURRENCY RESERVE.

56. In a letter to the Indian press in February 1910 I strongly advocated that the Paper Currency Notes should be bullion certificates pure and simple and that the invested reserve should be liquified. In June of the same year Mr. Hartley Withers, in an introduction to a new edition of "Bagehot's Lombard Street," says :-

" as a matter of theory it is safe to say that a majority of well-informed City opinions is now in favour of making the Bank of England note a pure and simple bullion certificate."

57. *Investments not desirable.*—Neither rupee paper nor Consols are suitable holdings for the Paper Currency Reserves. In times of emergency large blocks of rupee paper could not be sold and the Consol market is 6,000 miles from the nearest Indian port. The conservative and timid Indian people will never freely utilise the Government Paper Currency unless all notes have a metallic backing. Professor Andreades in his "History of the Bank of England" says that a Government debt, and particularly a permanent debt, cannot afford a guarantee or a basis for the issue of notes. He adds— " If every Government debt could be used to create an equivalent sum of money, the conclusion would inevitably follow 'that the way to create money is for a government to borrow it,' and we should have far out-distanced all the Laws and Chamberlains in creation." Successive Finance Ministers have invested sums like 1,333,333*l.*, or less, at a time, of this Reserve and so displaced the vital metallic reserves. This constant tinkering with the Indian Paper Currency Act indicates the absence of any settled policy or broad views in managing the paper currency of a great Empire. These frequent encroachments of securities on the Currency Reserves cannot but disturb public confidence.

58. *Convertibility.*—The trade centres in India are enormous distances apart and it is the first duty of Government to provide for the better convertibility of notes at their treasuries by maintaining fuller currency chests. In 1910, according to a Government statement, there were still sixteen treasuries where encashment of notes was generally refused, and there were fifty-four treasuries which were only "ordinarily able to cash notes on presentation". The Comptroller-General in the 1910 report frankly acknowledges that traders, knowing that it will be useless to ask for large sums in silver in exchange for notes, do not make such attempts. Furthermore, the location of a substantial portion of the gold of the Paper Currency Reserve in London undermines the convertibility of the note issue in India.

59. *Inland Transfers.*—The mechanism for the discharge of obligations at inland towns is still often crude and primitive. Bankers and traders have constantly to transport enormous amounts of metallic currency from one town to another. The wear and tear of the metal and freight are considerable. Economic unity and solidarity are wanting, because the metallic

reserves of the Paper Currency Office are insufficient. If there were no invested reserves, the Paper Currency Department could spread a network of coin reservoirs, filled and emptied according to the trade and revenue movements of the different centres. Government should undertake to supply currency at any required point for a small consideration. Every year the Currency Reports should show the number and location of treasuries, the amount of cash held therein, and the Government charge for granting transfers from one town to another.

60. *Present Investments to be cleared.*—The present Consol holding in the paper currency should be transferred to the Gold Standard Reserve. The make-believe security of Rupee Paper should be cancelled, and a corresponding metallic transfer be made from the proceeds of the investments of the Gold Standard Reserve. This action will squeeze the "water" from the Paper Currency Reserve and provide the solid metallic ground-work which should be behind every note issued by the Paper Currency Department.

61. *Indian Paper Currency Gold in London.*—The Currency Chest which was opened in London in 1905 should be closed and the gold held therein transferred to India. Indian opinion is that the 6,100,000*l.* gold belonging to the Paper Currency Reserve held in London has no mission to perform there save to underpin the weak gold foundations of the English joint-stock banks. London bankers have declared that if India's gold is held in the United Kingdom, it reduces the anxiety of the banks to keep their gold reserves at safety figure. India has to pay an annual charge to England for the keeping of this gold, and in the last budget it is recorded that the India Office paid the Bank of England the sum of 1,483*l.* 13*s.* 5*d.* for this duty.

XVII.—COUNCIL BILLS.

62. Lord Inchcape, in a letter to the London "Times" of 8th November 1912, stated that the practice of regulating the sales of Council bills by the demands of trade, and selling beyond the India Office requirements when these demands are very heavy, is one of long-standing; and that it dates back to a period beyond which the memory of the oldest Indian merchants and bankers does not extend. Government records do not show that the history of selling extra Council bills is so very ancient. The practice of selling enormous amounts of extra bills came into force after 1901 and it has played havoc with the automatic principle of the Gold Standard, which is based on the free in-flow and out-flow of sovereigns.

63. *Huge Sales of Extra Council Bills.*—Up to the year 1901 there was more or less of a struggle to sell Council bills to the required amount and the question of extra bills was not of importance. Since 1901 the India Council has revised its policy and bankers and merchants in India do not know how many Council bills will be sold. Between 1st April 1901 and 31st March 1913 over 90,000,000*l.* extra Council drafts were sold over the Budget Estimates submitted to Parliament. These supplementary bills were sold at rates which were sometimes too low. The sale of Council bills in most years could be regulated with the precision of a chronometer, but the arrangement being in manipulative hands, the interests of India have suffered considerably. This procedure has naturally caused irritation in the money market and the sale of extra bills should not be permitted.

64. *Extra Bills Lead to Over-taxation.*—In the Budget speech made in the House of Commons on 7th August 1913, the Under-Secretary of State for India said :—

"If the House would remember that the total dead weight of India, the total debt corresponding to our National Debt, the total debt against which there is no productive work, is only 12,500,000*l.*, and that the dead-weight debt of India has been reduced by no less in the last three or four years than 13,500,000*l.*—that is, more than half—there is a great symptom of the prosperity of Indian finances."
—(Official Report, House of Commons' Debates, Vol. LVI., page 1900.)

65. That was a diplomatic way of saying that owing to the unfavourable prospects of floating Indian loans in London, India was over-taxed in order to develop the railway and irrigation systems. India's credit on the London money market has receded, mainly owing to the mismanagement of her financial affairs by the Indian Council. In the "Ways and Means" paragraph of the 1911-12 Budget it was stated that the "ample cash balances will be drawn upon to the extent of about 7,015,400*l.*" In the same paragraph of the 1912-13 Budget it was stated by the Finance Minister "We think we can find 11,000,000*l.* out of balances." The excess of capital payments over capital receipts in 1912-13 and 1913-14 will be 21,110,900*l.* It is not fair to build railways on an enormous scale from taxation derived from the present generation for the benefit of future generations and at the sacrifice of the educational progress of the "voiceless and voteless" people of India. The power to sell extra Council bills gives the India Office opportunities to convert the revenue surplus derived from over-taxation into productive works instead of allowing it to be spent on the uplifting of depressed and backward Indian humanity. I am a believer, and a great believer, in the development of the Indian railway and irrigation systems, but it should not be at such a pace as to outrun the progress of the community in other directions.

66. *No Extra Bills.*—The Budget estimate should show under separate heads the amount of Council bill drawings for home charges for capital outlay and discharge of debt. The total sale of Council bills in any year should only be for the amount so definitely budgetted. If the Government of India in consultation with the India Office cannot produce an accurate budget in March, they should issue a supplementary budget statement in October, obtain the sanction of the legislative council in India, and further submit it to Parliament through the Secretary of State before taking fresh action. The cost of a few movements of gold would be far better incurred in Indian interests than vesting in the hands of the finance committee of the India Council the power autocratically to sell unlimited amounts of Council bills. I have already stated (in para. 30, Section IX.) that the cost of gold freight to India should be reduced.

67. *Suggestions for the Future.*—The India Council, in consultation with the Government of India, should from time to time, issue a set programme of the amount of bills to be allotted at each sale. There should be no intermediate sales of Council bills and, if any such remittances are desired, they should be effected on the basis of the Gold Note Act. As one sale per week may be a hardship, there might be two sales per week, but under no circumstances should there be an intermediate allotment under specie point. The Indian Presidency Bank Act should be so amended that the central institutions can, when their resources permit, grant clean overdrafts, for periods not exceeding a week, to recognised banks and merchants to the extent of, say, 100,000*l.* (i.e., Rs. 15,000,000). Banks and merchants, if they missed the periodical Council allotments, could, if their credit was adequate, secure loans from the Presidency Banks. In emergencies, and at all times, they can take advantage of the Gold Note Act, and get immediate payment in India from the Currency Office against the deposit of sovereigns in London. It would be still better if the Secretary of State only sold telegraphic transfers and abolished the sale of bills. The present difference between bills and transfers is not strictly regulated on the basis of bank rates in India. An arrangement to sell telegraphic transfers only would produce a better remittance rate in favour of Government. Gold tendered to the Secretary of State under the Gold Note Act should be promptly sent to India on Government troopships, at the lowest possible charges, and located in the vaults of the Currency Office. To the exchange banks it is immaterial whether they effect their remittance to India through the Secretary of State, or by coupons, or stock exchange securities, or trade bills sent out for collection, or bullion, or sovereigns; their margin between buying and selling rates remains the same. If Government has a definite Council bill programme, the course of exchange will be more settled and the uncertainties and anxieties of the Indian money markets considerably reduced.

XVIII.—CASH BALANCES IN LONDON.

68. In the home accounts submitted by India Office to Parliament on 2nd May 1913, the following are the particulars of the Indian Treasury Balances held in London on 31st March 1912 :—

| | £ | s. | d. |
|---|------------|----|----|
| Cash at the Bank of England and in hand - | 1,398,722 | 18 | 6 |
| Deposits with banks for short periods - | 6,865,000 | 0 | 0 |
| Short loans to approved borrowers on security - | 10,126,290 | 7 | 1 |
| Total - | 18,390,013 | 5 | 7 |

69. The Budget estimate of 1911-12 was for a closing balance of 8,738,218 and the excess London balance was mainly due to the sale of 9,245,216*l.* extra Council bills. The premature transference of excess funds to London raised by over-taxation in India is not justifiable. If the Indian public is over-taxed, it is only fair that the excess revenue should remain in India, with the central banks, at the disposal of trade and industry pending disbursement according to the Budget programme of the following year.

70. *Indian Office not to do General Banking Business.*—The financial duties of the India Office are to make disbursements on behalf of the Government of India and to manage the flotation of sterling loans. The India Office should not be permitted to enter into general banking business in London with the cash balances of India.

71. *Cash in London.*—In addition to the temporary possession of loan proceeds, the India Office ought not to have in hand, as a rule, more than 4,000,000*l.* of funds transferred from India by the sale of Council drafts.

72. *Monthly Statements.*—The India Office should publish every month a detailed statement of its Treasury Balances and submit it as a Return to Parliament and publish a copy in the "Gazette of India."

XIX.—CASH BALANCES IN INDIA.

73. The cash balances of the Government of India are at present lodged with the Presidency Banks, the Mofussil Treasuries, the Mofussil Sub-Treasuries and the Reserve Treasuries. In the Mofussil Treasuries and Sub-Treasuries no larger balance is held than is needed for ordinary requirements and the surplus is withdrawn to the three Reserve Treasuries.

74. *Government disturbs Money Markets.*—Bagehot's advice to the Chancellor of the Exchequer who keeps his money in private vaults is "to equalise the receipt of taxation and the outgoing of expenditure; it should be a principal care with him to make sure that more should not be locked up at a particular moment in the Government coffers than is usually locked up there." The dormant monies in the Indian Reserve Treasuries on 31st July 1909 were 1,477,266*l.* This idle balance was raised by Government on 31st July 1913 to 10,708,804*l.* If the Budget figures are adhered to, the Reserve Treasury balance will fall to near 3,000,000*l.* on or before 31st March 1914. The Government thus arbitrarily disturbs the level of the floating supplies of money and upsets the calculations of merchants and bankers. The number of changes in the bank rate and the range of fluctuation are large in India, because Government does not bank its surplus funds. The aggregate cash balance of the banks in India is from 10,000,000*l.* to 15,000,000*l.*, and the Indian banking system is frequently strained by the shunting of huge blocks of money by Government in and out of the market.

75. *Trade and Surplus Balances.*—The Council Bill System only directly places the balance of the Government Reserve Treasuries at the service of the export trade to the United Kingdom. It also indirectly, through London, to some extent places the balance of the Government Reserve Treasuries at the disposal of the export trade to other countries. In 1910-11 the total exports of merchandise were 7,072,581 tons, of which 1,490,037 tons were sent to the United Kingdom. The total internal trade

of India, as measured simply by the aggregate railway goods traffic, for the same year was 71,269,000 tons. The Reserve Treasury System, therefore, only intermittently feeds the demand of a forty-seventh to a tenth portion of the trade of the country, and compels the Government to ignore the demand of the general inland trade. If the surplus monies of Government were lodged with the Presidency Banks, then the whole trade of the country would be continuously served.

76. *Abolition of Reserve Treasuries Essential.*—The Presidency Banks are now in a strong position and fully entitled to keep all the surplus funds of the Government; the Reserve Treasuries should therefore be abolished. If a State Bank is to be constituted, it will take three to four years to establish; meantime the surplus Government monies should be banked free of interest with the Presidency Banks.

XX.—PRESIDENCY BANKS OR STATE BANK.

77. In a Memorandum submitted by the India Office in October 1909 to Parliament,* it was at the outset stated that India is not a single country with a homogeneous population, and that in truth it is a congeries of countries. India is further described as containing a number of peoples, speaking many languages, holding many creeds, observing different customs and enjoying divergent degrees of civilisation.

78. *One-control System not desirable.*—I do not at present believe in a one-control and one-reserve system for such a country, and the present arrangements of three Presidency Banks should endure until English education is more general and the banking system has extended. The Continent of Europe, with the same population as India, possesses 11 principal Central Banks.

79. *Question of Head Office.*—The question of the Head Office of a State Bank is vital to Bombay and to Calcutta from their respective points of view and there is no possibility whatever of either city subordinating its interests to the other. Time may heal these differences; if so, the amalgamation of the Presidency Banks might come from within; but it should not be under outside pressure.

80. *Time not Ripe for Amalgamation.*—The present is not the right time to amalgamate the Presidency Banks, or for launching a separate State Bank. Either of these steps would cause a disturbance to the money markets of India and interfere with the solution of the currency problem. If the Presidency Banks are merged into a State Bank, the other Indian joint-stock banks are not at present strong enough to take the place of the Presidency Banks. In 10 or 15 years there will be a great advance in Indian joint-stock banking, when the Presidency Banks might conveniently merge into a Central Bank if found necessary.

XXI.—PURCHASES OF SILVER.

81. In making the following suggestions and remarks about the purchase of silver, I do not wish to associate myself in any way with the criticism of last year's purchases. My brothers, who attend to the silver department of my firm, are of opinion that Messrs. Samuel Montagu and Co. executed the Government orders placed in their hands with tact, ability, and secrecy. Whatever remarks I make regarding the structural defects of the London silver market, as viewed from the point of India, do not refer to any particular firm or individual.

82. *London Silver Market.*—The Marquis of Crewe declared in the House of Lords on 14th November 1912:—"Then the position as to the purchase of silver was made more difficult by the fact that there were only four firms in the City of London who acted as bullion brokers. The usual custom of the India Office had been to employ the Bank of England to arrange these purchases. The Bank had commissioned two particular firms of brokers of high standing, and intimated that if the purchases were made through the Bank of England again they would feel bound still to employ the same firms." All these firms referred to are financially

* Cd. 4956, paragraph 2, page 1.

very powerful and hold the greatest silver monopoly known to the world ; furthermore they act not only as brokers but also as dealers and merchants. Each day they meet and jointly declare the " fixing price " of silver.

83. *Indian Silver Markets.*—Dr. Henry Deutsch in his book on " Arbitrage " (1910 edition) states :—" The most important silver market " in the world is Bombay, with which the silver market in Calcutta cannot " compete in the least." The European side of the Bombay silver market is composed of nine powerful Exchange Banks, who employ three firms of brokers. On the Indian side are the principal joint-stock banks, 150 associated shroffs or merchant bankers, 15 bullion dealers, 11 dealers in cut bars and country silver and about 1,000 jobbers and speculators, all of whom do business through some 100 Marwari brokers. The combined force of the different sections of the Bombay silver market is therefore considerable, the market is broad and natural, and there are no combinations or understandings amongst dealers or brokers. Besides Bombay, there are other silver markets in India, and there are several thousand money dealers all over the country who take a share in the distribution and operations in silver.

84. *Regular Purchases Desirable.*—The present frantic and unbusiness-like method of making intermittent purchases of silver should be abolished and the Indian Government should buy regularly in future to an extent to be defined in the Budget ; if any additional silver currency is required then it should have discretion to invite supplementary tenders.

85. *How to Purchase India's Silver.*—The Government of India should direct the Mint Master of Bombay to invite tenders every fortnight for stated amounts of silver, and give the tenderers the option of delivering the bullion within 45 days from the date of the acceptance of the tender. This will place at the service of the Government of India any free silver that exists in the Bombay, Calcutta, London, New York, Paris, Amsterdam, Hamburg, Hongkong and Shanghai markets. Furthermore, it will be an equitable arrangement in which the whole world can participate. The four London bullion firms have agents and correspondents in India through whom their tenders can come in, and if they elect to open offices in Bombay they are sure to receive a most hearty welcome from all sections of the money market. The advantage of regular purchases in Bombay will be that the Indian Government will not only secure silver at a reasonable price, but also make their purchases at the average rate of the year and secure delivery at the very door of the mint.

86. *Opposition of the India Office.*—For the last 13 years the India Office has disapproved the purchase of silver in India by the Government. There is no explanation why 47,000,000*l.* were purchased exclusively in London when on several occasions large blocks could have been secured in the Indian markets.

87. *Duty on Silver.*—In the first and second paragraphs of my Statement VIII. on " How to abate India's demand for gold," I have referred to the silver duty and to the silver warehousing questions. The duty on silver is unfair and is resented by the merchants connected with the China trade as well as the bullion dealers and native bankers in India. It is my opinion that this duty should be abolished entirely, as it prevents an outflow of silver from India to the neighbouring silver centres of the Far East and gives the London silver market an unfair advantage over the Indian silver market.

XXII.—FINANCIAL ORGANISATION AND PROCEDURE OF THE INDIA OFFICE.

88. Lord Curzon of Kedleston, in the House of Lords on 14th November 1912, described the " undoubted feeling of uneasiness which prevailed both " in India and in England as to the present management of Indian finance " in the following words :—

" That feeling was the almost inevitable corollary of the system of secrecy that attended the management and manipulation—he used the word in no invidious sense—of Indian finances in this country. Here the Secretary of State was the official and only guardian of the interest

of the Indian taxpayer. He could over-rule, and did over-rule, the Government of India in important matters of finance. Indeed, the India Office was not only a financial arbiter, but almost a financial autocrat, and if that was so all the greater was the necessity for treating with candour those whose interests were so completely in their hands, who were so helpless in their grasp."

89. *Future Control.*—The present arrangement should come to an end and the future financial control should be vested in a Finance Committee of six, and the Chairman of this Committee should also be a member of the India Council. Unless there are some Indians on the Committee the Indian mind will not be satisfied. The ideal composition of the Committee would be two Englishmen, two Anglo-Indians, and two Indians as under :—

- (1) An influential English financier.
- (2) Chairman of one of the leading London Clearing Banks.
- (3) An Officer of the Finance Department of the Government of India or an Anglo-Indian Merchant.
- (4) A representative of one of the Presidency Banks.
- (5) An Indian banker or financier.
- (6) An Indian merchant.

APPENDIX XXXIV.

MEMORANDUM ON THE FINANCIAL ORGANISATION AND PROCEDURE OF THE INDIA OFFICE, SUBMITTED BY MR. L. ABRAHAMS, C.B., ASSISTANT UNDER SECRETARY OF STATE FOR INDIA.

FINANCIAL ORGANISATION.

Secretary of State in Council.

1. The constitution of the body statutorily described as "The Secretary of State in Council of India" is set forth in the Act for the Better Government of India (21 & 22 Vict., c. 106) and amending Acts.

Members of Council are appointed by the Secretary of State. The term of office is ten years for Members appointed before, and seven years for those appointed after, the passing of the Council of India Act, 1907 (7 Edw. 7, c. 35). An extension of tenure for five years is permissible for special reasons of public advantage. Members are removable upon an address of both Houses of Parliament.

The number of members must be not less than 10 and not more than 14. The majority must be persons who have resided in India for ten years and have been in India within five years before the date of appointment; and, except when there are nine members with this qualification, a vacancy can be filled only by the appointment of a person possessing it.

It is the duty of the Council, under the direction of the Secretary of State, to "conduct the business transacted in the United Kingdom in relation to the Government of India and the correspondence with India."

The normal procedure is to conduct business in accordance with decisions of a majority of the Council, but the Secretary of State is empowered

to overrule the Council save on certain excepted matters on which the vote of a majority of the Council is decisive. The excepted matters include :—

Any grant or appropriation of any part of the revenues of India.

The raising of loans in the United Kingdom.

The purchase and disposal of property and the making of contracts (except certain contracts which the Director-General of Stores and his Department are authorised to make).

Finance Committee.

2. The Finance Committee is one of the Committees of the Council of India appointed by the Secretary of State under Section 20 of the Government of India Act of 1858. The Committee usually consists of :—

1. A member or members (at present two) with experience of English finance. The presence of such a member or members has been continuous since 1880, the names and periods of membership being as follows :—Mr. B. W. Currie, of Messrs. Glyn, Mills, Currie, & Co., December 1880 to December 1895. Mr. F. C. Le Marchant, Director of the National Provincial Bank of England, February 1896 to February 1906. Sir J. L. Mackay (now Lord Inchcape), Director of the National Provincial Bank of England (formerly Chairman of the Bengal Chamber of Commerce and Member of the Legislative Council of the Governor-General of India), April 1897 to July 1911. Sir F. Schuster, Bart., Governor of the Union of London and Smith's Bank, April 1906 ; still a member. Mr. Laurence Currie, of Messrs. Glyn, Mills, Currie, & Co., July 1911 ; still a member.

Except Mr. Laurence Currie, each of these members has been for a time Chairman of the Finance Committee.

2. Members with experience of civil and military administration in India.
3. Sometimes, but not at present, a member or members with special experience gained in India, in an official or non-official capacity, of finance or commerce.

3. The Committee is appointed annually. The Chairman is chosen by the Secretary of State, not by the members. The Committee considers papers referred to it by the Secretary of State or (under authority delegated by the Secretary of State) by an Under Secretary or Assistant Under Secretary of State. The papers so referred are usually drafts of despatches, letters, telegrams, or minutes, or requests for the instructions of the Secretary of State in Council, initiated by the Head of one or other of the nine Departments of the India Office.) The normal procedure of the Committee is, after consideration of each document laid before it, to recommend that the document be approved, amended, or rejected ; but it can formulate a recommendation of its own for dealing with the matter to which the paper refers. It has long been held that under Sections 19 and 20 of the Government of India Act of 1858, the Committees of the Council of India can deal only with matters that have been referred to them by the Secretary of State or under his authority, and have no constitutional power to initiate the discussion of other matters ; but it is improbable that any case could be found in which the Secretary of State has refused to allow the consideration of any matter which the Finance Committee has spontaneously desired to take up.

Members of the Permanent Staff of the India Office taking part in Financial Work.

4. The following are the members of the Permanent Staff of the India Office taking part in financial work :—

- Permanent Under Secretary of State.
- Assistant Under Secretary of State.
- Financial Secretary and his subordinates.
- Public Works Secretary and his subordinates.
- Accountant-General and his subordinates.
- Director-General of Stores and his subordinates.

With the exception of the first-named, all enter the Office either directly after competitive examinations held by the Civil Service Commissioners or

by transfer from other Government departments. The post of Permanent Under Secretary of State has been declared to be one for which, within the spirit of Section 4 of the Superannuation Act, 1859, professional or other peculiar qualifications not ordinarily to be acquired in the Public Service are required. It may in consequence be held by a person entering the Public Service at an age exceeding the usual age and without a certificate from the Civil Service Commissioners.

Secretary of State's Broker.

5. The placing of India Office balances on loan and deposit and the purchase and sale of securities are done through the Secretary of State's broker, who is a member of a firm of stockbrokers and receives a commission in respect of all work for the India Office. The firm to which he belongs usually takes part in arranging the underwriting of loans issued by the India Office, when underwriting is necessary.

Auditor of the Accounts of the Secretary of State in Council.

6. The audit of the India Office Accounts is provided for by 21 and 22 Vict., c. 106, Section 52, printed in the Appendix to this Memorandum. The Auditor is appointed by a Warrant under the Royal Sign Manual, countersigned by the Chancellor of the Exchequer. His duties and powers are very wide. He audits the accounts of the receipt, expenditure, and disposal in Great Britain of money, stores, and property applicable for the purposes of Indian administration. Accounts, vouchers, and all other necessary documents are submitted to him, and he has power to examine in relation to accounts, receipts, disbursements, and disposal of money, stores, and property, any officer or servant of the Secretary of State in Council. His annual report is laid before Parliament with the accounts of the year to which it relates.

The Auditor and his staff, though not members of the India Office establishment, are, for the purposes of superannuation, in the same position as if they were members of that establishment (44 and 45 Vict., c. 63).

FINANCIAL PROCEDURE.

7. The financial procedure of the India Office is shown in the following table giving particulars as to the work done, the department or departments that do it or take part in it, and the higher authorities that, in most cases, exercise supervision and assume or share responsibility. By "department" is meant one of the nine divisions to one or other of which all the permanent staff of the India Office except the Permanent Under Secretary of State and the Assistant Under Secretary of State belong. The "higher authorities" are the Secretary of State, Committees of Council, and Council (which three may be conveniently classed together as "deciding authorities"), the Permanent Under Secretary of State and Assistant Under Secretary of State (the two highest members of the permanent staff), and the Parliamentary Under Secretary of State, whose work in the India Office is similar to theirs.

| Nature of Work. | Department concerned. | Higher Authority. |
|---|-----------------------|---|
| A.—Receipts and Payments of the India Office. | Accountant-General. | The work is regulated by general or special sanctions of the Secretary of State in Council. All receipts and payments are audited by the Auditor of the Accounts of the Secretary of State in Council, appointed under the Government of India Act, 1858, section 52. |

| Nature of Work. | Department concerned. | Higher Authority. |
|--|--|---|
| B.—Placing of balances on loan or deposit. | Accountant-General instructs broker when money can be lent or deposited. Broker arranges for loans and deposits, sometimes acting in consultation with, or under instructions of, Chairman of Finance Committee. | Statements of loans granted and outstanding are submitted weekly through an Under Secretary of State or Assistant Under Secretary to the Secretary of State, Finance Committee, and Council for approval. List of approved borrowers showing limit (when one is imposed) of amount that may be lent to each is submitted quarterly for approval. Proposals for altering list of borrowers or of securities that may be accepted, or for other changes, are submitted for approval as occasion arises. |
| C.—Preparation of annual estimates of receipts and disbursements of India Office. | Accountant-General, with cooperation in some matters of Financial Secretary. | The chief estimates are submitted through Under Secretary or Assistant Under Secretary of State to Secretary of State, Finance Committee, and Council for approval. Revisions made under pressure of time are approved by an Under Secretary or Assistant Under Secretary of State. |
| D.—Preparation of annual accounts of receipts and disbursements of India Office for presentation to Parliament, and of monthly accounts for transmission to Government of India. | Accountant-General | Ordinarily done without supervision, but special points occasionally submitted as in C. The Annual Accounts are examined and certified by the Auditor of the Accounts of the Secretary of State in Council. |
| E.—Questions relating to numbers, pay, and conditions of service generally of India Office staff. | Accountant-General except when the matter is dealt with in the first instance by Under Secretary or Assistant Under Secretary of State. | Submitted as in C. |
| F.—Audit of London Accounts of Indian Railway Companies. | Accountant-General | |
| G.—Regulations and administration of annuity and family pension funds. | Accountant-General with cooperation in some matters of Financial Secretary. | Submitted as in C. |
| H.—Questions relating to general civil and military expenditure in India. | Head of Administrative Department concerned (Revenue, Public, Military, &c.), and Financial Secretary. | Submitted as in C, except that other Committees as well as Finance Committee are consulted. |
| I.—Questions regarding pay, pensions, leave, and conditions of service of civil and military officers in India. | As in H., with cooperation in some matters of Accountant-General. | Submitted as in H. |
| J.—Annual programme of capital expenditure on Railways and Irrigation Works. | Financial Secretary with cooperation of Public Works Secretary. | Submitted as in H. |
| K.—Imposition or Remission of Taxation. | Financial Secretary and Heads of Administrative Departments concerned. | Submitted as in H. |
| L.—Questions relating to General Financial Administration in India, including financial powers of Government of India and Provincial Governments. | Financial Secretary | Submitted as in H. |

| Nature of Work. | Department concerned. | Higher Authority. |
|---|---|---|
| M.—Currency Policy, including Banking; Investment of Gold Standard Reserve and Paper Currency Reserve; Purchase of Silver. | Financial Secretary | Submitted as in C. |
| N.—Issue of loans and similar business. | Financial Secretary | Submitted as in C; but it is often necessary, in order to secure rapidity of action, to delegate authority to Finance Committee. |
| O.—Sale of Council Bills | Financial Secretary | Weekly Sales made under authority of certain members of Finance Committee. Action taken submitted for confirmation as in C. |
| P.—System of Accounts in England and India and of Audit in India. | Financial Secretary and Accountant-General. | Submitted as in C. |
| Q.—Legislation in United Kingdom regarding financial matters (e.g., loan bills and private bill legislation concerning railway companies); preparation of material for use in Indian Budget Debate, other Parliamentary Debates, and answers to Parliamentary questions on financial matters. | Financial Secretary | Questions of legislation submitted as in C. Other work partly done without supervision, partly submitted through Under Secretary or Assistant Under Secretary of State to Secretary of State. |
| R.—Financial relations with departments of British Government, mainly War Office, Foreign Office, and Admiralty. | Financial Secretary and Head of Administrative Department concerned. In dealing with War Office and Foreign Office, the more important financial work is done by the Financial Secretary. | Submitted as in C. |
| S.—Relations with railway companies, including revision of contracts, purchase of lines, sanction to issues of capital, and concessions for new lines. | Financial Secretary and Public Works Secretary; but mainly the former on financial questions. | Submitted as in H. |
| T.—Relations with other companies, involving financial considerations. | Head of Administrative Department concerned and Financial Secretary. | Submitted as in H. |
| U.—Financial questions connected with purchase of stores. | Director-General of Stores with co-operation of Financial Secretary. | Usually submitted as in H., but in some matters supervision is entrusted to Under Secretary or Assistant Under Secretary of State, who have authority to dispose of cases. |

APPENDIX.

21 & 22 Vict., c. 106 (Act for the better Government of India),
Section 52.

It shall be lawful for Her Majesty, by Warrant under Her Royal Sign Manual, countersigned by the Chancellor of the Exchequer, to appoint from Time to Time a fit Person to be Auditor of the Accounts of the Secretary of State in Council, and to authorize such Auditor to appoint and remove from Time to Time such Assistants as may be specified in such Warrant; and every such Auditor shall hold Office during good Behaviour; and there shall

As to the
Audit of
Accounts in
Great
Britain.

be paid to such Auditor and Assistants out of the Revenues of *India* such respective Salaries as Her Majesty, by Warrant as aforesaid countersigned as aforesaid, may direct; and such Auditor shall examine and audit the Accounts of the Receipt, Expenditure, and Disposal in *Great Britain* of all Monies, Stores, and Property applicable for the Purposes of this Act; and the Secretary of State in Council shall by the Officers and Servants of the Establishment produce and lay before such Auditor from Time to Time all such Accounts, accompanied by proper Vouchers for the Support of the same, and shall submit to his Inspection all Books, Papers, and Writings having relation thereto; and such Auditor shall have Power to examine all such Officers and Servants in *Great Britain* of the Establishment as he may see fit in relation to such Accounts, and the Receipt, Expenditure, or Disposal of such Monies, Stores, and Property, and for that Purpose, by Writing under his Hand, to summon before him any such Officer or Servant; and such Auditor shall report from Time to Time to the Secretary of State in Council his Approval or Disapproval of such Accounts, with such Remarks and Observations in relation thereto as he may think fit, specially noting any Case, if such there shall be, in which it shall appear to him that any Money arising out of the Revenues of *India* has been appropriated to other Purposes than those of the Government of *India* to which alone they are declared to be applicable; and shall specify in detail in his Reports all Sums of Money, Stores, and Property which ought to be accounted for, and are not brought into account or have not been appropriated, in conformity with the Provisions of this Act, or have been expended or disposed of without due Authority, and shall also specify any Defects, Inaccuracies, or Irregularities which may appear in such Accounts, or in the Authorities, Vouchers, or Documents having relation thereto; and all such Reports shall be laid before both Houses of Parliament by such Auditor, together with the Accounts of the Year to which the same may relate.

APPENDIX XXXV.

MEMORANDUM ON THE CONSTITUTION, POWERS, AND DUTIES OF THE SECRETARY OF STATE IN COUNCIL AND HIS ESTABLISHMENT, SUBMITTED BY SIR T. W. HOLDERNESS, K.C.S.I., UNDER SECRETARY OF STATE FOR INDIA.

1. A Memorandum on the Financial Organisation of the India Office by Mr. L. Abrahams, Assistant Under Secretary of State, has been supplied to the Commission.

2. It may be useful to supplement on certain points the information there given as to the constitution of the Council, its statutory powers and its procedure in financial matters, and as to the organisation of the Council and its relations to the Secretary of State.

The Government of India Act of 1858 (21 and 22 Vict., cap. 106) established the Council of India, and fixed the number of members at fifteen. Some of the members were to be elected by the Court of Directors of the expiring East India Company, others appointed by the Crown. Nine at least of the Council first constituted were to have what may be described as an "Indian qualification," that is, they were to have resided or served in India for ten years at least, and were not to have last left India more than ten years next preceding the date of their appointment. The Act provided that on the occurrence of a vacancy thereafter, unless at least nine of the continuing members were thus qualified, the person appointed to the vacancy must have the Indian qualification. This restriction is still operative. The members were appointed for life or "during good behaviour," but were removable by the Crown upon an address of both Houses of Parliament. The salary of a Member of Council was fixed at 1,200*l.* a year. After ten years' service on the Council a member might elect to retire on a pension of 500*l.* a year.

3. In 1869 an amending Act (32 and 33 Vict. cap. 97) limited to ten years the term of office of members appointed after the date of the Act, but gave the Secretary of State a power to reappoint "for special reasons" for a further period of five years. The right to claim a retiring pension was withheld as regards all members appointed after the date of the Act.

4. In 1889 the Council of India Reduction Act (52 and 53 Vict., cap. 65) empowered the Secretary of State, "if and whenever he thinks fit and provided that the total number of the Council be not thereby reduced below 10," to record his intention to abstain from filling up any vacancy in the Council of India, "and such vacancy shall henceforward remain unfilled." The Act represented the view that a Council of 10 members would suffice.

5. In 1907 the Council of India Act (7 Edw. 7, cap 35) repealed the Act just cited, and enacted that "the Council of India shall consist of such number of members, not less than ten and not more than fourteen, as the Secretary of State may from time to time determine." This enabled the Secretary of State to work, if he thought fit, with a Council of ten, and at any future time to increase the number if he found ten insufficient. It was intended to bring one or more Indian gentlemen on to the Council, and as they would not necessarily have administrative experience a certain amount of elasticity in the numerical strength of the Council was thought desirable. The Act also fixed the salary of members appointed after its passing at 1,000*l.* a year, and the term of office at seven years. The power of re-appointment for a further term of five years was maintained. With regard to the "Indian qualification" the maximum length of absence from India at time of appointment was reduced to five years.

6. The Council at the present time consists of ten members. Of these two are London bankers. The "Indian qualification" is possessed by eight members, two of whom are Indians. Of the eight members five have had Indian administrative experience in important posts in the Civil Service; one is a distinguished general officer of the Indian Army; one has served in the Indian Political Department; and one is an authority on educational questions and ex-Principal of an important college in India.

7. The relations of the Council and the Secretary of State *inter se* are determined by the Act of 1858. The powers of the Secretary of State in respect of the Government of India, and his relations to that Government, are determined primarily by that Act, and in a minor degree by earlier and later statutes.

8. The constitution established by the Act of 1858 is thus described by Sir Courtenay Ilbert in "The Government of India":—

"In certain matters, including the expenditure of the revenues of India, orders of the Secretary of State are required by law to obtain the concurrence of a majority of votes at a meeting of his Council, but in all other matters the Secretary of State can overrule his Council. Whenever there has been a difference of opinion in Council any member has a right to have his opinion, and the reason for it, recorded."

"The Council is thus, in the main, a consultative body, without any power of initiation, and with a limited power of veto. Even on questions of expenditure, where they arise out of previous decisions of the Cabinet, as would usually be the case in matters relating to peace or war, or foreign relations, it would be very difficult for the Council to withhold their concurrence from the Secretary of State when he acts as representative and mouthpiece of the Cabinet."

"For the better transaction of business the Council is divided into committees."

9. All matters in the decision of which the concurrence of a majority of votes at a meeting of Council is required by law must of necessity be brought before a meeting of Council. Matters which fall under the category of "secret" may be disposed of by the Secretary of State without the knowledge of Council. As regards other matters, the Secretary of State decides whether they shall be

brought before a meeting of Council or "tabled" for seven days in the Council room. But he has power when "tabling" a case, to direct that for reasons of urgency the order shall issue in advance. As a rule the more important cases not falling into the "secret" category are referred by the Secretary of State to a Committee of Council. From the Committee they are returned to the Under Secretary with the Committee's recommendations or remarks. The Secretary of State (or the Under Secretary in less important cases) then decides with reference to the nature of each case whether it should stand over for the next meeting of the Council or be "tabled."

10. In addition to the matters mentioned in Mr. Abrahams' Memorandum and specified in the Act of 1858, as matters requiring the sanction of a majority of votes at a meeting of the Council, there are certain other matters for which this special sanction is required by other Acts. These are mentioned in the note appended to clause 10 of Sir Courtenay Ilbert's Digest ("The Government of India," page 150). They relate to the making of appointments to certain offices, the alteration of the salaries and allowances of certain high officials, the making of leave or furlough rules, and the like.

11. The Act of 1858 also governs the permanent establishment of the Secretary of State. Its provisions are stated in Ilbert's Digest as follow:—

"18.—(1.) His Majesty the King may, by Order in Council, fix the establishment of the Secretary of State in Council and the salaries to be paid to the persons on that establishment."

"(2.) Every such order must be laid as soon as may be before both Houses of Parliament."

"(3.) No addition may be made to the said establishment, nor to the salaries authorised by any such order, except by a similar Order in Council to be laid in like manner before both Houses of Parliament."

"(4.) The regulations made by His Majesty for examinations, certificates, probation, or other tests of fitness in relation to appointments to junior situations in the civil service apply to such appointments on the said establishment."

"(5.) Subject to the foregoing provisions of this section, the Secretary of State in Council may make all appointments to and promotions in the said establishment, and remove any officer or servant belonging to the establishment."

12. As already stated the primary source of the authority exercised by the Secretary of State over the Government of India is the Act of 1858. Section 3 of the Act in general terms invested "one of Her Majesty's Principal Secretaries of State," on behalf of the Crown, with the power formerly exercised by the Board of Control and the Court of Directors. Subsequent sections of the Act specifically confer on the Secretary of State in Council control over the expenditure of the revenues of India, both in India and elsewhere, and define his powers to dispose of monies, securities and other properties vested in the Crown for the purposes of the Government of India. Other specific powers of the Secretary of State in Council have to be collected from earlier or later Acts. For instance, in virtue of 3 and 4 Will. IV., c. 85, s. 25, the Secretary of State, subject to the provisions of the Act of 1858 determining his relations with his Council, may "superintend, direct, and control all acts, operations, and concerns which in anywise relate to or concern the Government or revenues of India, and all grants of salaries, gratuities, and allowances, and other payments and charges whatever out of the revenues of India" (Ilbert, Digest, Section 2 (2)).

13. The financial control of the Secretary of State in Council thus extends to all acts of the Governments in India. It is unlimited, except in so far as by general or special orders he has delegated powers of sanction to Indian authorities. Large powers have so been delegated. They are collected together in various Codes, such as the Civil Service Regulations, the India Army Regulations, the State Railway Codes; and in what is called the "Audit Resolution of the Government of India," the latest edition of which is dated 15th March 1913. Expenditure proposals that are not covered by these delegated powers have to be submitted by the Government of India to

the Secretary of State in Council for his sanction; and questions inevitably arise from time to time as to the exact extent and limits of the delegated powers. Every important administrative project, it may be said, involves expenditure beyond the sanctioning authority of the Government of India, and has to be considered by the Secretary of State in Council in its financial as well as in its administrative bearings. The proposals of the Military, Public Works and Railway Departments in particular affect large sums of money. The budget estimates of the Government of India and the "ways and means" provision of the year also raise large questions of financial policy. Thus in one way or another a large amount of intricate and important financial work necessarily comes from the Indian Government to the Secretary of State in Council. For the proper disposal of this business the Secretary of State in Council requires in his advisers an intimate knowledge of the state of the finances of India, the detailed working and technicalities of its financial system, and the bearing of the particular proposals before him on the general position. He needs specialised knowledge of the same kind as that possessed by high financial authorities in the Government of India. But he also needs expert knowledge and advice respecting certain other branches of finance with which the Government of India have less to do than he and his Council. The management of the remittances between the Indian Treasury and the Secretary of State's Home account, the lending of the Secretary of State's balances, the investment of monies on account of the Gold Standard and Paper Currency Reserves, the raising of money in this country for the capital requirements of the Indian Government, the frequent transactions that arise out of his contractual relations with the Indian Railway Companies,—all this is a class of business which is either entirely or to a great extent the special business of the India Office and the Council.

14. The financial knowledge and advice thus required under both heads can be provided either in the Council itself or in the permanent establishment of the India Office, or in both. In the Council by members having official experience of Indian finance, and by members who are in touch with banks or other business affairs in London or India. In the permanent establishment by a sufficient staff of officers suitably trained and organised.

15. Reserving for the moment the question of the constitution of the Council, which should be considered in the light of the proposed changes recently announced by the present Secretary of State, I would supplement on one point the information given in Mr. Abrahams' Memorandum regarding the permanent staff that takes part in financial work. Up to 1911 the post of Assistant Under Secretary of State and Clerk of the Council was held by officers who had had no previous training in the financial work of the India Office. Their duties mainly consisted in assisting the Permanent Under Secretary in the internal administration of the office establishment, in relieving him of routine work, and in keeping the minutes and superintending the proceedings of the Council. On Mr. Abrahams' transfer to the post from his former post of Financial Secretary, it was arranged by my predecessor with the sanction of the Secretary of State that cases coming up from the Finance, Public Works and Stores Departments and from the Accountant-General's Department should be supervised by him before they went on through the Permanent Under Secretary to the Secretary of State. The work of the Council Clerk has since been transferred to a Deputy Clerk. This distribution of duties has sensibly relieved the Under Secretary, and has proved of very great assistance to the Secretary of State and the Council. The four departments dealing with financial questions are thereby given expert guidance and supervision. It may be noted that the arrangement as yet is personal to the present Assistant Under Secretary, as the post has not been formally converted into a financial one. Were the arrangement, however, discontinued, the provision made for the proper discharge of the financial business of the India Office by the permanent staff would be less satisfactory than at present.

16. As regards the Finance Committee, the constitution of which is described in the Memorandum above referred to, it may be remarked that it is an expedient for bringing to bear on the consideration of financial matters before

they are submitted for the decision of the Secretary of State in Council the combined expert knowledge of the members composing the Committee and of the permanent officials. The actual recommendation in each case is made by the Committee only, but the officials present (the Under Secretary, Assistant Under Secretary, Financial Secretary, and Accountant-General), take part in the discussions.

17. Turning now to the constitution of the Council I am authorised to invite attention to the statement made by the present Secretary of State for India in the House of Lords on 31st July last, regarding certain changes in the composition of the Council and in its system of transacting business which he proposes to make, if and when the necessary amending legislation is obtained. The details of the scheme have not yet been definitely worked out, as they will to some extent depend on the recommendations which the Commission may make as regards financial organisation. But, broadly speaking, the intention is that the business of the several departments of the office, which at present is considered in Committees of the Council before it reaches the Council, will for the most part in future be considered by the members singly, the members being told off or "attached" to the several departments. This in its main features is apparently the system in force in the Admiralty and in the War Office. The Committee procedure would be reserved for special occasions or particular kinds of business. It is considered that this alteration in the disposal by the Council of the work of the office will make for despatch, increase the usefulness of the members of the Council as expert advisers to the Secretary of State, and will conduce to the more thorough and adequate consideration of the really important matters that come before the collective Council.

18. It is not proposed to repeal the provision of the Act of 1858 which requires that certain kinds of business shall be brought before a meeting of Council and decided by the majority of votes of the members present. The authority of the full Council in respect of such matters will not be diminished. But it may be advisable to replace Section 20, which makes it lawful for the Secretary of State to divide the Council into Committees for the more convenient transaction of business, by a clause giving the Secretary of State a more general power to make rules and orders for the more convenient transaction of business in his Council (24 and 25 Vict., c. 67, s. 8, gives the Governor-General in Council a similar power). A power of this kind would render unnecessary the retention of Sections 24 to 26 of the Act, which prescribe in great detail the procedure for "tabling" orders.

19. Under this scheme a Council of eight members will, it is considered, suffice, though probably provision will be made in the Bill for a maximum of 10 members. The great majority of the members will necessarily be men with experience in the different branches of Indian administration, and in order to secure that this experience shall be recent, the present permissible interval between leaving India and appointment to the Council will probably be reduced, while the term of office on the Council will certainly not be longer than the present statutory limit of seven years.

20. As regards the provision which should be made for the proper representation of finance in the reconstituted Council, the Secretary of State will be glad to have the advice of the Commission. It will depend, he thinks, partly on the view that the Commission may take regarding a State Bank and the possibility of thereby relieving the India Office of the semi-banking business which it at present transacts, and partly on the nature of their recommendations as regards the organisation of the permanent staff. As at present advised, the views of the Secretary of State are somewhat as follow :—

(1.) So long as the Secretary of State in Council is responsible for the management of exchange operations between India and England and of the currency, and for loaning out in the market the balances which at certain times accumulate in excess of his immediate requirements, the presence on the Council of a member actively engaged in commerce or banking in the City of London, and thereby brought daily into touch with the money market, secures to the Council first-rate information and advice regarding subjects which lie outside the usual range of business of a Government Office. Whether, if there were no City member, the Secretary of State could always

command expert help of this kind is not clear. Even if the special work at present discharged by the India Office were transferred to a State bank, there is still something to be said for having such a member to advise regarding the amount that can be borrowed each year in London for capital expenditure, the form of loans to be issued and the terms of issue, and other similar business such as that connected with the renewal of terminable obligations in which the Secretary of State in Council is primarily interested, such as guaranteed railway debenture bonds.

(2.) It has to be recognised that such a member cannot undertake the work of supervising the whole of the financial business, much of it of a purely Indian and technical character, coming before the Council. A portion only of his time is at the disposal of the Secretary of State, and he is not expected to be familiar with the details of Indian finance. The Secretary of State's scheme for reconstituting the Council and attaching individual members to particular departments will require, whether there is a "City" member on the Council or not, one member thoroughly acquainted with the Indian financial system and also with the administrative system of that country. He would be the financial member of the Council in the sense that he would supervise all the financial business coming before the Council, and advise the Secretary of State upon it.

(3.) The Secretary of State has given much consideration to the question whether a salary of 1,200*l.* a year, and a tenure of office limited in the first instance to seven years—the terms proposed for members of Council generally—may not be found to restrict unduly his choice of a finance member. The terms practically limit the field to Indian public servants who have completed, or are on the point of completing, their Indian service, and who would have their Indian pension in addition to the salary of a member of Council. The field is a considerable one. But if ever it were considered desirable to secure a younger man or a man of special qualifications outside this field, the proposed statutory restrictions on salary and term of office would undoubtedly stand in the way of his appointment. There are obvious objections to differentiation in the terms of appointment of members of the Council, rendering as they do services of the same kind to the Secretary of State. But this objection would lose its force, if in the view of the Commission radical alterations are required in the composition of the Council, with the object of improving its financial efficiency.

(4.) The solution of the question just raised may, the Secretary of State thinks, partly depend on the recommendations that the Commission may think fit to make with regard to the financial organisation of the permanent establishment of the Secretary of State. If their recommendations should be framed with a view to increase the efficiency of the permanent establishment dealing with financial business, to improve in degree and quality the control at present exercised by the higher permanent officials, and thereby to enable the latter to render greater assistance and advice to the Secretary of State in Council, there would be less occasion to create in the Council a special post in order to secure a finance member of exceptional capacity and energy. At the same time the Secretary of State does not overlook the distinction recognised by the Act of 1858 between the functions of the permanent staff and the Council, and he is fully convinced that in the reconstituted Council there should be a competent adviser on financial matters.

APPENDIX XXXVI.

MEMORANDUM SUBMITTED BY MR. L. R. WINDHAM FORREST, A FORMER
CHAIRMAN OF THE BOMBAY CHAMBER OF COMMERCE AND OF
THE BANK OF BOMBAY.

TO BASIL P. BLACKETT, Esq., Secretary.

SIR,

IN response to the invitation of your Chairman to send in a short written statement, I beg to submit the following remarks :—

Treasury Balances.

The amount received from profits on railways should for the present be used for the improvement of the existing main lines, a part retained in India and another part in England for the purchase of railway material. A moderate portion of the Treasury balances should be kept in India, to be lent out to the Presidency banks against securities at a fair rate of interest, say 1 per cent. to 2 per cent. below the advertised rate of the banks, for the benefit during the busy season of the inland trade, as apart from the export trade, though probably a better way can be found by the Government of India taking power to increase temporarily the holding of securities in the paper currency reserve.

At present they may hold 14 crores of securities, against their total issue of notes which now stands at about 65 crores. These might be increased for the present to a maximum of 17 crores between December and May. The banks providing the securities against advances.

In September 1911, the Finance Minister, when asked if the Government of India would lend to the money markets in India against the deposit of approved securities when the Treasury balances were high, replied in the negative. Such a declaration would not now be meekly received, and I feel sure the Indian commercial community will not rest until some alteration is made. I trust the Commission will see their way to recommend that at least 2 crores are made available to the Presidency Banks against securities during the busy season from the Treasury balances, or through the Paper Currency Department. In Canada special facilities are given to the banks to increase their note issue during the wheat export season.

But for Treasury balances not required for expenditure in India, no better method can be devised than their transference to London by sale of Council bills; for notes, silver and even gold, if required, are thus released in India to the great benefit of the export trade, and the money at the same time is placed with exceptionally strong borrowers on a great variety of securities, and often earns a rate of interest which cannot be obtained in India during the monsoon months.

Those who object to holding Treasury balances in London seem to overlook the relief given to the export trade by the sale of these Councils.

Excessive Balances.

These would naturally appear to warrant a reduction of taxation, but the demands of the railways, the loss of the opium revenue, justify the cautious policy of Government. Lately a very large amount has been used for railways, but I have never understood why Lord Morley, when describing at the Mansion House the enormous amounts at his command, did not put out more in that direction, when he knew he was spending far short of the twelve million recommended by Sir James Mackay's Committee. Serious representations had to be made to Lord Crewe the following year from the various chambers of commerce.

State Bank.

If there is to be one, it must be absolutely an Indian institution, and in no way under the influence of London financiers. But at present I see no necessity for it, with the Presidency Banks and the Financial and Currency Departments as they now exist. The hundreds of treasuries scattered all over India are, I think, better in the hands of Government than of a State

bank. One great objection is the difficulty, indeed the impossibility, of securing a proper board of directors. There are no financial magnates in India, and the leading merchants, whether Indian or European, cannot devote the necessary time and attention, even if they had the financial ability or experience. If Government wish to throw more work on the Presidency Banks and desire the capital to be increased, there would be no difficulty on that score, or if they wish to see another large bank established on the lines of the Presidency Banks, and set up at Delhi for the Punjab and the United Provinces, this could easily be brought about.

The Financial and Currency Departments should be more in touch with the trade and commerce of India than they are. Some of the appointments should be thrown open to men trained in the banking business. A superior additional post should be created, and the services of an Indian bank manager be secured for three to five years at a high salary. Such a post would induce some of the ablest to agree to retire a few years earlier than they would have done, and it would be a fitting close to a successful banking career.

If a State bank is established it should not be allowed to compete with the existing banks in exchange business.

Capital Expenditure.

This in London for railways, has been ably managed by the India Office. Complaints are made in the city of the interminable character of the Indian Sterling Loan. There is considerable scope in India for the introduction of new gilt-edged securities such as railway debentures or bonds repayable in 50 years, and in my opinion would be preferable to increasing the amount of the Rupee Loan. My suggestions on this subject are before the India Office.

Council Bills.

Sales in excess of the 17 to 18 millions yearly required, should be continued as long as exchange keeps near 1s. 4d. To oblige banks to send out sovereigns would be like a return to the middle ages. Sales of telegraphic transfer are of great benefit to the export trade. Only last February the Chairman of the Bombay Chamber of Commerce complained that the Secretary of State had suddenly reduced his sales from 100 lakhs to 80.

The outcry against these sales seems to me absurd. They release an enormous amount of rupees and notes for the use of the export trade, and have the same effect as if the Government of India lent out crores of rupees to the Exchange Banks.

I thoroughly approve of the sale of Council bills against rupees or notes held in the Paper Currency Office. The proceeds are kept in gold in London and earmarked, and form a first line of defence against a fall in the value of the rupee. This gold would be used before the gold standard reserve was touched.

A Gold Mint.

Unless the Government can arrange with the Mysore Mines to coin their gold, I see no necessity at present for one.

Gold sovereigns can be obtained from England, Egypt and Australia as cheap as, if not cheaper than, bullion from South Africa.

I see no reason why hoardings of gold in India should come to the Mint. It is very easy to sell the gold now and obtain silver and even sovereigns in exchange, and the existence of a mint would not induce holders to get rid of their hoardings if they will not do so now.

If a gold mint is decided upon, the charges, if any, should be the same as if in England, and the only gold coin be the exact equivalent of the English sovereign, but owing to the poverty of the people it is not a very suitable coin for India, and I prefer a paper currency with gold in reserve, just as it is preferred in Canada.

Gold Standard Reserve.

Much annoyance is felt in India over the retention of 6 crores of rupees in the reserve. Very few persons really understand why they are held there, and though it may be sometimes a convenience to Government to have a store of rupees to draw against in case of a sudden heavy demand for Council Bills, the gold standard reserve is not the proper place, and much satisfaction would be felt if these 6 crores were transferred to the paper currency reserve and exchanged for 4 millions in gold.

London is really the proper place for the gold standard reserve, but these 4 millions might be left in India. If 10 millions are, for the present, kept in gold, whether in India or in London, and the balance kept in short-dated securities, or a portion lent on such securities, I do not think many complaints would be heard. I think the securities bought with the 3 millions already gained in interest from the securities held in the reserve, should be sold and the proceeds kept in gold and earmarked. The present plan for accumulating gold is too slow. With the increasing popularity of notes, the more frequent use of cheques and gold, it is possible that the coinage of rupees may decrease, and thereby the profits be reduced, and therefore the accumulation of gold seriously delayed.

It is impossible to express any views as to the limit up to which the reserve should be accumulated, as it all depends to what extent gold is held in the paper currency reserve. Both act together for the maintenance of the value of the rupee.

Silver.

I think purchases should be rather more regular than intermittent, but with the greatest discretion as to when and how to buy.

Financial Organisation and Procedure of the India Office.

It is very difficult to say much on the delicate subject. The public never know whether any particular policy emanates from the Secretary of State, the Secretary of State in Council, or the Indian Government, and criticisms may be often levelled against the wrong quarter. I think that on the India Council there should always be a representative of the Indian mercantile or banking interests, and when possible, one of each, and when possible, the retiring Finance Minister or some official of that department. I think the Indian Government should be given a much freer hand, except in matters connected with the English finance, or where the interests of English persons or companies are concerned.

I may mention as an example that, in the case of Rupee Capital Feeder Lines concessions, if the slightest change in the terms is required owing to the particular character of the line, months are lost in referring to the India Office for sanction to the change. The Finance Department in India is referred to about almost every question, as nearly every question has to do with money in one form or another, and I do not think the Department is sufficiently manned to dispose quickly of all the subjects referred to it.

The Member of Commerce and Industry, if the office is to be continued, should have power to influence the railway and financial policy wherever it touches the trade and finance of the country. The members of your Commission who have been in India know that as at present constituted the office in question has no power.

29, Great St. Helens, E.C.

I remain, &c.,
L. R. W. FORREST.

APPENDIX XXXVII.

Letter from the GOVERNMENT OF INDIA TO SECRETARY OF STATE, No. 268,
dated 25th September 1913.

MY LORD MARQUESS,

WE have recently had under our consideration the desirability, should occasion arise during the coming busy season, of making some part of our cash balances in India more readily available for the purposes of trade. The action which we have in view involves some extension of the present established practice, and we therefore desire to obtain in advance Your Lordship's approval thereto.

2. The present position may be briefly described as follows :—Under the existing Agreements with the Presidency Banks we have engaged to maintain at the Banks of Bengal, Bombay and Madras minimum balances of Rs. 35, 20 and 18 lakhs respectively, and in default to pay interest on any deficiency at the current demand rate of the Bank. In practice, however, as Your Lordship is aware, we have been accustomed to keep at the head offices of the Presidency Banks balances considerably in excess of these minima. The enclosed statement shows the actual Government deposit at each of the head offices on the last day of each month during the busy seasons of the last five years. It will be seen that during those periods we have kept, on the average, about Rs. 80 lakhs with the Bank of Bengal, between Rs. 55 and Rs. 60 lakhs with the Bank of Bombay, and about Rs. 35 lakhs with the Bank of Madras. We have also a working arrangement with the Banks of Bengal and Bombay, under which, while we do not as a rule allow the balances at their head offices to exceed 100 lakhs and 50 lakhs respectively, the Banks are liable for interest when excesses over those sums occur and objection is taken to their withdrawal. There is no definite agreement regarding the balances to be held at the Banks' branches; but, to encourage the opening of new branches, we have from time to time guaranteed a minimum balance thereat for a certain number of years. Lastly we may mention that at an interview which took place at Calcutta in December last between Sir Guy Fleetwood Wilson and the authorities of the Bank of Bengal, representations were made by the latter in regard to the Government deposits, and our Comptroller and Auditor General was subsequently authorised to exercise a more liberal discretion in this matter. We recognise in fact the advisability of giving temporary assistance from time to time, where special grounds exist, by a moderate increase of our deposits, and may have occasion to act on this view during the ensuing busy season.

3. As regards loans to the Presidency Banks, the present practice is governed by the orders contained in Lord George Hamilton's despatch No. 87—Financial, dated the 4th May 1899. In that despatch His Lordship, while evidently desiring to leave to the Government of India their traditional discretion in the management of the Treasury balances, stated that he was inclined to think that such loans should not as a rule be granted at a rate of interest below the prevailing Bank rate. The imposition of that condition thenceforth become the established practice, and it is mainly because we are convinced that its relaxation is unavoidable, if the offer of Government loans is to be of any real assistance to trade, that we are making the present reference to Your Lordship. Subsequent to the receipt of Lord George Hamilton's instructions, six loans have been made by us to the Presidency Banks, viz., two in 1901, one in 1902, one in 1905, and two in 1906, the amounts varying from Rs. 20 to Rs. 40 lakhs. For the last six years we have received no application for a loan from any of the three Banks, and this fact we attribute, not to a plentiful supply of funds throughout those years in the commercial centres of the country, but to the existence of the above-mentioned condition regarding interest. If loans are to be granted only at the current market rate, it is only natural, we think, that the Presidency Banks should find themselves in the position either of having to refuse such assistance, or of being obliged further to raise their own rate; otherwise they would obtain no remuneration for the work done and for the risk taken by them.

4. We are much impressed by the present need for offering assistance to the Presidency Banks in a form which they will find it possible to accept. As Your Lordship is no doubt aware, there is a strong feeling throughout the commercial community in India that the Government have not sufficiently recognised their obligations towards trade, especially during the annually recurring periods of monetary stringency. For some years past, during the season of busy trade, which may roughly be taken as extending from the beginning of December to well on in March, the Bank rates at Calcutta and Bombay have rarely fallen so low as 5 per cent., and have frequently remained for considerable periods at as high a figure as 8 per cent. During the last busy season the Bank rate at Bombay stood at 8 per cent. for a period of over 3 months. Such rates, it may be admitted, are considerably lower than those which sometimes obtained 15 or 16 years ago, *e.g.*, during the busy seasons of 1896-7 and 1897-8, when rates of 10 and even 12 per cent. were attained. The absence in later years of such extraordinarily high Bank rates is, of course, one of the benefits which were always anticipated from the establishment of a stable rate of exchange; but it is felt by the commercial public in India that the advantage obtained from the successful prosecution of our currency policy should have been greater, and that the Bank rates which still rule for several months whenever a favourable monsoon has occurred are considerably higher than need be the case if the Government modernised their management of their cash balances.

5. There are certain other circumstances which have recently attracted increased public attention to this question. Commercial men in India have followed very closely the discussions which have taken place in England regarding the Home transactions of the Indian Government, and there is undoubtedly a feeling that the benefit derived by the London money market from short-term loans granted from the Indian cash balances in London is one which cannot fairly be denied to the Indian market. This feeling has been accentuated by the occurrence in recent years of large revenue surpluses in India, which have placed at the temporary disposal of the Government sums considerably in excess of their immediate requirements from a Treasury point of view; and it has now taken a form in which the withdrawal of funds by Government and the seasonal recurrence of monetary stringency are being definitely associated as cause and effect. Again the circumstance that the question of the establishment of a State Bank in India is again under consideration, and is believed to be looked at with some favour by His Majesty's Government, is held by the commercial public to indicate the likelihood of a more liberal policy on these questions than has hitherto obtained. The public attitude is thus one of expectancy, and, there being at present every indication of prosperous and busy trade during the ensuing cold weather, the demand has now become insistent that some immediate action should be taken, without waiting for the Report of the Royal Commission on Indian Finance and Currency, especially in view of the period which must necessarily elapse before the Commission's recommendations can be finally dealt with.

6. We are in sympathy with the desire of the commercial community that every reasonable step should be taken to mitigate the pressure which recurs in every busy season. At the same time the complaints which are voiced in certain quarters are evidently in large measure exaggerated or based on partial misapprehension. Accordingly, before authorising or proposing any departure from existing practice, we thought it right to make such preliminary inquiries as to the situation in the different commercial centres as could be effected without encroachment on the Royal Commission's field of investigation, and in particular our Honourable Colleague, the Finance Member, when lately visiting Bombay, discussed the matter, at their invitation, with the Bombay Chamber of Commerce, as well as with other persons. Our considered conclusion is that it is desirable to take steps to counteract the special stringency which is everywhere anticipated in the coming winter, and is already foreshadowed in a just demand of unprecedented intensity, by a temporary modification of what is at present recognised as the established policy, and that this can be done without embarrassing the Royal Commission, or forcing their hands in any way. We are of opinion, in fact, that such

evidence of a more liberal policy, so far from embarrassing or prejudicing their deliberations, will facilitate the handling of such questions when their recommendations come to be considered.

7. It is clear, however, as already indicated, that any such immediate departure from established practice must necessarily fall below the more extravagant expectations which are held in some quarters. It would be incorrect to estimate our capacity for granting loans in the coming cold weather by the present amount of our cash balances. Our budget arrangements for the current year are based on the assumption that our aggregate closing balance in Home and India will be reduced to approximately the normal minimum for that period of the year. It follows that the extent to which funds will be available for loans, or for increased deposits with the Presidency Banks, must largely depend on improvements on our budget anticipations. Such improvements, indeed, may be reasonably looked for, and, as mentioned in our telegram of the 12th instant, we at present expect an aggregate betterment in the revenue account of about Rs. 3 crores, and of about 2 crores in the non-revenue transactions. The whole of this improvement is expected in India. Accordingly, if your drawings against treasury balances do not exceed the amount provided for in the Budget, we may expect to close the financial year with a cash balance in India of nearly Rs. 24 crores as compared with Rs. 19 crores assumed in the budget. A further consideration bearing on this point is that in the closing months of the busy season our cash balances are strengthened by the incoming revenue, and attain a figure in excess of immediate requirements, which can be gradually drawn upon during the slack season. This anticipatory reserve, as we may call it, will in itself provide some margin for loans to the Banks, apart from any attained improvement on the budget expectations of the year. Accordingly, though the funds likely to be available are in fact limited, they will not, we think, be inadequate for the purpose in view. Indeed, even if our free resources were considerably larger than we expect, we should not at present contemplate the grant of loans on such a scale as to involve a larger outstanding maximum than say Rs. 4½ crores, or £3 millions at any one time.

8. A further limit may be imposed by the extent of council drawings against treasury balances to which reference has just been made. It must necessarily be our first preoccupation to secure Your Lordship's cash requirements in England and our own in India, and we readily accept it as a fundamental condition that the power to grant loans on the lines which we are about to propose should not be exercised in such a way as to involve restrictions on Your Lordship's drawings up to the full amount of the budget programme. When the remittances contemplated in the budget have been fully effected, we think that the monetary conditions and prospects in India should be definitely taken into account when the question of further drawings against our cash balances is under consideration. We propose, therefore, when this stage has been reached, to instruct our Comptroller General to regulate his monthly advices to you of funds available to meet the sale of bills with reference to such action in regard to loans as we may then be taking; and we would ask Your Lordship to communicate with us before drawing bills in excess of the sums thus intimated to you. We, on our side, should be careful to keep Your Lordship fully informed as to the loans granted from time to time. We do not contemplate, by these undertakings, that the grant of loans should necessarily be absolutely postponed until the budget drawings of the year have been completed. As long as the demand for bills is maintained on a sufficiently large scale to keep the home treasury continuously in funds, and also to leave no doubt as to Your Lordship's capacity to sell the full required amount before the end of the year, the loan transactions proposed should not, we think, be regarded as unduly prejudicing the sale of bills. We attach great importance to the concurrent adoption of alternative methods of releasing funds for the assistance of trade in the busy season. It is felt by the commercial community in India that the present system of relying solely upon the sale of bills primarily limits the supply of funds to one class of customers and one main branch of commerce. It is urged that the Exchange Banks, who are the principal purchasers of council

bills, utilise the money so obtained mainly for the financing of the external trade of the country. The internal trade of India, which is vastly greater in amount than the external trade, is chiefly financed by the Indian Banks, ranging in importance from the three Presidency Banks to upcountry firms of shroffs and mahajans few of whom have direct access to the money markets of Europe. These agencies are consequently more solicitous for the placing of Government balances at the disposal of the market than for excess drawings of council bills.

We are not, of course, prepared to maintain the theory of an absolute distinction of functions; there must, to some extent, be overlapping activities and some fusion of resources, and the experiment which we propose to make may quite possibly prove, by its practical results, that the system of supplying funds by the sale of bills has a wider utility than these arguments concede to it. But the movement in favour of a more direct application of available Government funds to the needs of the internal trade is the outcome of a very strong and natural feeling to which we think it reasonable to defer to the moderate extent indicated in the proposals which we have now to state.

9. We ask Your Lordship for permission to indicate our readiness to offer short term loans to the Presidency Banks during the ensuing busy season, at a rate of interest which would be governed by the circumstances of each case, but would ordinarily be from $1\frac{1}{2}$ per cent. to 2 per cent. below the current bank rate, on the understanding that the assistance contemplated will be strictly limited by the amount of our own available resources, by Your Lordship's own requirements, and by the necessity for securing your budget drawings. It will also be understood, as stated in paragraph 7 above, that the total amount outstanding at any time shall not exceed £3 millions. To secure the necessary freedom of action, we should lay it down that the term of the proposed loans would be for not more than a few weeks, though they would be renewable if necessary, and we should arrange that they should all be repaid by the beginning of May. Such assistance would not be given until some high bank rate such as 7 or 8 per cent. had been reached, or was about to be reached. Finally, any announcement now made on the subject would make it clear that the proposed arrangements had been authorised by Your Lordship as a special case, with reference to the coming busy season alone, and without prejudice to the future permanent policy in such matters, which will be a subject for consideration after the Royal Commission have completed their labours.

10. In submitting this proposal, we desire to emphasise the fact that we are not proposing a change of principle. The policy of granting loans in the busy season has already been definitely accepted. But the acceptance of the policy has hitherto proved almost nugatory in practice, owing to the condition imposed on the rate of interest to be charged. Our primary request is to be allowed to concede more liberal and effective terms on this point, and we might have confined our representations to this issue alone. The question has, however, been somewhat complicated by recent pronouncements of the Government of India, as for example by the reply given to the question asked by the Honourable Sir Charles Armstrong at the meeting of the Legislative Council on the 18th September 1911, and by the information submitted to Your Lordship as recently as January last in His Excellency the Viceroy's telegram of the 22nd of that month. For these reasons, and also in view of the situation created by the pending deliberations of the Royal Commission, we have thought it desirable, while urging the necessity for some immediate action, to deal with the whole question at length.

11. We have only to add that we have not overlooked the objection strongly urged in the past that the policy of placing additional resources with the Presidency Banks may ultimately be actually injurious to the interests of trade owing to the possibility of our being suddenly obliged to curtail our deposits or call in our loans. We think that, as long as the assistance which we offer is of a purely temporary nature and is not on an extravagant scale, this objection has little practical weight, particularly in the modern conditions of stable exchange. Moreover, it seems probable that

the mere announcement of our readiness to give some assistance when required may in itself produce a substantial moral effect upon market conditions: which will supplement the effect caused by the actual additional resources which the proposed loans may place temporarily at the disposal of trade.

12. We trust that Your Lordship will be prepared to accept the foregoing proposals and shall be glad to receive your decision by telegram.

We have, &c.,

(Signed)

HARDINGE of PENSHURST.
O'M. CREAGH.
S. H. BUTLER.
SYED ALI IMAM.
W. H. CLARK.
R. H. CRADDOCK.
W. S. MEYER.
E. D. MACLAGAN.

GOVERNMENT OF INDIA—FINANCE DEPARTMENT.

Enclosure to Despatch No. 268 of 1913.

Balances at the Credit of the Presidency Banks at their Head Offices.

[In thousands of Rs.]

| | 1908-09. | | | 1909-10. | | | 1910-11. | | | 1911-12. | | | 1912-13. | | |
|-----------|----------|---------|---------|----------|---------|---------|----------|---------|---------|----------|---------|---------|----------|---------|---------|
| | Bengal. | Madras. | Bombay. | Bengal. | Madras. | Bombay. | Bengal. | Madras. | Bombay. | Bengal. | Madras. | Bombay. | Bengal. | Madras. | Bombay. |
| 31st Dec. | 91.60 | 81.44 | 43.80 | 78.34 | 28.08 | 64.21 | 84.87 | 39.76 | 69.89 | 85.41 | 26.88 | 46.25 | 87.95 | 44.72 | 47.61 |
| 31st Jan. | 82.22 | 29.63 | 42.21 | 85.51 | 39.27 | 58.08 | 85.28 | 29.55 | 59.67 | 79.81 | 30.32 | 55.03 | 86.56 | 42.87 | 65.73 |
| 28th Feb. | 77.34 | 32.85 | 37.57 | 84.35 | 21.83 | 53.84 | 92.09 | 32.12 | 51.68 | 63.74 | 33.02 | 48.05 | 80.25 | 38.99 | 84.21 |
| 31st Mar. | 79.60 | 33.96 | 48.83 | 86.88 | 34.43 | 66.63 | 75.62 | 34.95 | 55.22 | 79.39 | 50.78 | 70.69 | 86.37 | 55.57 | 96.28 |

Telegram to Viceroy, dated 22nd October 1913.

Loans in busy season to Presidency Banks. Your letter No. 268, dated 25th ultimo. I agree to your proposals on the understanding that loans are intended to be against security of Rupee Paper, and subject to the following:—

- 1st. I assume that you mean to suggest in paragraph 8 merely that Council Bills and Transfers should be sold against transfers of gold to Currency Reserve in England, or against rupees in Gold Standard Reserve, when necessary to prevent your Treasury balances from falling too low, and not that the practice of selling them freely should be modified, which would involve a radical departure from existing policy on very important point now under consideration by Royal Commission. Your proposal thus interpreted is free from objection and accords with existing practice.
- 2nd. If possible, in addition to amount of Budget Estimate, Bills and Transfers to be met from Treasury Balances should include the sums required to meet extra capital expenditure incurred in England since Budget was framed, and sums required to pay for silver. See my telegrams to Railway Department, dated 1st August last, sanctioning transfer of capital expenditure from India to England to the amount of 750,000L.; to Finance Department, dated 24th ultimo, giving sanction to the regrant of lapses amounting to Rs. 25,00,000; and to Finance Department on 10th instant regarding possibility of further outlay in England. You should remember in this connection that no

reason exists why your balance on 31st March next should not be reduced below the Rs. 18,80,00,000 estimated in the Budget if loans in India repayable in May represent the difference.

3rd. I doubt whether interest on loans should be more than 1 per cent. below Bank rate, which should give a sufficient margin of profit to the banks. The lower the rate the greater the risk of Government loans leading to reductions now or in the future of rates offered to private depositors by Banks.

4th. In paragraph 9 I think that for the words "beginning of May" you should substitute "end of May." Bank rates in May are frequently as high as 7.

I presume you have no objection to the correspondence being laid before the Royal Commission. I think they ought to see it.

APPENDIX XXXVIII.

LETTER from the PUNJAB CHAMBER OF COMMERCE to the SECRETARY of the COMMISSION forwarding views and opinions expressed by the Chamber from its formation in 1905 to the present time on matters affecting Indian Finance and Currency.

Punjab Chamber of Commerce,
Chandni Chowk, Delhi,

10th September 1913.

SIR,

I AM directed by the Committee of the Punjab Chamber of Commerce to forward herewith a synopsis of views and opinions expressed by the Punjab Chamber of Commerce from its formation in 1905 to the present time on matters affecting Indian Finance and Currency; and have the honour to request that the same may be laid before the Royal Commission now assembled to take evidence on this subject.

I have, &c.,

J. RENTON DENNING,
Secretary.

1906.

GOLD RESERVE FUND.

On the 27th December 1906 the Secretary to the Punjab Chamber of Commerce addressed the Secretary to the Government of India, Finance Department, as follows:—

Sir,—I am directed by my Committee to address you with regard to the alteration that has taken place in the constitution of the Gold Reserve Fund, the original purpose of which was to maintain the exchangeable value of the rupee and to protect it from undue and violent fluctuations.

My Committee deprecate any deviation from the original basis on which this Fund was established, and they consider that the change has introduced an element of weakness which should at once be eliminated.

My Committee heartily support the letter of 7th December 1906, addressed to you by the Bengal Chamber of Commerce on this subject.

The following is the letter alluded to in the foregoing paragraph:—

"I am directed by the Committee of the Bengal Chamber of Commerce to address you with regard to the recent change which has been made in the constitution of the Gold Reserve Fund under which its designation has been altered to the Gold Standard Reserve Fund and a portion of it is to be held in silver instead of in gold. In reply to a question asked by Sir Howard Vincent in the House of Commons on the 26th of July, the Right Honourable the Secretary of State for India said that he had approved a proposal made by the Government of India for a portion of the Gold Standard Reserve to be held in silver, and that silver to the value of 2,500,000*l.* would, in due course, be transferred to the Reserve, a sum of 1,056,000*l.* having been so far transferred."

"2. I am instructed by the Committee to express their regret that the Government of India did not see fit to make any reference to representatives of either the banking or the mercantile community before a change of such radical importance, and so intimately connected with the trade of the country, was introduced. The Committee had always understood that the Gold Reserve Fund was to be maintained in gold or in British Government Securities, readily convertible into gold, as the only sound security for the maintenance of exchange. The step now taken appears to them to be in direct contravention of the principles laid down by the Government of India when the Gold Reserve Fund was first initiated, and the Committee view with grave apprehension the possible consequences which may follow on this change of policy. Further, the Committee are of opinion that the constant changing of currency methods is greatly to be deprecated."

"3. The Committee desire to express their agreement with the views of Sir Edward Law as stated in a letter of 15th August, addressed to the "Times" in the following words:—'It must be remembered that as the public was officially informed, this Fund was formed solely for the purpose of maintaining the exchange value of the silver-token rupee coin. For this purpose it must consist either of gold or of readily realisable gold securities; a silver reserve cannot be considered as a proper guarantee for the maintenance of the exchange value of a silver currency. If the very large purchases of silver which have recently been made by the Indian Government were necessary it would seem that the funds should have been found from any other source rather than from the Gold Reserve Fund, the utility of which, as regards its only legitimate purpose, is endangered by altering its constitution.'

"4. The Committee, in consultation with the representatives of the Exchange Banks doing business in Calcutta, have given their most careful consideration to this matter, and in view of the fact that the principles, announced at the time the Gold Reserve Fund was established, were that the Fund would serve as a guarantee for the conversion into gold if required of the rupee-token coinage, the Committee consider that the decision now arrived at to hold silver in this Fund as a Reserve for silver is not only directly opposed to the principles which actuated the Government of India in the first instance, but also is likely to prove a positive danger to the stability of exchange."

"5. I am instructed to say, in conclusion, that the Committee of the Chamber are unanimously of opinion that the Gold Reserve Fund should be, as its name implies, a Reserve in gold or readily realisable gold securities, and I am to ask that the whole matter may receive careful consideration by the Government of India."

No. 36 A, dated Calcutta, 3rd January 1907.

From the Government of India, Finance Department, to the Punjab Chamber of Commerce.

I am directed to acknowledge the receipt of your letter, dated the 27th December 1906, communicating remarks on the alteration which has taken place in the constitution of the Gold Reserve Fund (now styled the Gold Standard Reserve) and to say that it will be submitted for the consideration of the Government of India.

1907.

No. 507 A, dated Calcutta, 26th January 1907.

From the Government of India, Finance Department, to the Punjab Chamber of Commerce.

In continuation of Mr. Howard's letter of the 3rd instant, I am to say that your letter of 27th December 1906 has been under the consideration of the Government of India. In reply I am to forward for the information

of your Committee, a copy of a communication which has this day been addressed to the Bengal Chamber of Commerce on the question of the new constitution of the Gold Standard Reserve; and to express the hope that the facts, as therein explained, will remove the apprehensions of your Committee regarding the effects of the change.

The following is the letter to which reference is made in the preceding paragraph :—

No. 561 A, dated Calcutta, 25th January 1907.

From the Government of India, Finance Department, to the Bengal Chamber of Commerce.

“I have laid before the Government of India your letter No. 2199, dated the 7th December 1906, in which the Committee of the Bengal Chamber of Commerce take exception to the arrangement by which a portion of the Gold Standard Reserve is now held in silver, and express the opinion that the reserve should be wholly in gold or readily realisable gold securities. In reply, I am to explain, for the information of the Chamber of Commerce, exactly what arrangements have been made. It will then be possible to dispel certain misconceptions which have partially obscured the facts, and to understand more clearly the objects which the Government of India had in view in establishing the silver branch of the Gold Standard Reserve.”

“2. As the Chamber are aware, the demand for rupees during the last four years has been very great. Between the 1st April 1903 and the 1st April 1906, the net withdrawal of rupees from the Currency Reserve reached the enormous total of 32½ crores, while in the same period the Mints had coined 35 crores of rupees from newly purchased silver and made them over to the Treasury. The sudden demand created by heavy trade remittances, and the delays inseparable from importing and coining large masses of silver to meet them, led to the establishment of a silver reserve in 1904. This consisted, when it was completed, of a store of prepared ingots sufficient to coin 3 crores of rupees, and was kept as part of the Paper Currency Reserve. During the cold weather of 1905–6 it became necessary to coin up the whole of the ingots; and even then the rupee stock in the Currency Reserve fell to 7½ crores, with no further reserve on which Government could fall back to supplement it. The position afforded conclusive evidence that the ingot reserve was insufficient and that its presence in the Currency Reserve at a time of pressure was a danger, inasmuch as it displaced an equivalent amount of coined rupees which might be required for issue at the shortest notice. To increase the strength of the ingot reserve, which was now a proved necessity, would only increase this danger.”

“3. It was decided therefore to substitute a new silver reserve, twice as large as the old ingot reserve, and to keep it outside the Paper Currency Reserve altogether. This meant an addition of 6 crores of tolas of silver to the Government's uninvested reserves, and was equivalent to tying up three millions sterling, which the Government balances could not possibly afford. It was accordingly determined, with the full approval of the Secretary of State, to build up the silver reserve from the profits on coinage, until the limit of 6 crores of rupees was reached, by arresting to that extent and until that time the investments of the coinage profits in gold securities. In other words, a silver branch was to be added to the Gold Standard Reserve, which would be available in an emergency to meet any great and sudden demand for rupees. The silver was to be held in the form of prepared blanks of discs, ready for immediate coinage; but it has since been decided to convert these into rupees. The silver branch of the Gold Standard Reserve has now mounted up to 4¾ crores of tolas or rupees and it is expected that the 6 crores limit will be reached before the end of March of 1907. Thereafter the profits on coinage will be credited to the reserve in gold as before.”

“4. The procedure for employing the silver reserve, in case of its being required to supplement the Government's ordinary stock of rupees, will be as follows. The rupees withdrawn from it will be paid for in gold, either in England or India. Part of the gold will be employed in purchasing sufficient

silver to coin and restore to the reserve the number of rupees which had been taken from it; and the balance will be invested in the gold branch of the reserve. The silver branch will thus be recouped automatically."

"5. It will be seen from the above statement of facts that the Government has no intention whatever, as was suggested in the "Times," of making its current purchases of silver from the resources of the Gold Standard Reserve. No such purchase has been made, the whole of the silver having been paid for from treasury balances or from the gold in the Currency Chest. Nor has any portion of the gold accumulations of the reserve been converted into silver. The growth of the gold portion of the reserve has been checked temporarily, but it will recommence as soon as 6 crores of rupees have been placed in the silver branch, and meanwhile the interest on the gold investments is being again invested as it accrues. There has been no permanent or prolonged interference with the building up of the reserve in its original form."

"6. The Government of India readily appreciate the anxiety of the Chamber that there should be no alteration in the constitution of the reserve fund which would in any way endanger the stability of exchange. They fully concur in that opinion, and are keenly alive to the danger of shaking public confidence in the arrangements for supporting the Gold Standard but they trust that the actual facts, as now explained, will satisfy the Chamber that there is no reason for apprehension. A silver reserve is not, and never can be, any security for the maintenance of exchange; its function is entirely different. Of the two great risks which attach to the Indian currency system—a fall in exchange and a shortage of rupees—the former has not been imminent in recent years, and a powerful gold reserve (including now about 12½ millions in gold securities) is being accumulated as a guarantee against it. But the second danger is for the time being a pressing one, and the provision of an adequate safeguard against it has become a matter of first urgency. The establishment of a strong silver reserve was thus an act of common prudence; and its amalgamation with the Gold Standard Reserve was the quickest and most economical method of building it up. All that has happened to the Gold Reserve is that its growth has been temporarily retarded, but even this is now nearly at an end."

"7. I am to add that, during the last month, a temporary loan has been taken from the silver branch of the Gold Standard Reserve in order to assist the Government in meeting the very heavy issues of Telegraphic Transfers by the Secretary of State. The Government will pay interest to the reserve for this loan, which will be treated in the same way as a loan from any outside source. The transaction in no way interferes with the growth or functions of the reserve, and is only mentioned in order that the Chamber may be placed in possession of the whole facts in connection with the reserve."

Dated the 14th February 1907.

From the Punjab Chamber of Commerce to the Government of India,
Finance Department.

I am directed to thank you for your letter No. 507 A. of 26th January 1907, enclosing copy of letter to the Secretary, Bengal Chamber of Commerce, regarding the Gold Standard Reserve.

My Committee see that the object the Government had in view in establishing a silver Reserve Fund was to relieve the Government Treasury from having to lock up a large sum in silver uninterest earning which it was necessary to hold in readiness to meet trade demands for rupees, these demands spring up suddenly and it is of the greatest importance to trade, that there should be an independent and strong fund holding sufficient silver to meet them promptly.

This the new Silver Reserve Fund will accomplish, and it is now assured that the supplementing of the Currency will be at all times instantaneous and absolutely automatic.

I am therefore to say that my Committee hasten to express their hearty approval of the action Government has taken in establishing this Silver Reserve Fund, and I am to add that it is gratifying to this Chamber to know that it will continue to be the policy of the Government to build up the Gold Standard Reserve and maintain it for the purpose for which it was established.

1908.

1. The Chairman, in moving the adoption of the Committee's Report for the year 1908, said:—

* * * * *

“Government is to be congratulated on having been able through all this depression in trade to maintain exchange, and I doubt not it will be maintained till the balance of trade sets in again in favour of India but to remove a danger and all doubt in the matter the duty on imported bar silver should I think be raised to a point that would check abnormal importations of the metal which when the balance of trade is very narrow, as it is at present, must weaken exchange. A break in exchange would at the present time bring disaster to the poor, it would still further advance the cost of food to them and this they cannot stand.”

1909.

In June 1909 the Chamber addressed the Finance Minister of the Government of India as follows:—

My Committee have recently had the subject of Indian Currency and Finance under their consideration, and in the present communication I am directed to put before you for your information the views which they hold on the subject.

When the Government of India in 1893 closed the mints to the public for the coinage of silver they embarked on a Currency policy that involved the maintenance of a legal tender composed mainly of token money. Gold became the standard of value but silver remained the circulating medium, the value of the rupee to the sovereign being fixed at 15 to 1. It was realised then, as it is realised to-day, that this system of currency relied on the balance of trade remaining in favour of India, and that it urgently required a backing of gold to give it stability, accordingly a good standard reserve fund was founded. The gold for this reserve has been obtained from the profit on the coinage of silver and, up till last year there has been a steady accumulation of gold. In the last twelve months, however, the balance of trade turned against India, and for the first time Government had to draw gold from it to maintain the exchangeable value of the rupee with gold currencies.

Government succeeded in maintaining the rupee at or about the value they fixed for it, but hesitancy on their part to cope with the emergency promptly caused much concern in commercial circles, and once again it was demonstrated that a currency system to be quite sound must be absolutely automatic in its evolutions.

The fear that gold would disappear, would be carried off for hoarding purposes as fast as it was brought into circulation, my Committee believe, has kept Government from applying the automatic principle to it. The discretionary powers reserved in this respect are perhaps wise ones for the present, but with regard to silver the principle has been applied in a true spirit and this circulating medium in the form of rupees has been supplemented immediately and as trade demanded. The policy is sound and must be adhered to, but the method adopted in the supplementing is open to criticism. The abnormal demands made by trade in times of briskness have been immediately met, the money market has been saved from violent fluctuations in discounts and rates of interest, but the after effect has not been considered.

Redundancy has not been reckoned with and no provision has been made for its relief. The country has been left to work off its surplus rupees as best it could, and when this is taking place when trade is dull, there is a dislocation of the value of commodities to that of coin more or less artificial; naturally the purchasing power of the redundant coin declines. It is only when the exchangeable value of the rupee, the ratio of the rupee to the sovereign is threatened, that relief is afforded through the medium of the Gold Standard Reserve. In this lies the weakness of the course hitherto followed.

In the opinion of my Committee there is a remedy which a simple and effective method can operate.

There is in the hands of Government a great reserve of coined rupees held against note issues and in treasury balances. This reserve guarantees the paper money in circulation and the solvency of Government. It is a great reservoir of rupees. My Committee are prepared to suggest that there should be established a corresponding reservoir for gold alongside this reservoir of rupees co-operating together, the one acting on the other, that when the Secretary of State sells extra Council Bills, the amount of rupees required to discharge the bills should be taken from this reservoir of rupees and instead of buying silver with the gold received for these extra Council Bills the gold should be shipped in the shape of sovereigns to be placed in the gold reservoir to maintain the guarantee for the paper money in circulation. In times of prosperity and in times of abnormal demand for currency for trade purposes gold from Europe would push rupees into circulation and when a slackness in trade sets in the rupees would return to the reservoir and push out gold, and there could be no redundancy in the currency.

As to whether or not the absolute automatic principle can be applied in the operation, my Committee are not prepared to say, experience will speak for it, but even if Government has to stand by controlling outflow from the gold reservoir the control can be operated with discretion and in a liberal spirit to meet the necessity.

My Committee understand that in the years 1905, 1906 and 1907, as much as 62 crores of newly coined rupees were put into circulation. Had the gold that this represented (it was through the medium of extra Council Bills paid for in gold that these rupees were pushed on to the country) been shipped to India and had it been used to push out the coined rupees from the great reservoir of reserve rupees to an amount deemed safe and reasonable, the monetary system of India, my Committee believes, would not have been imperilled by the crisis of last year.

Under this system the coinage of rupees would be limited to the amount of coin actually required to make good waste and to meet the natural requirements of an expanding trade and population. The supply would be regulated automatically through the Silver Fund in the present Gold Standard Reserve. This fund would serve this purpose and also that of an "Adjuster" when it came that no more rupees could with safety be pushed out from the reservoir that held the note issue and treasury balance rupees, for it must be remembered that silver will continue to be the principal circulating medium of the country for a very long time to come, and very considerable reserves of silver coin must always be maintained in this reserve to comply with the promise to pay in rupees. There is this, however, to be said in defence of the gold. As a guarantee it is not likely to be discredited, for it can always buy at short notice as much silver as is required.

The process of building up the present gold reserve fund will under these conditions be slow, and it may be worth considering whether or not it would not be wise to impose a heavier duty than is levied now on imported silver, this duty to go to the credit of this fund in gold. There are many reasons why the duty on silver should be raised if the matter is looked at from a purely Indian point of view.

My Committee are further of opinion that there should be no limit to the accumulation of gold for the special reserve until the metal has assumed its proper function as a circulating medium in the country, and they see no reason why Government should not pursue the policy of investing the fund in interest earning securities as is done now for the reason that the fund

would naturally take its position as the second line of defence, as there would always be time to realise. The first line of defence being the gold in the great reservoir already referred to.

1910.

The Chairman, in moving the adoption of the Committee's Report for the year 1910, said :—

“ A word about a matter that is of great importance to merchants—the maintenance of a steady exchange. Since the balance of trade set in early last year in favour of India and exchange became steady in the neighbourhood of Gold Point, little or nothing has been heard of the currency question or of the Gold Standard Reserve. It is only when a warning note is sounded by our friends at Karachi that attention is turned to it and the question is asked, What is being done to accumulate gold? We have been told directly and indirectly from time to time that in consideration for the close friendship and good understanding that exists between the City and the Secretary of State the Government of India ‘ must hasten slowly ’ with the desire to obtain gold, hence the halfway house policy of investing the funds of the Gold Standard Reserve in gilt-edged securities in London. The London money market has therefore, so far as the accumulation of gold for India is concerned, to be left in the hands of the Secretary of State and his Council. But for many months now, private enterprise has been importing sovereigns at Bombay, and we have a right to ask whether or not full advantage is being taken there to secure this gold for Government. The great gold reserve that is called for, that commerce considers necessary, should undoubtedly be in the vaults that contain the metallic reserve held against the paper currency, at least two-thirds of this reserve should consist of sovereigns, and by a very simple business method their accumulation could be effected independently altogether of the London money market. So long as the balance of trade remains in favour of India it only requires the Government to instruct their Treasury officer at Bombay to be the best buyer of sovereigns in the market till the gold is obtained. The method of accumulating gold supplemented by the gold paid into the Secretary of State for extra councils over and above the amount budgetted for would in a very short space of time accomplish the object. The cost that this method of accumulating sovereigns would involve in the shape of the premium paid to the sellers of sovereigns in Bombay, and the shipping charges on the Secretary of State's gold would very properly be defrayed by the gold standard reserve, and sovereigns would go into the paper currency reserve at par, every sovereign standing for Rs. 15. This great reserve of gold, as was pointed out by your Committee two years ago, would be the first line of defence when bad times turned the balance of trade against India, and the gold standard became exposed to the attacks of a weak exchange. It is obvious that Government may just as well hold gold as silver in this metallic reserve, for the cost is the same, but the security to trade that gold affords is inestimable. The question of the moment I submit therefore is this :— Is sufficient advantage being taken of the opportunity offered by good harvests and the balance of trade at present in favour of this country to accumulate sovereigns, or is it allowed to slip past just as the gold is slipping past which is finding its way from Bombay up-country and into hands that will lock the bulk of it up and prevent its coming out to buy rupees and maintain exchange in a crisis? ”

1911.

On a representation in October 1911, from the Karachi Chamber of Commerce, that in their opinion the time had arrived for a more effective recognition of the recommendations made by Sir Henry Fowler's Committee of 1898-9 for the introduction of a gold currency as well as a

gold standard into India, than has yet been accorded by the Secretary of State:—

- (1) By opening the Indian mints to the free coinage of gold.
- (2) By restricting the annual drawings of the Secretary of State on the Indian Treasuries to the figure entered in his annual Budget (approximately £16,000,000).
- (3) By restricting the further coinage of new rupees until the proportion of gold in the currency was found to exceed the requirements of the public.
- (4) By encouraging the use of gold coins in every possible way as recommended by Sir Henry Fowler's Committee.

And reiterating the opinion conveyed to the Government of India in December 1913, that the larger portion of the Gold Standard Reserve should for the present be retained in India, in gold.

The Punjab Chamber of Commerce replied as follows:—

- (a) The Bombay Mint should be equipped with the necessary appliances and be empowered to coin sovereigns.
- (b) A restriction should not be placed on the drawings of the Secretary of State for the reason of the facility these drawings afford.
- (c) Government should continue to accumulate gold for the purpose of reserves held against the Paper Currency and other Reserves in India, and suspend the coinage of new rupees until all the coined rupees at present in the reserves are put into circulation. Thereafter the coinage of rupees should be restricted to the amount actually required to make good waste in the coinage to meet the actual requirements of an expanding trade and population.
- (d) The present currency system is admirably suited to existing conditions and Government should refrain from taking any active part in stimulating the use of any particular metal.
- (e) A larger portion of the Gold Standard Reserve than is at present held in gold should be held in sovereigns and it will probably be found more convenient for the purpose for which the Reserve has been created to hold the greater part of this gold in London.

The Chairman in moving the adoption of the Report of the Committee for the year 1911, said:—

“A word about the currency question which has again been brought forward, and the agitation for a gold coinage for India. The public at trade centres are undoubtedly beginning to appreciate the advantages of gold for currency purposes. Sovereigns are being taken because they are found easier and safer to handle than rupees and they can be moved about for trade purposes with greater ease and security and at a less cost than silver. It has been suggested that special gold coins should be struck for India, but I think it is generally accepted that the sovereign and the half-sovereign are for obvious reasons most suitable coins. And with regard to the whole question of currency and the position generally, there is a growing feeling, I think, that if the Government will only pursue its present policy, taking advantage of the occasions when the balance of trade is in favour of India to accumulate gold and will see to the supplementing of the rupee currency as trade demands, in other words, if things are allowed to take their natural course, the course they are taking now, the currency question may be shelved.”

1912.

CIRCULATION OF SOVEREIGNS.

The following letter, No. Res. 14-3945, was on the 4th May 1912 addressed by Mr. A. Montagu Brigstocke, I.C.S., Accountant General, Punjab, to the Chamber:—

Your attention will no doubt have been attracted ere this to the Comptroller General's Report on the operations of the Paper Currency Department

for the year 1910-11, more especially to paragraphs 23-29 thereof, in which the circulation of gold is dealt with. I am anxious in my report to the Head Commissioner on the Punjab and North-West Frontier Province for the year 1911-12 to give him as much information as may be available on this important subject, which in view of the very large figures involved is comparatively even more important in the Punjab than elsewhere. I attach for your information a copy of a general letter I am issuing to Treasury officers with a view to eliciting such information as may be available as to the sources from which gold is received in the treasuries and the nature of the transactions in which it is issued. I shall deem it a great favour if you can kindly supply me with any facts or figures which may tend to throw any light on the question so far as your own transactions with the public are concerned. There is no doubt whatever that, so far as the issue of gold for the currency office at Lahore is concerned, sovereigns are becoming increasingly popular in the Punjab, whenever large cash payments have to be made. The question is what becomes of them? No doubt some are hoarded; possibly some are melted, although my information is that in the Punjab gold bars are preferred for making ornaments; does the residue remain in circulation or do the people look on it as too precious to part with? I need not remind you that on the answer to this question must (at any rate to some extent) depend the gold policy of the Government of India; since if India is really the bottomless pit in the matter of gold absorption that it is sometimes represented to be, it is clearly useless to attempt to support the stability of the rupee by unlimited issues of sovereigns. On the other hand, if the use of gold as currency among the people is really increasing, it no doubt affords an argument in favour of a still more extended use of gold by the opening of the mints to the coinage of sovereigns. The importance of this matter to the mercantile and banking community is so great that this must be my excuse for addressing you.

I shall be very greatly obliged for an early reply to this letter. Any facts or figures you may be able to give me regarding the use of silver or of notes which may bear indirectly on the question of the use of gold will also be very welcome.

The following was the Chamber's reply :—

I have the honour to acknowledge receipt of your letter, No. Res. 14-3945 of 4th May 1912 on the question of the circulation of gold as currency in the shape of sovereigns.

My Committee have carefully considered the matter and have perused with interest your letter Res. 14-G. L-11, of same date to your Treasury Officers. The Committee are not in a position to give you any figures which could throw light on what is actually taking place in connection with the sovereigns that find their way into the Punjab, but they are able to state authoritatively that sovereigns are becoming popular and that their circulation is increasing. They are accepted as legal tender in the Bazaars, and this may be attributed to the intelligence of the people and to the fact that all over the East (in China and the Straits Settlements), where the Punjabi sepoys serve in the Army and the Police, the sovereign is popular. These men remit their earnings in gold and as there is hardly a village in the Punjab that has not sent a man to this service it is not surprising that the value of the sovereign is understood.

It is difficult to say to what extent sovereigns are being hoarded, but that they are held up by the well-to-do to a very considerable amount is undoubtedly the case, and hoarding will continue among the rural population for years to come. My Committee are of opinion that Government should not rely on the sovereigns that are being absorbed by the Districts in exchange for produce coming out at any time to support the stability of the rupee.

They are further of opinion that the present currency system is admirably suited to existing conditions, and that Government should refrain from taking any active part in stimulating the use of any particular metal, leaving the supplementing of the Currency to be regulated by trade demands.

1913.

The Chairman on 4th February 1913, in moving the adoption of the Committee's Report for 1912, said :--

"The amount of gold absorbed by India in the past twelve months has alarmed the London money market. It is feared that if the absorption continues on this scale it will overpower the monetary balance which the City has hitherto been able to control through the Bank rate and a crisis will follow which will bring in a long run of dear money. What London is afraid of is the 'Lock-up,' and the alarm is natural and timely, for it is to be realised that the gold that comes to India comes to stay, there is no Bank rate that London can put up that will attract it back to the City when it is wanted there. Gold will only return under the pressure of bad trade in India, and then it will be taken from the Government reserves to maintain exchange. The people will not part with what they hold of it except under the stress of famine, and only a small percentage of what is in circulation when a crisis comes can be relied on to go back to the treasuries. That is why the warning from the bankers of London should be listened to, why the Government should for the present at least 'hasten slowly' in passing sovereigns into circulation. The control is in a great measure in their hands, it only requires that the Secretary of State shall be at all times the best seller on India and always selling at a fraction below gold point. It is of course desirable that India should have gold circulating freely in the currency and this will no doubt ultimately come, but it would be disastrous in the highest degree to the best interests of India to go on accumulating gold for this purpose reckless of what the consequences may be to the London money market.

"With regard to the question of a special gold coin for India you will see from the report before you that your Committee expressed the opinion to Government that the sovereign and half-sovereign should be allowed to remain the coins of the gold currency and there is no necessity for a smaller gold coin than the half-sovereign. That opinion I endorse."

APPENDIX XXXIX.

LETTER FROM SIR SASSOON DAVID, BART., Millowner, Bombay, to the
SECRETARY of the COMMISSION, forwarding a Statement of his
Views on the Questions referred to the Commission.

SIR,

Bombay, 18th July, 1913.

1. IN response to your invitation conveyed to me by the Government of India in their telegram of 5th June, 1913, I have the honour to forward herewith my statement of evidence, in brief, on the points into which your Commission is now enquiring.

2. *General Cash Balances.*—I consider that out of the general balances of the Government of India a maximum balance of five to seven millions sterling should be kept with the Secretary of State, and the remainder should be located in India. Out of the London balance two millions, at least, should be kept in current account with the Bank of England, and the remainder should be given out for short periods on approved securities, preferably to the Indian Exchange Banks. I think that the present practice of maintaining four to five crores of rupees out of the balances in India with the Presidency Banks free of interest should be continued, as a return for services rendered. Out of the balances remaining in the hands of Government, $7\frac{1}{2}$ crores of rupees (i.e. 5,000,000L.) should be kept in the treasuries, and any excess should be made available as loans to the public against approved securities in sums of 5 lakhs of rupees and over when the Presidency Bank rate touches 5 per cent. and over, to facilitate the requirements of trade. The Government should only loan out the surplus balances at times when the internal and external affairs of India are normal.

3. *Council Bills.*—I am of opinion that only the budgetted amount of Council Bills should be sold every year, and there should be no extra allotments, but if necessary, let there be bi-weekly sales instead of weekly ones, so that the ultimate balance of trade in favour of India would be automatically settled in gold. For several reasons it would be desirable that India should have all her balance of trade kept in gold in India. One of these reasons is, that India would have gold enough to send out to London whenever there is any difficulty in selling Council Bills. As regards the purchases of silver, it is in my opinion very desirable that the Government of India budget should provide every year for an approximate amount required for currency purposes to be made every month by public tender in London. For purposes of making payment for this silver the amount of the annual Council drawing should be increased and form part of the budgeted amount. The Government should declare in advance, as at present, in what proportion per week Council Bills would be sold, and this announcement should be made after taking into consideration the seasonal requirements of the time of the year. In the event of the India Office not being able to dispose of their budgeted and advertised amount of Council Bills then India would send out the gold. The main reason alleged for selling extra Council Bills being for payment of silver, therefore if the Government programme of purchases of silver be settled in advance and form part of the budgeted amount of Council Bill drawings, these sales of extra Council Bills will be avoided.

Government Currency Measures.—The measures taken by the Government of India and the Secretary of State for India in Council to maintain the exchange value of the rupee are in accordance with the recommendation of the Indian Currency Committee of 1898, with the exception of the question of an open mint for gold recommended by the Committee. India has not suffered by the absence of the gold mint since 1898, and I do not think that any inconvenience will be felt in India, at least for some years to come, as in my opinion there will not be a sufficiency of gold bullion to keep the mint going, and if South Africa were to open a gold mint the necessity of having one in India would be further removed. The only reason I consider that may be put forward for having an open gold mint in India, is to bring her into line with the other civilised nations of the world, and even then I am strongly of opinion that the minting should be confined to the sovereign.

5. *Gold Standard Reserve.*—There should be no limit to the amount of the gold standard reserve fund, which should be allowed to increase indefinitely. I would suggest that half of the gold standard fund should be maintained in India in sovereigns, and the other moiety kept in London. That as soon as it would appear that there is a sufficiency of gold in circulation and ample gold balances in the various Reserves and Treasuries in India, the sovereign should be declared available in exchange for rupees by Government. The London amount should not be locked up in securities, but should be loaned out on the London market for short periods, as stated in paragraph 2 under General Cash Balances.

6. *Paper Currency Reserve.*—The entire metallic reserves of the Paper Currency Department, except 10 per cent. of the total note issue should be held in India and the whole amount should be kept in rupees and sovereigns. The above 10 per cent. should be invested in India for the purpose of meeting the attendant expenses in connection with the issue of notes and not with the object of making profit. In this connection I may be permitted to draw the special attention of the Royal Commission to the advisability of the Government of India introducing the issue of gold currency note in addition to the present rupee notes, such notes to be issued on tender of sovereigns (which are to be kept intact) until the gold notes are presented for encashment. This suggestion is on the lines of the American Currency arrangement.

7. *State Bank.*—I would prefer not to offer any opinion about this until all the main particulars and the details on which a State Bank is proposed to be organised are known. If my above suggestion be followed, that a portion of the Government balances may be made available for the assistance of trade as loans, one of the chief arguments for the formation of a State Bank is met. There will then be no necessity for a Bank with a huge capital to be started,

to take the place of the Presidency Banks, from the point of view that Indian trade require such additional financial assistance. There are sure to arise several difficulties, not the least of which would be the location in India of the head office of the proposed bank.

I have &c.
(Signed) SASSOON DAVID.

APPENDIX XL.

STATEMENT SUBMITTED BY SIR VITHALDAS D. THACKERSEY, MILLOWNER, BOMBAY, EXPLAINING HIS VIEWS ON THE QUESTIONS REFERRED TO THE COMMISSION.

1. I do not desire to say much with regard to the large accumulation of balances in recent years, except that I deprecate the exaggerated caution with which the Budgets of the Government of India are framed. I was for three years in the Imperial Legislative Council as a member elected by the non-official members of the Bombay Legislative Council, and I am convinced by the experience I had during the period that, as a result of excessive caution, a much larger revenue is raised from the taxpayers than the needs or circumstances of the country warrant. In March 1910, when new taxation was imposed, the non-official members, both Europeans and Indians, protested against its imposition on the main ground that there was no need for it if the Budget was framed with ordinary care. The event proved that the non-official members were right, as the actuals gave a surplus of about six millions sterling instead of the expected deficit 250,000*l*. The reason generally adduced for this extraordinary caution on the part of the Finance Member is that India, being in the main an agricultural country exposed to the vicissitudes of rainfall, revenue estimates have to be made with considerable reserve. The consequence is that in a normal year there is always a surplus and often a large surplus.

2. It is true that a certain proportion of the surplus is distributed at the end of the year in the shape of special grants. It must be admitted that such doles have been in practice given for good and useful objects, but the system to my mind is demoralising. It is known, as soon as the monsoon turns out well, that a heavy surplus will accrue, and all the Departments become eager to get a share in the spoils to be distributed at the end of the official year. From the point of view of the Finance member, the system may be said to be an ideal one, as he is perfectly sure of his estimates not working out in the end on the wrong side, even if the season prove a failure, while in normal years he is a supremely happy man commanding crores to be distributed for good objects, and receives the hearty congratulations of the Council and the public on his good fortune. In the rapture of the moment, only a few realise that the crores of surplus have been needlessly taken out of the people in excess of the legitimate requirements of the country. I am strongly of opinion, therefore, that a more rational system of preparing Budgets should be introduced in place of the existing system.

3. Many ways may be suggested to improve matters. To my mind, the best way is to create a reserve fund out of the surplus profits whenever they accrue. The Budget should be framed with reasonable care only, and if, by unforeseen circumstances, a deficit arises it should be wiped off from the reserve. The institution of such a reserve will greatly lessen the bug-bear of possible deficit in the mind of the Finance member, and he will be able to frame his estimates in a more balanced state of mind. The evil of the present system is accentuated by the fact that the surplus accruing in any year is not carried forward to next year's account, but is used largely for capital expenditure, except a portion which is distributed as special grants. During the last few years several crores have been used for capital

expenditure which were collected as ordinary revenue. This, to my mind, is unsound finance.

4. With a sound system of finance there ought not to be the large balances we have had in the past, but whatever balances we may have, in the first place they ought to be employed as far as possible in helping the trade of the country. While millions have been invested in London at $2\frac{1}{2}$ per cent., the Bank rate in India on Government paper has risen to so much as 8 per cent. If Government had been prepared to lend some portion of this balance in India, it would have been immediately taken up. In fact, an application was made to the Government of India last year for an advance of Rs. 40 lakhs on Government paper, but the application was refused. It is true that Government of India have been prepared for the last several years to make advances to the Presidency Banks at the Bank rate on the security of Government paper. No Presidency Banks have taken advantage of this for the past six years, and it is quite natural that it should be so. Why should Presidency Banks borrow from Government and lend to the public, not only without any profit to themselves, but, on the contrary, at a great disadvantage to them, as the lowering of the Bank rate or the prevention of its rise would considerably interfere with their profit on their working capital? I shall refer to this point later on in my suggestions as to how the advances can be profitably made in the interests of the public.

5. *Banking.*—I have carefully gone through the memorandum* prepared by Mr. L. Abrahams on the question of the establishment of a central Bank. While I am inclined to think that the establishment of such a bank on the whole will to some extent ease the high banking rate ruling in India, I am afraid that the advantages of such a Bank will not be equally distributed throughout the country. If the head office of a central Bank be located in Calcutta, Bengal will certainly be placed in a more favourable position than it holds now, while Bombay and Madras will be placed at a disadvantage. In money-lending, more than in other business, personal knowledge of men is an important factor, and it is impossible to expect the board of directors in Calcutta to possess the same intimate knowledge of local conditions of Bombay or of Madras as they will have of Calcutta. Advisory boards at different places might meet the difficulty to a certain extent, but not wholly. In any case, if a Central Bank is to be established, Bombay is the proper place for it as the chief market for bullion and gilt-edged securities. On the whole I believe the present difficulties might be met by less radical methods than the establishment of a central Bank by enlarging the scope of the existing institutions, which have so far proved of admirable service. The chief reason of the monetary stringency in the busy season in India is the policy of Government of withdrawing money from circulation at a time when it is most needed. The time when Government collect revenue is the time when money is required for financing large crops. The stringency would be less if the revenue of Government were paid into the Presidency Banks instead of being locked up in the Government treasury. The United States is the only civilised country where such a policy is adopted, but even it feels the need for changing the system. The question then arises whether it would be safe to put such a large amount of Government money in the Presidency Banks. The Government, by the resolution above referred to, have agreed to advance money to the Presidency Banks on Government securities at Bank rate, and, as I have pointed out, this privilege is not utilised by the Presidency Banks. Government ought to lend to the Presidency Banks at 1 to $1\frac{1}{2}$ per cent. under the Bank rate, as the Banks must be allowed some profit for extra risk they take. It must also be provided, in order to prevent an avoidable rise in the Bank rate, that if the Bank rate goes over six per cent., and the Presidency Banks do not take loans from Government at the concession rate, any other approved Bank or approved individual would be entitled to borrow money on Government paper from them at a rate not exceeding 6 per cent. This will prevent the Presidency Banks from refusing to utilise the concession as they have been doing up till now, relying on the stringency of the money market and public opinion to compel Government to increase their deposits in the Presidency

* See Cd. 7071, Appendix XIV., page 339.

Banks without interest. By Government confining themselves to lending money on Government paper and bonds of public bodies, there is some danger of only one kind of securities coming into the hands of Government, and in case of Government requiring to withdraw their money, a large quantity of one kind of securities might have to be thrown on the market, and thus the market for their own securities might be depressed. In order to prevent this, Government should accept from the Presidency Banks short-term bills, endorsed by two or more approved individuals. The selection of such bills if Government consider any extra precaution necessary, might be left to a local committee of experienced men in each Presidency. Government will then have the security of substantial parties in addition to that of the Banks, and as the bills would be continuously falling due from time to time being short-term bills, Government can, without difficulty, withdraw their money without greatly disturbing the market. Such loans should be made from the cash balances when available, otherwise from the paper currency reserve.

6. With the facilities mentioned above, and with the power to the Presidency Banks to borrow money in London, I think the existing banking facilities will be sufficient and capable of adequate expansion.

7. I think Presidency Banks ought to be allowed to borrow in London.

8. Without expressing any opinion as to the wisdom or otherwise of the course adopted in closing the mints to the free coinage of silver, I am strongly against reversing the policy and re-opening the mint for the free coinage of silver. Things have adjusted themselves and the country is prospering under the present system.

9. I do not believe that there is any hoarding to an appreciable extent of gold in India. India is a large country, and a certain quantity of gold will always be required for jewellery owing to prevailing customs. With our enormous population, I do not think that the quantity of bullion consumed in India, both of silver and gold, for legitimate purposes is at all too large. Using gold for ornaments may in a certain sense be called hoarding as compared to putting money in banks for active circulation. But it is not hoarding in the same sense as the accumulations by rich individuals and princes, which are hoarding in the true sense of the word.

10. The latest official reports are so clear as to the increasing circulation of gold from hand to hand that it is unnecessary for me to adduce any other proof; but I can say from my personal knowledge that gold coins are readily accepted, even in the remote villages, while currency notes are not so accepted.

11. I am in favour of opening a mint in India to the free coinage of gold. No seigniorage should be charged for the coining of such gold; otherwise the very object of establishing a gold mint will be frustrated. I have advocated in the Imperial Council the coinage of 10-rupee gold pieces, as I consider that it is a very suitable and very convenient unit for the Indian people. The people of India, who are mostly illiterate, cannot easily calculate large sums except as multiples of ten. Moreover, India can, it seems, have such a coin independently of the interference of the Royal Mint. For exchange purposes there will not be much difference between a 10-rupee and 15-rupee gold coin, as all coins outside the countries of their origin have only their bullion value. The cost of minting an independent gold coin, it is admitted, would be very small. With regard to the argument that the gold coins are expensive and wasteful, the argument applies to all countries in the world. No doubt it is a distinct advantage if more paper money is used; but that is a more advanced stage in the evolution of currency, and no doubt it will come in time when once the people are accustomed to use gold as currency.

12. I am in favour of a special gold standard reserve. A portion of it should be held in actual gold in India. I am not in favour of using the profit on coinage for ordinary or capital expenditure until a *pukka* gold currency is introduced in India, i.e., a gold standard with a gold currency. I would go on increasing the gold standard reserve without fixing a maximum. I would not mind investing a part of the gold standard reserve in securities,

but only in short-dated bonds and not in any permanent securities, the realisation of which might create difficulties at the time we want to realise money on the same.

13. I do not approve of the use of one million pounds for railway developments made in 1907.

14. The recently introduced system of ear-marking gold for the gold standard reserve at the Bank of England is not as good as gold of the gold standard reserve kept in India.

15. I have no objection to the present practice of holding silver to the extent of six crores in the gold standard reserve in India ; but the more logical course, it seems to me, will be to hold the gold standard reserve wholly in gold and to hold in the paper currency all the silver which may be needed, whether for paper currency or for the reserve of silver, for the purposes for which the silver branch of the gold standard reserve was instituted.

16. I have no remarks to offer on the present method of management of the paper currency reserve. I am in favour of making future investments in sterling securities as a further line of defence of our currency system.

17. I am not in favour of locating part of the paper currency reserve in gold in London.

18. So long as the intrinsic value of the rupee is much lower than its face value I am in favour of holding gold for reserve against notes, provided of course that sufficient silver coins are maintained in the paper currency reserve to meet likely demands and subject to my observations in paragraph 15.

19. I am not enthusiastic about the creation of a central bank, as will be found from my remarks above ; but I believe that the establishment of the central bank is practically impossible without handing over the paper currency to it. From the country's point of view the present management of the paper currency is of the greatest advantage to it. Our paper currency is getting more and more popular every day. I am convinced that the circulation will be still further increased under the present policy. It is difficult to estimate the effect that the transfer of paper currency to the central Bank may have on the people, but there is the danger in a country like India, where a large part of the population is ignorant, of creating suspicion in the minds of the people that the Government are relieving themselves of the responsibility for paying money for currency notes and transferring that responsibility to the Bank, and thus the paper money may become less popular. I do not say that such effect is sure to be produced, but why take the risk when the present system has worked admirably and has succeeded in securing the complete confidence of the public? There is one further reason, namely, that the handsome profits derived from notes which will never be returned, viz., lost, burnt, and otherwise destroyed, go to the country, in addition to the interest on investments. All this will go to the central Bank unless due provision is made for Government getting an adequate return for these concessions.

20. The rupee coinage cannot be arbitrarily restricted under the present law. Whenever gold is tendered Government is bound to give rupees, and it cannot cease coining rupees unless the demand ceases. As to the purchase of silver Government should buy in sufficient time before the actual demand arises and should not wait, as it did in recent years, until the very last moment. The result of this latter course is that unnecessary speculation is fostered among merchants, and the country suffers by having to pay a needlessly high price for silver.

APPENDIX XLI.

SIR,

Bank of Madras, Madras,
9th October 1913.

I HAVE the honour to enclose a copy of my letter of date addressed to Mr. Abrahams, and shall be much obliged if you will be good enough to lay it before the Commission.

I have the honour to be,

Sir,

The Secretary,
The Royal Commission on Indian
Finance and Currency,
c/o India Office, London.

Your most obedient servant,
W. B. HUNTER,
Secretary and Treasurer.

(Copy.)

DEAR SIR,

Bank of Madras, Madras,
9th October 1913.

I WRITE to correct an unfortunate clerical error in statements submitted by you to the Royal Commission on Indian Finance and Currency, an error which was particularly emphasised in your reply to Question No. 88, in which you say: "I would draw your attention in passing to the middle column 'Bank of Madras, 1911, March' (Appendix I, paragraph 15-2). " If you will notice the figure there, the percentage of Government deposits to cash is 121 per cent.—I think that at that particular time it would not have been a good thing to lend more money to the Bank of Madras."

On turning to Statement D, Appendix II., on page 79 of Vol. I. of the appendices to the Interim Report, it will be seen that under date March 1911, Government deposits are shown as Rs. 75,43,474, cash Rs. 62,42,990, percentage 121. On that date the cash balance of the Bank was Rs. 1,62,42,990, the percentage of Government account to cash being therefore 46.4 and not 121.

While agreeing with you that "it is a question of the most enormous difficulty to say at what stage it becomes unsafe for a very big customer or depositor with a bank to increase his deposit with that bank," from the banker's point of view the main consideration in regard to his cash balance is—how much can the big depositor withdraw on demand or at short notice?

On the date in question the Bank's cash was Rs. 1,62,42,990, and Government deposits amounted to Rs. 75,43,474, but a large amount of this could—under agreement with the Government—not be withdrawn on demand or at short notice, and Government must keep working balances to meet outstanding credits and ordinary daily drawings.

The amount that could not be drawn under agreement on 25th March 1911 was :—

Minimum working balances* below which Government account could not be reduced without immediate replenishment :—

| | | | | |
|-------------|---|---|---|--------------|
| Head Office | - | - | - | Rs. 7,00,000 |
| Calicut | - | - | - | 1,00,000 |
| Cocanada | - | - | - | 1,50,000 |
| Cochin | - | - | - | 25,000 |
| Coimbatore | - | - | - | 1,00,000 |
| Quntur | - | - | - | 1,00,000 |
| Mangalore | - | - | - | 75,000 |
| Masulipatam | - | - | - | 50,000 |
| Negapatam | - | - | - | 50,000 |
| Ootacamund | - | - | - | 75,000 |
| Tuticoria | - | - | - | 1,00,000 |
| | | | | 15,25,000 |
| | | | | 49,25,000 |

* NOTE.—With these minima there would be considerable risk of the accounts being overdrawn.

Therefore the largest amount by which Government account could possibly have been reduced on 25th March 1911 was Rs. 26 lacs, or 16 per cent of the cash balance.

The general position of the Bank on the date in question was as follows:—

Percentage of cash to total liabilities payable on demand - 48·57
 Percentage of cash to total liabilities payable on demand
 and within one month - - - - - 47·35

I may mention that in "cash" balances with other Banks, amounting to Rs. 16,65,000, are *not* included.

I submit, therefore, that the cash position was quite strong enough to justify an increase of Government deposits. With regard to the larger issue, viz., whether the capital and reserve of the Bank is sufficient to justify larger total deposits by Government, the following comparative statement may be of interest:—

Bank of England (from Return of 13th March 1913):—

Capital and rest, £18·2 millions.
 Reserve in Banking Department, £27·9 millions.
 Public deposits, £26·7 millions.
 Percentage of public deposits to capital and rest, 146·7.
 Do. do. to reserve in Banking Department, 95·7.

Bank of Madras:—

Capital and reserve, Rs. 148,00,000.
 Total cash (as at 21st December 1912), Rs. 216,45,000.
 Highest Government balance during year 1912-13 (on 21st December 1912), Rs. 93,24,000.
 Percentage of Government balance to capital and reserve, 63.
 Do. do. to total cash, 44·3.

As the correction of the unfortunate clerical error is very important I am sending a copy of this letter to the Secretary of the Commission.

Lionel Abrahams, Esq., C.B.
 India Office, Whitehall, S.W.

Yours faithfully,
 (Signed) W. B. HUNTER,
 Secretary and Treasurer.

Bank of Madras, Madras,
 9th October 1913.

SIR,

WITH reference to Mr. M. R. Sundara Iyer's answers to questions 8898, 8968 and 8972, in which he states that the present banks do not finance Indian trade or Indian exigencies to the extent that they ought, and that if the Bank Rate were reduced it would not filter down to the cultivator, I shall be obliged if you will submit the following figures (which have been taken from the Bank's balance-sheet of 30th June 1913) to the Commission:—

| | | | | | |
|-----------------------------|---|---|---|---|------------------|
| Total trade advances | - | - | - | - | Rs. 732 lacs. |
| Trade advances to Europeans | - | - | - | - | Rs. 144 lacs. |
| " " Indians | - | - | - | - | 588 " |
| | | | | | <u>Rs. 732 "</u> |

i.e., 20 per cent. to Europeans, and 80 per cent. to Indians.

Of the advances to Indians a small amount is direct to cultivators, but large sums are advanced to Native Bankers, and through them filter down to the cultivator. No doubt the Native Bankers keep their rates high, but when the Bank Rate is high they restrict their borrowings and also their advances to the cultivator.

Yours faithfully,
 W. B. HUNTER,
 Secretary and Treasurer.

The Secretary,
 The Royal Commission on Indian
 Finance and Currency,
 c/o Indian Office, London.

APPENDIX XLII.

STATEMENT of GOVERNMENT BALANCES held by the PRESIDENCY BANKS, handed in by Mr. BHUPENDRA NATH MITRA, C.I.E. with reference to, Q. 4501 [Cd. 7069.]

In thousands of Rupees.

| Last day of | 1910-11. | | | 1911-12. | | | 1912-13. | | |
|----------------|---------------|-----------|---------|---------------|-----------|---------|---------------|-----------|---------|
| | Head Offices. | Branches. | Total. | Head Offices. | Branches. | Total. | Head Offices. | Branches. | Total. |
| April - - - | 1,73,07 | 1,87,90 | 3,60,97 | 1,84,81 | 2,27,50 | 4,12,31 | 1,80,30 | 2,20,05 | 4,00,35 |
| May - - - | 1,88,09 | 2,11,55 | 3,99,64 | 1,58,44 | 2,50,36 | 4,08,80 | 1,77,14 | 2,33,26 | 4,10,40 |
| June - - - | 1,46,10 | 2,07,82 | 3,53,92 | 1,69,76 | 2,31,85 | 4,01,61 | 2,12,82 | 2,20,28 | 4,33,10 |
| July - - - | 1,80,14 | 2,10,91 | 3,91,08 | 1,63,42 | 2,45,69 | 4,09,11 | 3,17,51 | 2,28,17 | 5,45,68 |
| August - - - | 1,50,12 | 2,09,03 | 3,59,15 | 1,63,12 | 2,52,76 | 4,17,88 | 2,03,38 | 2,24,06 | 4,27,44 |
| September - - | 2,03,43 | 2,06,65 | 4,10,08 | 1,62,22 | 2,55,69 | 4,17,91 | 2,00,48 | 2,21,86 | 4,22,34 |
| October - - - | 1,93,11 | 2,16,79 | 4,09,90 | 1,86,47 | 2,46,76 | 4,33,23 | 1,94,53 | 2,16,06 | 4,10,59 |
| November - - - | 1,77,00 | 2,10,57 | 3,87,57 | 1,74,27 | 2,74,41 | 4,48,68 | 1,88,28 | 2,34,67 | 4,22,95 |
| December - - - | 1,94,52 | 2,01,12 | 3,95,64 | 1,58,49 | 2,81,54 | 4,40,03 | 1,80,28 | 2,45,43 | 4,25,71 |
| January - - - | 1,74,50 | 1,85,09 | 3,59,59 | 1,64,66 | 2,15,29 | 3,79,95 | 1,95,16 | 2,71,61 | 4,66,77 |
| February - - - | 1,75,89 | 2,10,85 | 3,86,74 | 1,41,81 | 2,23,93 | 3,68,74 | 2,03,45 | 2,89,86 | 4,93,31 |
| March - - - | 1,65,79 | 2,44,19 | 4,09,98 | 2,00,86 | 2,28,09 | 4,28,95 | 2,38,32 | 3,26,78 | 5,65,10 |

APPENDIX XLIII.

STATEMENT of CASH RECEIPTS and DISBURSEMENTS over SHORT PERIODS at the HEAD OFFICES and BRANCHES of the three PRESIDENCY BANKS.

I.

BANK of BENGAL during the four weeks ended 28th June 1913.

| | Receipts. | | | | | | Disbursements. | | | | | |
|--|-----------------|---------|-------|--|---------|-------|-----------------|---------|-------|---|---------|-------|
| | Percentage in | | | Percentage relative to Total Receipts. | | | Percentage in | | | Percentage relative to Total Disbursements. | | |
| | Currency Notes. | Rupees. | Gold. | Currency Notes. | Rupees. | Gold. | Currency Notes. | Rupees. | Gold. | Currency Notes. | Rupees. | Gold. |
| Agra - - - - - | 13.78 | 70.47 | 15.75 | 0.33 | 1.70 | 0.38 | 6.18 | 61.50 | 32.32 | 0.17 | 1.70 | 0.90 |
| Akyab - - - - - | 1.76 | 94.19 | 4.05 | 0.01 | 0.66 | 0.03 | 1.90 | 95.61 | 2.49 | 0.01 | 0.69 | 0.02 |
| Allahabad - - - - - | 52.12 | 43.48 | 4.40 | 0.83 | 0.69 | 0.07 | 55.24 | 33.88 | 10.88 | 0.73 | 0.45 | 0.14 |
| Benares - - - - - | 17.19 | 60.55 | 22.26 | 0.17 | 0.60 | 0.22 | 38.26 | 54.95 | 6.79 | 0.33 | 0.48 | 0.06 |
| Bombay - - - - - | 99.93 | .02 | .05 | 11.08 | 0.00 | 0.01 | 99.94 | .02 | .04 | 9.12 | 0.00 | 0.00 |
| Head Office and Local Branches - - - - - | 86.61 | 12.43 | .96 | 42.77 | 6.14 | 0.48 | 89.12 | 10.62 | .26 | 43.90 | 5.23 | 0.13 |
| Cawnpore - - - - - | 29.85 | 34.71 | 35.44 | 0.94 | 1.09 | 1.14 | 42.70 | 21.23 | 36.07 | 1.65 | 0.82 | 1.39 |
| Chittagong - - - - - | 3.58 | 96.25 | .17 | 0.03 | 0.73 | 0.00 | 16.39 | 82.68 | .93 | 0.05 | 0.23 | 0.00 |
| Dacca - - - - - | 16.79 | 83.18 | .03 | 0.35 | 1.73 | 0.00 | 28.73 | 70.42 | .85 | 0.45 | 1.09 | 0.01 |
| Delhi - - - - - | 5.59 | 53.48 | 40.93 | 0.16 | 1.55 | 1.19 | 10.24 | 34.86 | 54.90 | 0.22 | 0.75 | 1.18 |
| Hyderabad - - - - - | 10.13 | 84.17 | 5.70 | 0.13 | 1.08 | 0.07 | 22.72 | 75.01 | 2.27 | 0.29 | 0.95 | 0.03 |
| Jalpaiguri - - - - - | 23.20 | 76.80 | — | 0.12 | 0.41 | — | 17.91 | 82.09 | — | 0.12 | 0.54 | — |
| Lahore - - - - - | 46.22 | 21.88 | 31.90 | 2.86 | 1.36 | 1.98 | 51.15 | 22.79 | 26.06 | 4.86 | 2.17 | 2.48 |
| Lucknow - - - - - | 18.28 | 68.43 | 13.29 | 0.37 | 1.37 | 0.27 | 25.12 | 60.42 | 14.46 | 0.61 | 1.47 | 0.35 |
| Moulmein - - - - - | 6.32 | 93.65 | .03 | 0.06 | 0.94 | 0.00 | 10.79 | 84.80 | 4.41 | 0.09 | 0.70 | 0.04 |
| Nagpore - - - - - | 5.12 | 93.57 | 1.31 | 0.07 | 1.31 | 0.02 | 18.30 | 67.58 | 14.12 | 0.19 | 0.69 | 0.15 |
| Patna - - - - - | 20.61 | 78.92 | .47 | 0.19 | 0.72 | 0.00 | 25.08 | 71.48 | .44 | 0.20 | 0.60 | 0.00 |
| Rangoon - - - - - | 83.48 | 16.31 | .21 | 8.86 | 1.73 | 0.02 | 91.92 | 4.24 | .84 | 9.03 | 0.40 | 0.08 |
| Secunderabad - - - - - | 10.90 | 88.00 | 1.10 | 0.04 | 0.36 | 0.00 | 13.82 | 79.99 | 6.19 | 0.12 | 0.69 | 0.05 |
| Simla - - - - - | 75.14 | 16.28 | 8.58 | 0.46 | 0.10 | 0.05 | 70.39 | 23.70 | 5.91 | 0.85 | 0.29 | 0.07 |
| Totals - - - - - | — | — | — | 69.83 | 24.27 | 5.90 | — | — | — | 72.98 | 19.94 | 7.08 |
| | | | | 100 | | | | | | 100 | | |

II.

BANK OF BOMBAY during the months from February to May 1913.

| | Receipts. | | | | | | Disbursements. | | | | | |
|---------------------------|-----------------|---------|-------|--|---------|-------|-----------------|---------|-------|---|---------|-------|
| | Percentage in | | | Percentage relative to Total Receipts. | | | Percentage in | | | Percentage relative to Total Disbursements. | | |
| | Currency Notes. | Rupees. | Gold. | Currency Notes. | Rupees. | Gold. | Currency Notes. | Rupees. | Gold. | Currency Notes. | Rupees. | Gold. |
| Head Office - - - - - | 87·99 | 10·09 | 1·91 | 65·84 | 7·55 | 1·43 | 92·74 | 5·94 | 1·31 | 65·87 | 4·22 | 0·93 |
| Ahmedabad - - - - - | 28·67 | 63·92 | 7·40 | 0·46 | 1·03 | 0·12 | 9·75 | 83·29 | 6·95 | 0·16 | 1·36 | 0·11 |
| Akola - - - - - | 1·82 | 94·89 | 3·28 | 0·02 | 1·24 | 0·01 | 0·81 | 96·97 | 2·21 | 0·01 | 1·51 | 0·04 |
| Amraoti - - - - - | 5·41 | 91·18 | 3·40 | 0·06 | 1·03 | 0·04 | 1·13 | 95·51 | 3·35 | 0·02 | 1·92 | 0·07 |
| Bronch - - - - - | 6·37 | 63·23 | 30·39 | 0·08 | 0·82 | 0·39 | 1·17 | 66·31 | 32·51 | 0·05 | 2·92 | 1·43 |
| Hyderabad, Sind - - - - - | 27·65 | 66·56 | 5·78 | 0·25 | 0·60 | 0·05 | 33·01 | 56·63 | 11·35 | 0·21 | 0·35 | 0·07 |
| Indore - - - - - | 26·38 | 50·21 | 23·40 | 0·36 | 0·68 | 0·32 | 35·90 | 32·34 | 31·75 | 0·53 | 0·47 | 0·47 |
| Jalgaon - - - - - | 6·77 | 49·37 | 43·85 | 0·04 | 0·26 | 0·23 | 3·64 | 60·44 | 35·91 | 0·02 | 0·28 | 0·17 |
| Karnchi - - - - - | 97·05 | 1·77 | 1·17 | 13·05 | 0·24 | 0·16 | 98·26 | 0·82 | 0·91 | 12·63 | 0·10 | 0·12 |
| Poona - - - - - | 49·30 | 44·93 | 5·76 | 0·49 | 0·45 | 0·06 | 52·74 | 40·49 | 6·76 | 0·77 | 0·59 | 0·10 |
| Rajkot - - - - - | 20·40 | 73·32 | 6·27 | 0·16 | 0·57 | 0·05 | 7·45 | 81·30 | 11·24 | 0·04 | 0·50 | 0·07 |
| Sholapur - - - - - | 10·77 | 85·81 | 3·41 | 0·05 | 0·41 | 0·01 | 9·43 | 83·35 | 7·21 | 0·04 | 0·35 | 0·03 |
| Sukkur - - - - - | 17·65 | 72·61 | 9·73 | 0·11 | 0·44 | 0·06 | 21·54 | 52·39 | 26·06 | 0·18 | 0·43 | 0·21 |
| Surat - - - - - | 56·32 | 32·27 | 11·40 | 0·42 | 0·24 | 0·09 | 50·90 | 33·56 | 15·53 | 0·33 | 0·22 | 0·10 |
| Totals - - - - - | — | — | — | 81·39 | 15·56 | 3·05 | — | — | — | 80·86 | 15·22 | 3·92 |
| | | | | 100 | | | | | | 100 | | |

III.

BANK of MADRAS from 1st to 28th June 1913.

| | Receipts. | | | | | | Disbursements. | | | | | |
|---------------------|-----------------|---------|-------|--|---------|-------|-----------------|---------|-------|---|---------|-------|
| | Percentage in | | | Percentage relative to Total Receipts. | | | Percentage in | | | Percentage relative to Total Disbursements. | | |
| | Currency Notes. | Rupees. | Gold. | Currency Notes. | Rupees. | Gold. | Currency Notes. | Rupees. | Gold. | Currency Notes. | Rupees. | Gold. |
| Head Office - - - - | 87.32 | 11.96 | 0.72 | 38.97 | 5.34 | 0.32 | 91.66 | 6.52 | 1.82 | 40.52 | 2.88 | 0.81 |
| Alleppey - - - - | 0.21 | 85.23 | 14.56 | 0.01 | 3.01 | 0.52 | 0.16 | 88.49 | 11.35 | 0.01 | 2.78 | 0.36 |
| Bangalore - - - - | 26.53 | 73.42 | 0.05 | 1.43 | 3.95 | 0.00 | 35.72 | 63.62 | 0.66 | 1.61 | 2.86 | 0.03 |
| Bimlipatam - - - - | 13.24 | 86.31 | 0.45 | 0.29 | 1.93 | 0.01 | 22.34 | 77.66 | 0.00 | 0.57 | 1.97 | 0.00 |
| Calicut - - - - | 59.10 | 39.82 | 1.08 | 1.78 | 1.20 | 0.03 | 59.21 | 38.65 | 2.14 | 1.46 | 0.95 | 0.05 |
| Cocanada - - - - | 22.63 | 77.37 | 0.00 | 0.55 | 1.89 | 0.00 | 11.30 | 85.00 | 3.70 | 0.46 | 3.48 | 0.15 |
| Cochin - - - - | 13.33 | 23.18 | 63.49 | 0.62 | 1.09 | 2.98 | 0.28 | 22.80 | 77.42 | 0.01 | 0.74 | 2.55 |
| Coimbatore - - - - | 92.98 | 6.19 | 0.83 | 1.64 | 0.11 | 0.02 | 79.35 | 20.18 | 0.47 | 1.84 | 0.47 | 0.01 |
| Erode - - - - | 34.14 | 65.60 | 0.26 | 0.45 | 0.87 | 0.00 | 47.73 | 52.22 | 0.05 | 0.49 | 0.54 | 0.00 |
| Guntur - - - - | 18.60 | 81.40 | — | 0.57 | 2.53 | — | 15.67 | 82.56 | 1.77 | 0.44 | 2.39 | 0.05 |
| Madura - - - - | 33.15 | 65.97 | 0.88 | 1.05 | 2.09 | 0.03 | 27.44 | 72.30 | 0.26 | 0.99 | 2.61 | 0.01 |
| Mangalore - - - - | 46.98 | 52.74 | 0.28 | 0.72 | 0.81 | 0.00 | 68.60 | 26.50 | 4.90 | 1.14 | 0.44 | 0.08 |
| Masulipatam - - - - | 27.68 | 72.23 | 0.09 | 0.23 | 0.59 | 0.00 | 33.50 | 58.40 | 8.10 | 0.36 | 0.63 | 0.09 |
| Negapatam - - - - | 18.43 | 81.56 | 0.00 | 0.69 | 3.04 | 0.00 | 33.32 | 66.40 | 0.28 | 1.52 | 3.03 | 0.01 |
| Ootacamund - - - - | 76.73 | 19.48 | 3.79 | 0.61 | 0.16 | 0.03 | 57.56 | 39.65 | 2.79 | 0.97 | 0.67 | 0.05 |
| Salem - - - - | 32.28 | 67.70 | 0.02 | 0.29 | 0.60 | 0.00 | 38.09 | 61.91 | — | 0.21 | 0.34 | — |
| Tellicherry - - - - | 26.73 | 72.70 | 0.57 | 1.52 | 4.14 | 0.03 | 9.00 | 90.53 | 0.47 | 0.35 | 3.47 | 0.02 |
| Tuticorin - - - - | 4.33 | 95.63 | 0.04 | 0.49 | 10.77 | 0.00 | 2.89 | 96.77 | 0.34 | 0.36 | 12.13 | 0.04 |
| Totals - - - - | — | — | — | 51.91 | 44.12 | 3.97 | — | — | — | 53.31 | 42.38 | 4.31 |
| | | | | 100 | | | | | | 100 | | |

APPENDIX XLIV.

CORRESPONDENCE WITH MR. GOPAL KRISHNA GOKHALE, C.I.E., A FORMER MEMBER OF THE VICEROY'S LEGISLATIVE COUNCIL, REGARDING THE SUBMISSION BY HIM TO THE COMMISSION OF A STATEMENT OF HIS VIEWS ON THE SUBJECTS REFERRED TO THE COMMISSION FOR CONSIDERATION.

Dear Sir,

12th June 1913.

I HAVE shown your letter of the 7th instant to the Chairman of this Commission. He desires me to express his great regret that you find yourself unable to attend and give evidence before the Commission, as the Commission were particularly anxious to have the advantage of hearing you. He is also very sorry to hear of the cause which makes it necessary for you to decline the invitation to attend.

In the circumstances the Chairman feels that he cannot press you further to appear as a witness before the Commission, but the Commission would be very glad if you could see your way to preparing, for their benefit, a short statement of your views on the subjects referred to the Commission for consideration, and in particular of any criticisms on the existing policy and methods adopted by the India Office and the Government of India in regard to currency and finance. Such a statement could, if the Commission so desired, be incorporated in an appendix to their report as representing your views.

G. K. Gokhale, Esq., C.I.E.
12, Queen Anne's Gate, S.W.

Yours faithfully,
BASIL P. BLACKETT.

Servants of India Society, Poona City.

Dear Sir,

17th October 1913.

I ARRIVED in this country from Europe on the 3rd of this month, and I shall have to rejoin the Royal Commission on Public Services in India on the 31st instant. I had hoped to be able to put down on paper, during this interval, my views on some of the questions referred to the Royal Commission on Indian Finance and Currency, as so kindly desired by its Chairman. But I regret to say that the demands on my brief time—largely on account of recent developments in the situation of the British Indians in South Africa—are so heavy that I find it impossible to handle satisfactorily the material which I had desired to work up and on which I had intended to base my views. In these circumstances, I have no choice but respectfully to ask that the Commission will be pleased to excuse me for my inability to respond to its invitation.

Yours faithfully,
G. K. GOKHALE.

Dear Sir,

4th November 1913.

I HAVE the honour to acknowledge the receipt of your letter of the 17th ultimo, stating that you regret, owing to the demands on your time, to be unable to furnish to this Commission your views on any of the questions referred to it for consideration. Your letter will be laid before the Chairman and members of the Commission.

G. K. Gokhale, Esq.,
Servants of India Society,
Poona City, Bombay.

Yours faithfully,
BASIL P. BLACKETT.

APPENDIX XLV.

STATEMENTS SUPPLIED BY THE GOVERNMENT OF INDIA SHOWING THE WORKING OF THEIR TREASURY SYSTEM, TOGETHER WITH TWO PREFATORY NOTES BY MR. M. F. GAUNTLETT, I.C.S., COMPTROLLER AND AUDITOR-GENERAL (WITH REFERENCE TO Q. 4760, PAGE 213, Cd. 7069).

Finance Department, Simla,

Dear Mr. Newmarch,

14th August 1913.

WITH reference to your demi-official letter No. F. 3560, dated 18th July 1913, I write to let you know that the information as to the working of Indian treasuries, required by the Royal Commission on Indian Finance, is being collected and will be supplied as soon as it is available. It will not be practicable, however, to include separate information about sub-treasuries as their transactions are incorporated in the District Treasury accounts and not shown separately. Sub-treasuries are merely centres for collecting revenue and very few payments are made by them, surplus collections being remitted at frequent intervals to the District Treasury or occasionally to some more conveniently situated treasury.

Yours, &c.,

(Signed) J. B. BRUNYATE.

F. W. Newmarch, Esq.,
Financial Secretary,
India Office, London.

I.

NOTE, DATED THE 26TH SEPTEMBER 1913, BY MR. M. F. GAUNTLETT, I.C.S.,
COMPTROLLER AND AUDITOR GENERAL.

I propose to describe briefly in this note Resource operations in India in connection with Treasury balances.

2. The resource unit is the Treasury of which there are 271 in India. There is one treasury in each district and attached to each treasury are two or more sub-treasuries. These are mainly collecting centres and few classes of payments are made therein. Sub-treasury surpluses are usually remitted to the district treasury, but in some cases are remitted to a neighbouring treasury if that be nearer and in need of funds. Remittances from sub-treasuries usually have to travel 20 or 30 miles by road. The responsibility for the cash in each treasury rests in the treasurer who gives security and is a paid servant of Government, though allowed sometimes to work through a deputy. He has a staff of money-testers working under him.

3. Treasuries may be classified according to the magnitude of the transactions into "large," "medium," and "small," and also as "surplus" or "deficit." The statements submitted herewith indicate the magnitude of the transactions at each class of treasury. They also indicate that transactions vary largely from month to month, and from day to day, especially on the receipt side. The main causes of such variations are the dates on which the land revenue receipts fall due in each district, and the rush of public works expenditure during the cold weather. Another cause which is still important in a few districts, though not nearly so important as formerly, is the payment of advances to cultivators for opium sowings. Other causes of monthly variation are payments of interest and surplus profits to railway companies, and sales of opium and excise licenses.

4. The net result of these causes is that in every district the difference between revenue and expenditure varies largely from month to month. Thus a few districts are surplus every month, a few deficit in others. In the case of surplus and deficit treasuries we try to rectify matters by selling supply bills at deficit or surplus treasuries. At the other treasuries we try to retain the surplus receipts at the treasury to be used during these deficit months by transferring them to the currency chest, which is to be

found at almost every treasury. By this device part of the currency reserve is distributed over a large number of treasuries, and a large number of remittances of treasury balances are obviated by making a transfer from treasury to currency at one treasury against an equivalent transfer from currency to treasury at another. I mention this specially because it is most desirable from a resource point of view, that this device should be retained even if the management of the currency note issue be made over to a State Bank.

5. It will be seen that in selling supply bills and other similar forms of remittance, Government are undertaking banking business, and, in so doing, are benefitting themselves and offering a convenience to the public of which they would otherwise be deprived. All such business would of course fall into the hands of a State bank at every centre at which a branch is opened. For this reason the figures of such transactions are shown separately in the statements submitted herewith.

6. I now proceed to detail the statements submitted herewith, and to discuss the results shown therein.

7. Statement I. shows the total volume of annual transactions in district treasuries, Presidency Banks, and in reserve and remittance treasuries. Details by provinces are given in Statements II. to IV. The main feature in Statement I. is the gross issue (except as remittances) of 141 crores in 1912-13 from 271 treasuries. This is a monthly issue of $11\frac{1}{2}$ crores. To meet this monthly issue the treasury balances (including those at sub-treasuries) varied from 9 to 12 crores, except in March when it rose to 14. These were larger than usual as 1912-13 was a year of easy treasury balances. These balances fell as low as 6.9 crores in 1908-9. These figures of balances are those of the last day of each month when they have to be at their highest to meet the heavy payments at the beginning of each month. The average daily balances are probably considerably smaller.

It is possible too that in some cases post office receipts have been shown as "Remittances," as they are shown technically in the treasury accounts, although for this purpose they should be included under "Other transactions." If any such error has occurred the issues were larger than the $11\frac{1}{2}$ crores shown above.

8. Statements V. to VII. show the volume of transactions at small, medium, and large district treasuries, and the total number of treasuries in each class. No general scale, however, was fixed for the purpose of classification, so that the Accountants-General have fixed their own scales and the results when brought together are not satisfactory. Accepting the classification as it stands, however, I have facilitated comparison by grouping together the smaller provinces—Assam, Central Provinces and Bihar and Orissa, then India and Burma, which show a curious combination of small and large treasuries, and finally the more important provinces from the resource point of view, Bengal, United Provinces, Punjab, Madras, and Bombay.

It would have been preferable to have prescribed a general scale for all India, say, total transactions not exceeding annually 75 lakhs "small"—200 lakhs "medium"—others "large."

With such a scale it is probable that the distribution of treasuries would have been approximately as follows:—

| | Small under 75 lakhs. | Medium under 200 lakhs. | Large. | Total. |
|-------------------|-----------------------------|-------------------------------|-----------|------------|
| Assam | 7 | 6 | — | 13 |
| Central Provinces | 12 | 9 | 1 | 22 |
| Bihar and Orissa | 10 | 9 | 1 | 20 |
| India | 7 | 3 | 3 | 13 |
| Burma | 24 | 9 | 6 | 39 |
| Bengal | 7 | 15 | 4 | 26 |
| United Provinces | 15 | 26 | 7 | 48 |
| Punjab | 9 | 15 | 10 | 34 |
| Madras | — | 19 | 9 | 28 |
| Bombay | 4 | 16 | 8 | 28 |
| Total | 95 | 127 | 49 | 271 |

It is preferable, however, to have this statement prepared more exactly and I am therefore calling for revised statements V. to VII. classified as above and shall forward them on receipt.

The present number of branches of Presidency Banks is 35, and it is probable that all but one or two of these conduct the treasury work at treasuries classified as "large" above.

The present statements are interesting as showing that there are about 40 treasuries with annual transactions of less than 50 lakhs.

One important point to look at in these statements is the extent to which large surpluses are accumulated at treasuries which are not required there. Taking first the large treasuries (Statement VII.) it will be seen that the main excesses of receipts over issues under "Other transactions" occur in Burma $5\frac{1}{2}$ crores, Bengal $1\frac{1}{2}$ crores, and Madras 5 crores. Of course there are large surplus treasuries elsewhere, e.g., Ajmere in India, Gorakhpur in the United Provinces, and Lyallpur in the Punjab, the two former from railway earnings paid in there and the last from heavy revenue receipts.

Some of the "medium" treasuries (Statement VI.) are also largely surplus, see, e.g., Burma $1\frac{1}{4}$ crores, and Bengal 2 crores.

9. Statements VIII. to X. show the average volume of transactions in each month for a "small," "medium," and "large" treasury, and here the main feature is the heavy expenditure in the last quarter of the financial year, specially in March.

10. Statements XI. to XIII. show the variations in the transactions in each class of treasury in each province during the "kist" (period of payment of land revenue), slack and normal periods and periods of heavy payments. The majority of the treasuries under "India" are political and do not have fluctuations due to different seasons of revenue collections. The periods of revenue collections in the other provinces are indicated below:—

| | | |
|---|-------|--|
| Central Provinces - | - | January to March and May (March being the heaviest season) to June. |
| Burma - | - - - | Ditto ditto. |
| Assam - | - - - | Ditto ditto. |
| Bengal - | - - - | September, January, and March (January and March being the heaviest periods). |
| Bihar and Orissa - | - | January and March. |
| United Provinces - | - | 15th May to 31st July and 15th November to 31st January (December, January, May, and June being the heaviest periods). |
| Punjab and North-West Frontier Province - | - | June to July and January to February (June, July, and January being the heaviest periods). |
| Madras - | - - - | January to March. |
| Bombay - | - - - | January to March (March is the heaviest period). |

The most noticeable features of these statements are—

- (a) the constant remittances from treasuries during periods of heavy receipts. This seems to be an answer to any charge of unduly locking up funds in district treasuries (*see also* paragraph 7 above);
- (b) the trivial nature of the transactions at small treasuries in slack and normal periods;
- (c) the importance of March from the resource point of view as a period of very heavy receipts and payments.

11. Statements XIV. and XV. show the volume of transactions by months at the head offices of Presidency Banks and the reserve and the remittance treasuries, respectively, during the year 1912-13. The former, on the whole, shows less monthly variation than district treasuries.

12. Statement XVI. shows the volume of transactions for a week at the above treasuries, first when receipts are very heavy, secondly when payments are very high, and thirdly during normal periods when there are no specially large receipts or payments.

II.

SUPPLEMENTARY NOTE, DATED THE 16TH OCTOBER 1913,
BY MR. M. F. GAUNTLETT.

With reference to paragraph 8 of my unofficial note, dated 26th September 1913, I forward herewith three revised statements showing the total volume of transactions at small, medium, and large treasuries during the year 1912-13, classification of treasuries being based on the scale referred to therein. According to this classification the distribution of treasuries would be as follows:—

| Province. | Small under 75 lakhs. | Medium under 200 lakhs. | Large. | Total. |
|-------------------|--------------------------|-------------------------------|-----------|------------|
| Assam | 11 | 2 | — | 13 |
| Central Provinces | 14 | 6 | 2 | 22 |
| Bihar and Orissa | 7 | 13 | — | 20 |
| India - | 10 | 1 | 2 | 13 |
| Burma | 22 | 13 | 4 | 39 |
| Bengal | 5 | 17 | 4 | 26 |
| United Provinces | 9 | 32 | 7 | 48 |
| Punjab | 20 | 10 | 4 | 34 |
| Madras | 1 | 15 | 12 | 28 |
| Bombay | 3 | 16 | 9 | 28 |
| Total | 102 | 125 | 44 | 271 |

Madras has got the highest number of large treasuries (12), of which 5 are in the charge of the Bank of Madras. Next to Madras are Bombay and United Provinces. The United Provinces have got the largest number of medium treasuries (32), and Burma and Punjab the largest number of small treasuries (22 and 20 respectively).

It may be mentioned that there is a difference of 3,95,72 in the total of payments under "Supply bills and telegraphic transfers" from that of the original figure in Statement No. II. This is due to the inclusion of currency transfers under treasury transactions by the Accountant-General, Burma. The reason for this inclusion has been stated to be that payments from currency chests form a very large portion of the transactions and are made by the treasury staff. In other provinces such payments are usually made from the treasuries after the requisite funds have been transferred from the currency chests to the treasury balances.

STATEMENT I.

TOTAL TRANSACTIONS AT DISTRICT TREASURIES, PRESIDENCY BANKS, AND RESERVE
REMITTANCE
TREASURIES DURING 1912-13.

(In Thousands of Rupees.)

| | RECEIPTS. | | | | ISSUES. | | | | Total Volume of Trans- actions. |
|-------------------------------------|-------------------|---|-----------------------------|-------------------|-------------------|---|-----------------------------|-------------------|---|
| | Remit- tances. | Supply Bills and Telegra- phic Transfers. | Other Trans- actions. | Total. | Remit- tances. | Supply Bills and Telegra- phic Transfers. | Other Trans- actions. | Total. | |
| District Treasuries | 41,29.61 | 6,77.29 | 1,57,77.94 | 2,05,84.84 | 62,80.27 | 7,26.68 | 1,33,50.18 | 2,03,57.13 | 4,09,11.97 |
| Presidency Banks | 46,79.37 | 4,87.63 | 64,39.21 | 1,16,06.21 | 21,72.44 | 1,79.37 | 89,17.09 | 1,15,08.80 | 2,31,75.01 |
| Reserve Treasuries Remittance | 78,31.13 | — | 13,03.76 | 91,34.91 | 74,76.66 | — | 9,27.77 | 84,04.43 | 1,75,39.34 |
| Total | 1,66,40.13 | 11,64.92 | 2,35,20.91 | 4,13,25.96 | 1,59,29.37 | 12,05.95 | 2,31,95.04 | 4,03,30.56 | 8,16,56.52 |

STATEMENT II.

TRANSACTIONS OF DISTRICT TREASURIES DURING THE YEAR 1912-13.

(In Thousands of Rupees.)

| Provinces. | Number of Treasuries. | Receipts. | | | | Issues. | | | | Total Volume of Transactions. |
|-----------------------|-----------------------|--------------|---|---------------------|------------|--------------|---|---------------------|------------|-------------------------------|
| | | Remittances. | Supply Bills and Telegraphic Transfers. | Other Transactions. | Total. | Remittances. | Supply Bills and Telegraphic Transfers. | Other Transactions. | Total. | |
| India - - - - | 13 | 2,01,78 | 18,09 | 6,91,63 | 9,11,60 | 2,33,45 | 18,02 | 6,52,77 | 9,00,24 | 16,71,74 |
| Central Provinces - - | 22 | 2,51,80 | 11,89 | 7,43,65 | 10,00,34 | 4,12,50 | 9,64 | 5,20,47 | 9,51,61 | 19,60,96 |
| Burma - - - - | 20 | 3,28,89 | 1,21,49 | 10,11,67 | 23,41,87 | 9,69,87 | 1,22,51 | 11,93,64 | 22,86,28 | 46,07,79 |
| Assam - - - - | 13 | 78,36 | 57,49 | 3,49,42 | 4,85,27 | 1,51,71 | 72,90 | 2,66,04 | 4,80,46 | 9,65,78 |
| Bengal - - - - | 26 | 1,64,82 | 62,76 | 14,56,76 | 18,84,33 | 6,86,17 | 96,00 | 9,26,18 | 17,70,35 | 33,94,68 |
| Bihar and Orissa - - | 20 | 1,28,06 | 86,87 | 8,03,43 | 10,18,36 | 2,76,99 | 44,52 | 7,03,67 | 10,24,78 | 20,42,84 |
| United Provinces - - | 48 | 8,88,78 | 78,53 | 28,49,79 | 35,89,10 | 9,65,86 | 44,87 | 26,70,12 | 35,84,76 | 74,69,66 |
| Punjab - - - - | 34 | 9,70,92 | 1,58,83 | 22,84,31 | 34,13,98 | 6,44,35 | 29,00 | 27,92,53 | 33,76,37 | 67,89,83 |
| Madras - - - - | 28 | 5,77,83 | 25,35 | 26,19,52 | 32,22,70 | 11,76,96 | 1,97,86 | 18,20,38 | 31,96,18 | 64,17,58 |
| Bombay - - - - | 28 | 5,88,38 | 61,27 | 27,65,66 | 29,16,81 | 7,73,21 | 90,88 | 30,01,41 | 36,77,98 | 57,83,59 |
| Total - - - - | 271 | 41,29,61 | 6,77,29 | 1,67,77,94 | 2,05,84,84 | 62,80,37 | 7,26,68 | 1,33,60,18 | 2,03,67,13 | 4,09,41,97 |

STATEMENT III.

TRANSACTIONS AT THE HEAD OFFICES OF PRESIDENCY BANKS DURING 1912-13.

(In Thousands of Rupees.)

| — | Number of Treasuries. | Receipts. | | | | Issues. | | | | Total Volume of Transactions. |
|----------------|-----------------------|--------------|---|---------------------|------------|--------------|---|---------------------|------------|-------------------------------|
| | | Remittances. | Supply Bills and Telegraphic Transfers. | Other Transactions. | Total. | Remittances. | Supply Bills and Telegraphic Transfers. | Other Transactions. | Total. | |
| India - - - - | 1 | 26,91,00 | 1,12,40 | 10,63,12 | 38,66,52 | 2,60,39 | 2,46,24 | 23,53,80 | 38,60,43 | 77,28,96 |
| Bengal - - - - | | 1,40,34 | 75,44 | 19,41,66 | 23,57,34 | 10,32,10 | 53,59 | 12,72,78 | 23,58,46 | 47,15,79 |
| Madras - - - - | | 8,78,31 | 1,56,51 | 7,33,14 | 18,01,96 | 2,68,49 | 3,18 | 13,25,41 | 15,97,06 | 31,99,04 |
| Bombay - - - - | | 9,69,72 | 1,11,28 | 25,97,39 | 37,78,39 | 6,11,46 | 1,76,26 | 26,66,12 | 37,58,34 | 76,31,33 |
| Total - - - - | 3 | 46,79,37 | 4,57,63 | 64,39,21 | 1,18,06,21 | 21,72,44 | 4,79,27 | 59,17,09 | 1,16,88,99 | 2,31,76,01 |

STATEMENT IV.

TRANSACTIONS AT RESERVE REMITTANCE TREASURIES DURING THE YEAR 1912-13.

(In Thousands of Rupees.)

| Location. | Number of Treasury. | Receipts. | | | | Issues. | | | | Total Volume of Transactions. |
|------------|---------------------|--------------|---|---------------------|----------|--------------|---|---------------------|----------|-------------------------------|
| | | Remittances. | Supply Bills and Telegraphic Transfers. | Other Transactions. | Total. | Remittances. | Supply Bills and Telegraphic Transfers. | Other Transactions. | Total. | |
| India - | 1 | 29,78,79 | — | 6,22,36 | 36,01,15 | 30,06,00 | — | 1,95,55 | 32,00,55 | 68,01,70 |
| Madras - | 1 | 10,09,18 | — | — | 10,09,18 | 8,03,98 | — | — | 8,03,98 | 18,13,16 |
| Bombay - | 1 | 16,63,53 | — | 6,81,40 | 23,44,93 | 14,70,07 | — | 7,32,22 | 22,02,29 | 45,47,22 |
| Cawnpore - | 1 | 11,31,43 | — | — | 11,31,43 | 11,47,87 | — | — | 11,47,87 | 22,79,30 |
| Lahore - | 1 | 10,48,22 | — | — | 10,48,22 | 10,49,74 | — | — | 10,49,74 | 20,97,96 |
| Total - | 5 | 78,31,15 | — | 13,03,76 | 91,34,91 | 74,76,66 | — | 9,27,77 | 84,04,43 | 1,76,39,34 |

STATEMENT V.
STATEMENT SHOWING BY PROVINCES THE TOTAL VOLUME OF TRANSACTIONS AT "SMALL"
TREASURIES DURING 1912-13.
(In Thousands of Rupees.)

| Province. | Number of Treasuries. | Receipts. | | | | Issues. | | | | Total Gross. |
|---------------------------|-----------------------|----------------|--|---------------------|-----------------|----------------|--|---------------------|-----------------|-----------------|
| | | Remittances. | Supply Bills and Tele-graphic Transfers. | Other Transactions. | Total. | Remittances. | Supply Bills and Tele-graphic Transfers. | Other Transactions. | Total. | |
| SMALLER PROVINCES. | | | | | | | | | | |
| Assam - - - | 11 | 56,18 | 23,78 | 2,28,89 | 3,08,85 | 92,05 | 46,85 | 1,69,32 | 3,08,22 | 6,17,07 |
| Central Provinces - - | 14 | 74,16 | 10 | 2,58,12 | 3,32,38 | 1,31,84 | 1,75 | 1,86,14 | 3,19,73 | 6,52,11 |
| Bihar and Orissa - - | 7 | 9,47 | 8,06 | 1,58,75 | 1,76,28 | 55,75 | 4,70 | 1,15,21 | 1,75,66 | 3,51,94 |
| LARGER PROVINCES. | | | | | | | | | | |
| Bengal - - - | 5 | 5,87 | 3,13 | 1,42,16 | 1,51,16 | 79,55 | 5,70 | 69,46 | 1,54,81 | 3,05,97 |
| United Provinces - - | 9 | 51,38 | 21,10 | 1,92,31 | 2,64,79 | 69,68 | 85 | 1,92,95 | 2,63,48 | 5,28,27 |
| Punjab - - - | 20 | 2,25,16 | 38,46 | 6,34,93 | 8,98,55 | 2,02,90 | 1,93 | 6,91,15 | 8,95,98 | 17,94,53 |
| Madras - - - | 1 | 35 | — | 20,16 | 20,51 | 13,51 | — | 7,79 | 28,30 | 41,81 |
| Bombay - - - | 3 | 14,53 | 3,09 | 49,67 | 67,29 | 9,67 | — | 59,06 | 68,73 | 1,36,02 |
| OTHER PROVINCES. | | | | | | | | | | |
| India - - - | 10 | 60,67 | 10,97 | 1,68,87 | 2,40,51 | 32,95 | 12,64 | 1,90,52 | 2,36,11 | 4,76,62 |
| Burma - - - | 22 | 79,59 | 18,84 | 3,76,34 | 4,74,77 | 95,08 | 28,12 | 3,36,46 | 1,59,66 | 9,34,43 |
| Total - - - | 102 | 5,77,36 | 1,27,53 | 22,30,20 | 29,35,09 | 7,83,08 | 1,02,54 | 20,18,06 | 29,03,68 | 58,38,77 |

STATEMENT VI.

STATEMENT SHOWING BY PROVINCES THE TOTAL VOLUME OF TRANSACTIONS AT "MEDIUM"
TREASURIES DURING 1912-13.
(In Thousands of Rupees.)

| | | | | | | | | | | |
|---------------------------|------------|-----------------|----------------|-----------------|-----------------|-----------------|----------------|-----------------|-----------------|-------------------|
| SMALLER PROVINCES. | | | | | | | | | | |
| Assam - - - | 2 | 22,18 | 33,71 | 1,29,53 | 1,76,42 | 59,56 | 25,95 | 86,02 | 1,72,23 | 3,48,65 |
| Central Provinces - - | 6 | 58,96 | — | 3,51,19 | 4,10,15 | 2,21,25 | 7,89 | 1,60,91 | 3,89,05 | 8,00,10 |
| Bihar and Orissa - - | 13 | 1,18,59 | 78,61 | 6,44,68 | 8,41,88 | 2,20,94 | 33,82 | 5,88,36 | 8,49,12 | 16,91,00 |
| LARGER PROVINCES. | | | | | | | | | | |
| Bengal - - - | 17 | 80,73 | 41,28 | 9,13,74 | 10,35,75 | 4,64,86 | 71,91 | 5,13,60 | 10,50,37 | 20,86,12 |
| United Provinces - - | 32 | 3,28,83 | 48,52 | 14,76,85 | 18,51,20 | 5,34,05 | 14,12 | 13,15,98 | 18,64,15 | 37,15,35 |
| Punjab - - - | 10 | 3,39,14 | 48,89 | 7,25,47 | 11,13,50 | 2,27,19 | 10,44 | 8,54,74 | 10,32,37 | 22,65,87 |
| Madras - - - | 15 | 1,53,03 | 38 | 9,10,75 | 10,64,16 | 2,88,83 | 53,40 | 7,12,42 | 10,54,65 | 21,18,81 |
| Bombay - - - | 16 | 1,80,49 | 53,18 | 9,02,71 | 11,41,38 | 2,72,28 | 35,57 | 8,02,14 | 11,09,99 | 22,51,37 |
| OTHER PROVINCES. | | | | | | | | | | |
| India - - - | 1 | 25,00 | — | 77,95 | 1,02,95 | 1,05 | — | 1,00,38 | 1,01,43 | 2,04,38 |
| Burma - - - | 13 | 46,48 | 34,36 | 6,19,76 | 7,00,60 | 3,45,00 | 33,86 | 3,03,57 | 6,84,43 | 13,85,03 |
| Total - - - | 125 | 13,50,43 | 3,43,93 | 67,43,63 | 84,37,99 | 26,35,11 | 2,92,96 | 54,40,62 | 83,68,69 | 1,08,06,68 |

STATEMENT VII.

STATEMENT SHOWING BY PROVINCES THE TOTAL VOLUME OF TRANSACTIONS AT "LARGE"
TREASURIES DURING 1912-13.
(In Thousands of Rupees.)

| | | | | | | | | | | |
|---------------------------|-----------|-----------------|----------------|-----------------|-----------------|-----------------|----------------|-----------------|-----------------|-------------------|
| SMALLER PROVINCES. | | | | | | | | | | |
| Assam - - - | — | — | — | — | — | — | — | — | — | — |
| Central Provinces - - | 2 | 1,18,68 | 11,79 | 1,36,34 | 2,66,81 | 59,41 | — | 1,82,52 | 2,41,93 | 5,98,74 |
| Bihar and Orissa - - | — | — | — | — | — | — | — | — | — | — |
| LARGER PROVINCES. | | | | | | | | | | |
| Bengal - - - | 4 | 78,22 | 18,34 | 4,00,86 | 4,97,42 | 1,41,66 | 20,39 | 3,43,12 | 5,05,17 | 10,02,59 |
| United Provinces - - | 7 | 4,81,57 | 3,91 | 9,20,63 | 14,66,11 | 3,61,63 | 34,00 | 10,61,49 | 14,57,12 | 29,23,23 |
| Punjab - - - | 4 | 4,06,62 | 71,48 | 9,23,81 | 14,01,91 | 2,14,26 | 16,63 | 11,56,43 | 13,87,52 | 27,89,43 |
| Madras - - - | 12 | 4,24,45 | 24,97 | 16,88,61 | 21,38,03 | 8,74,62 | 1,44,46 | 11,00,15 | 21,19,23 | 42,57,26 |
| Bombay - - - | 9 | 3,93,36 | — | 13,13,58 | 17,06,94 | 4,91,26 | 54,79 | 11,43,21 | 16,89,26 | 33,96,20 |
| OTHER PROVINCES. | | | | | | | | | | |
| India - - - | 2 | 1,16,11 | 7,12 | 4,44,81 | 5,68,04 | 1,99,45 | 38 | 3,62,87 | 5,62,70 | 11,30,74 |
| Burma - - - | 4 | 1,82,81 | 68,22 | 9,15,47 | 11,66,50 | 5,19,79 | 4,56,25 | 5,41,51 | 15,17,55 | 26,84,05 |
| Total - - - | 44 | 22,01,82 | 2,05,83 | 68,04,11 | 92,11,76 | 38,62,08 | 7,26,90 | 58,91,50 | 94,80,48 | 1,86,92,24 |

STATEMENT VIII.

STATEMENT SHOWING THE AVERAGE VOLUME OF TRANSACTIONS AT A
"SMALL" TREASURY.*(In Thousands of Rupees.)*

| | RECEIPTS. | | | | ISSUES. | | | | Total Volume of Transac- tions. |
|---------------|-------------------|--|-----------------------------|---------|-------------------|--|-----------------------------|--------|---|
| | Remit- tances. | Supply Bills and Telegraphic Transfers. | Other Transac- tions. | Totals. | Remit- tances. | Supply Bills and Telegraphic Transfers. | Other Transac- tions. | Total. | |
| April - . | 24 | 3 | 1.47 | 1.74 | 72 | 11 | 1.13 | 1.96 | 3.70 |
| May - . | 14 | 5 | 1.67 | 1.86 | 77 | 7 | 1.09 | 1.93 | 3.79 |
| June - . | 21 | 5 | 1.56 | 1.82 | 60 | 3 | 1.05 | 1.68 | 3.50 |
| July - . | 10 | 5 | 1.54 | 1.69 | 60 | 2 | 1.11 | 1.73 | 3.42 |
| August - . | 26 | 4 | 1.09 | 1.39 | 56 | 11 | 1.03 | 1.70 | 3.09 |
| September - . | 30 | 7 | 1.23 | 1.60 | 25 | 19 | 1.01 | 1.45 | 3.05 |
| October - . | 44 | 3 | 1.03 | 1.50 | 25 | 10 | 1.02 | 1.37 | 2.87 |
| November - . | 17 | 3 | 1.07 | 1.27 | 45 | 4 | 1.01 | 1.50 | 2.77 |
| December - . | 15 | 2 | 1.33 | 1.50 | 46 | 4 | 1.08 | 1.58 | 3.08 |
| January - . | 25 | 2 | 2.81 | 3.08 | 1.41 | 5 | 1.31 | 2.77 | 3.85 |
| February - . | 14 | 2 | 2.84 | 3.00 | 88 | 4 | 1.27 | 2.19 | 5.19 |
| March - . | 15 | 3 | 2.47 | 2.65 | 1.63 | 5 | 1.72 | 3.40 | 6.05 |
| Total - . | 2,55 | 44 | 20.11 | 23.10 | 8.58 | 85 | 13.83 | 23.26 | 46.36 |

STATEMENT IX.

STATEMENT SHOWING THE AVERAGE VOLUME OF TRANSACTIONS AT A
"MEDIUM" TREASURY.*(In Thousands of Rupees.)*

| | | | | | | | | | |
|---------------|-------|------|-------|-------|-------|------|-------|-------|--------|
| April - . | 93 | 4 | 3.79 | 4.76 | 1.22 | 19 | 3.34 | 4.75 | 9.51 |
| May - . | 1,26 | 4 | 4.53 | 5.88 | 1.93 | 8 | 3.54 | 5.55 | 11.43 |
| June - . | 76 | 12 | 4.38 | 5.26 | 2.68 | 5 | 3.32 | 6.06 | 11.31 |
| July - . | 73 | 16 | 3.73 | 4.62 | 1.90 | 8 | 3.58 | 5.56 | 10.18 |
| August - . | 88 | 15 | 2.84 | 3.87 | 97 | 7 | 3.18 | 4.22 | 8.09 |
| September - . | 97 | 11 | 3.01 | 4.09 | 70 | 12 | 3.07 | 3.89 | 7.98 |
| October - . | 96 | 9 | 2.70 | 3.75 | 38 | 14 | 3.33 | 3.85 | 7.60 |
| November - . | 1,10 | 9 | 3.41 | 4.60 | 1.75 | 6 | 2.83 | 4.64 | 9.24 |
| December - . | 64 | 10 | 4.01 | 4.75 | 1.05 | 9 | 3.10 | 4.24 | 8.99 |
| January - . | 78 | 8 | 5.06 | 5.92 | 1.95 | 17 | 3.60 | 5.72 | 11.64 |
| February - . | 53 | 6 | 5.16 | 5.75 | 79 | 33 | 3.47 | 4.59 | 10.34 |
| March - . | 1,32 | 8 | 6.98 | 8.38 | 3.04 | 54 | 5.43 | 9.01 | 17.39 |
| Total - . | 10,86 | 1,12 | 49.65 | 61.63 | 18.36 | 1,92 | 41.79 | 62.07 | 123.70 |

STATEMENT X.

STATEMENT SHOWING THE AVERAGE VOLUME OF TRANSACTIONS AT A
"LARGE" TREASURY.*(In Thousands of Rupees.)*

| | Receipts: | | | | Issues. | | | | Total Volume of Transac- tions. |
|---------------|-------------------|---|-----------------------------|--------|-------------------|---|-----------------------------|--------|---|
| | Remit- tances. | Supply Bills and Tele- graphic Transfers. | Other Transac- tions. | Total. | Remit- tances. | Supply Bills and Tele- graphic Transfers. | Other Transac- tions. | Total. | |
| April - . | 3.52 | 58 | 10.72 | 14.82 | 4.39 | 92 | 9.98 | 15.29 | 30.11 |
| May - . | 2.85 | 50 | 11.71 | 15.06 | 5.49 | 53 | 9.13 | 15.15 | 30.21 |
| June - . | 2.42 | 47 | 12.43 | 15.32 | 6.28 | 50 | 9.03 | 15.81 | 31.13 |
| July - . | 3.16 | 52 | 12.62 | 16.30 | 5.40 | 83 | 10.16 | 16.39 | 32.69 |
| August - . | 3.52 | 57 | 9.14 | 13.23 | 3.48 | 68 | 9.43 | 13.79 | 27.02 |
| September - . | 3.68 | 51 | 9.85 | 14.04 | 3.50 | 70 | 9.50 | 13.70 | 27.74 |
| October - . | 3.27 | 45 | 9.86 | 13.58 | 3.76 | 66 | 9.53 | 13.95 | 27.53 |
| November - . | 3.72 | 59 | 9.37 | 13.88 | 4.19 | 28 | 8.89 | 13.36 | 27.24 |
| December - . | 4.03 | 49 | 8.94 | 13.46 | 3.48 | 1,17 | 8.55 | 13.30 | 26.76 |
| January - . | 3.03 | 90 | 16.17 | 20.10 | 7.80 | 80 | 10.24 | 18.84 | 38.94 |
| February - . | 3.13 | 72 | 15.78 | 19.63 | 5.58 | 1,17 | 10.50 | 17.25 | 36.88 |
| March - . | 5.65 | 1,00 | 17.68 | 24.33 | 7.73 | 1,44 | 14.80 | 23.97 | 48.30 |
| Total - . | 41.98 | 7,30 | 144.47 | 193.75 | 61.08 | 9,88 | 119.34 | 190.80 | 384.55 |

STATEMENT XI.

TRANSACTIONS FOR ABOUT A WEEK IN A "SMALL" TREASURY IN EACH PROVINCE.

(In Thousands of Rupees.)

| | Central Provinces. | Burma. | Assam. | Bengal. | Bihar and Oris-a. | United Provinces. | Punjab and North-West Frontier. | Madras. | Bombay. |
|---|--------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|---------------------------------|-------------------------|-----------------------------|
| KIST PERIOD | 20th to 25th Jan. 1913. | 22nd to 28th Feb. 1913. | 17th to 25th Feb. 1913. | 25th to 31st Mar. 1913. | Last week of Mar. 1913. | 2nd week of June 1912. | 15th to 20th July 1912. | 10th to 15th Mar. 1913. | Week ending 15th Feb. 1913. |
| Receipts— | | | | | | | | | |
| Remittances - | — | — | — | — | 10 | — | — | — | — |
| Supply Bills and Telegraphic Transfers. | — | 1 | — | — | 4 | 3 | — | — | 2 |
| Other Transactions | 33 | 279 | 82 | 167 | 66 | 60 | 177 | 123 | 293 |
| Total | 33 | 280 | 82 | 167 | 80 | 63 | 177 | 123 | 297 |
| Issues— | | | | | | | | | |
| Remittances - | 100 | 15 | 100 | 260 | 22 | 153 | — | 30 | — |
| Supply Bills and Telegraphic Transfers. | — | — | — | — | — | — | — | 5 | — |
| Other Transactions | 15 | 168 | 14 | 40 | 66 | 35 | 36 | 97 | 74 |
| Total | 115 | 183 | 114 | 300 | 88 | 190 | 36 | 132 | 74 |
| SLACK PERIOD | 16th to 21st Sept. 1912. | 8th to 15th Aug. 1912. | 15th to 22nd Aug. 1912. | 8th to 14th Nov. 1912. | 1st week of May. | 4th week of Sept. 1912. | 21st to 27th Sept. 1912. | 8th to 13th July 1912. | Week ending 30th Nov. 1912. |
| Receipts— | | | | | | | | | |
| Remittances - | 10 | 20 | — | — | 6 | — | — | — | — |
| Supply Bills and Telegraphic Transfers. | — | 10 | 1 | — | — | — | — | — | — |
| Other Transactions | 18 | 71 | 19 | 28 | 36 | 23 | 21 | 42 | 39 |
| Total | 28 | 101 | 20 | 28 | 42 | 23 | 21 | 42 | 39 |
| Issues— | | | | | | | | | |
| Remittances - | — | — | 26 | — | 150 | 47 | — | — | — |
| Supply Bills and Telegraphic Transfers. | — | — | — | — | — | — | — | — | — |
| Other Transactions | 9 | 81 | 6 | 11 | 30 | 7 | 36 | 55 | 40 |
| Total | 9 | 81 | 32 | 11 | 180 | 54 | 36 | 55 | 40 |
| NORMAL PERIOD | 6th to 11th Jan. 1913. | 1st to 7th Nov. 1912. | 12th to 23rd Dec. 1912. | 5th to 11th Aug. 1912. | 1st week of Aug. 1912. | 2nd week of Feb. 1913. | 1st 6 working days in Mar. | 11th to 16th Nov. 1912. | Week ending 31st July 1913. |
| Receipts— | | | | | | | | | |
| Remittances - | — | 4 | — | — | — | — | 60 | — | — |
| Supply Bills and Telegraphic Transfers. | — | — | 1 | 75 | — | — | — | — | 1 |
| Other Transactions | 18 | 77 | 56 | 41 | 3 | 66 | 25 | 42 | 50 |
| Total | 18 | 81 | 57 | 116 | 3 | 66 | 85 | 42 | 51 |
| Issues— | | | | | | | | | |
| Remittances - | — | — | 62 | — | — | 60 | — | — | 11 |
| Supply Bills and Telegraphic Transfers. | — | — | 3 | 35 | — | — | — | — | — |
| Other Transactions | 20 | 80 | 20 | 19 | 30 | 21 | 90 | 46 | 57 |
| Total | 20 | 80 | 85 | 54 | 30 | 90 | 90 | 46 | 68 |
| PERIOD OF HEAVY PAYMENTS. | 24th to 29th Mar. 1913. | 8th to 15th Mar. 1913. | 20th to 31st Mar. 1913. | 25th to 31st Mar. 1913. | Last week of Mar. 1913. | 4th week of Mar. 1913. | 1st 6 working days in Apr. | 17th to 25th Mar. | Week ending 31st Mar. |
| Receipts— | | | | | | | | | |
| Remittances - | — | — | — | — | 10 | — | 100 | — | — |
| Supply Bills and Telegraphic Transfers. | — | 2 | — | — | 4 | — | — | — | — |
| Other Transactions | 18 | 167 | 119 | 167 | 66 | 53 | 24 | 371 | 169 |
| Total | 18 | 169 | 119 | 167 | 80 | 53 | 124 | 371 | 169 |
| Issues— | | | | | | | | | |
| Remittances - | — | 300 | 40 | 260 | 22 | 35 | — | — | — |
| Supply Bills and Telegraphic Transfers. | — | — | — | — | — | — | — | — | — |
| Other Transactions | 18 | 141 | 38 | 40 | 66 | 42 | 99 | 179 | 187 |
| Total | 18 | 341 | 78 | 300 | 88 | 77 | 99 | 179 | 187 |

STATEMENT XII.

TRANSACTIONS FOR ABOUT A WEEK IN A "MEDIUM" TREASURY IN EACH PROVINCE.

(In Thousands of Rupees.)

| | Central Pro- vince. | Burma. | Assam. | Bengal. | Bihar and Orissa. | United Pro- vinces. | Punjab and North- West Frontier Province. | Madras. | Bombay |
|--|--------------------------------|--------------------------------|-------------------------------|-------------------------------|-------------------------------|---------------------------|--|---------------|--------------------------------------|
| KIST PERIOD | 17th to 22nd Feb. 1913. | 8th to 15th Mar. 1913. | 15th to 22nd Feb. 1913. | 25th to 31st Mar. 1913. | Last week of Mar. 1913. | 2nd week of June. | 15th to 21st June. | Mar. 1913. | Week ending 31st Mar. 1912. |
| Receipts— | | | | | | | | | |
| Remittances - | — | — | — | — | — | — | — | 1,78 | 1,00 |
| Supply Bills and Tele- graphic Transfers. | — | 1 | 3 | 19 | 6 | — | 2 | — | — |
| Other Transactions | 1,78. | 2,02 | 1,78 | 3,97 | 1,57 | 2,42 | 94 | 4,07 | 5,56 |
| Total | 1,78 | 2,03 | 1,81 | 4,16 | 1,63 | 2,42 | 96 | 5,85 | 6,56 |
| Issues— | | | | | | | | | |
| Remittances - | — | — | 1,00 | 2,83 | 27 | 2,64 | — | 3,80 | 1,11 |
| Supply Bills and Tele- graphic Transfers. | — | — | 16 | 30 | 1 | — | — | — | 1,68 |
| Other Transactions | 39 | 1,02 | 22 | 1,21 | 1,40 | 1,40 | — | 2,80 | 4,28 |
| Total | 39 | 1,02 | 1,38 | 4,34 | 1,68 | 4,04 | — | 6,60 | 7,07 |
| SLACK PERIOD | 16th to 21st Sept. 1912. | 23rd to 30th Sept. 1912. | 1st to 7th Aug. 1912. | 15th to 21st Nov. 1912. | 1st week of May. | 4th week of Sept. | 22nd to 29th Aug. | Dec. 1912. | Week end- ing 30th Sept. 1912. |
| Receipts— | | | | | | | | | |
| Remittances - | — | 51 | 25 | 66 | — | — | — | 49 | — |
| Supply Bills and Tele- graphic Transfers. | — | 15 | 4 | 1 | — | — | — | — | — |
| Other Transactions | 26 | 29 | 23 | 41 | 66 | 85 | 12 | 1,26 | 43 |
| Total | 26 | 95 | 52 | 1,08 | 66 | 85 | 12 | 1,75 | 43 |
| Issues— | | | | | | | | | |
| Remittances - | — | — | 92 | — | — | 29 | — | 33 | 12 |
| Supply Bills and Tele- graphic Transfers. | — | — | 82 | 13 | — | — | — | — | — |
| Other Transactions | 14 | 35 | 16 | 15 | 79 | 76 | 46 | 1,43 | 58 |
| Total | 14 | 35 | 1,40 | 28 | 79 | 1,05 | 46 | 1,76 | 70 |
| NORMAL PERIOD | 6th to 11th Jan. 1913. | 1st to 7th Nov. 1912. | 1st to 7th Nov. 1912. | 1st to 7th May 1912. | 1st week of August. | 2nd week of Feb. | 1st to 7th June. | Aug. 1912. | Week end- ing 22nd June 1912. |
| Receipts— | | | | | | | | | |
| Remittances - | — | — | 69 | — | — | — | — | 42 | — |
| Supply Bills and Tele- graphic Transfers. | — | 28 | 4 | — | 7 | — | — | — | — |
| Other Transactions | 55 | 85 | 53 | 52 | 1,05 | 88 | — | 1,61 | 1,00 |
| Total | 55 | 1,13 | 1,26 | 52 | 1,12 | 88 | — | 2,03 | 1,00 |
| Issues— | | | | | | | | | |
| Remittances - | — | — | 1,00 | — | — | 35 | — | 90 | 18 |
| Supply Bills and Tele- graphic Transfers. | — | — | 51 | 46 | — | — | — | — | — |
| Other Transactions | 50 | 1,27 | 33 | 77 | 82 | 1,15 | 1,22 | 1,49 | 1,02 |
| Total | 50 | 1,27 | 1,84 | 1,23 | 82 | 1,50 | 1,22 | 2,39 | 1,20 |
| PERIOD OF HEAVY PAYMENTS. | 24th to 29th Mar. 1913. | 8th to 15th Aug. 1912. | 8th to 15th Aug. 1912. | 25th to 31st Mar. 1913. | Last week of Mar. 1913. | 4th week of Mar. | 1st to 7th Aug. | Mar. 1913. | Week end- ing 8th Mar. 1913. |
| Receipts— | | | | | | | | | |
| Remittances - | — | 90 | 24 | — | — | 75 | — | 1,78 | 75 |
| Supply Bills and Tele- graphic Transfers. | — | 3 | 2 | 19 | 6 | 3 | 3 | — | — |
| Other Transactions | 50 | 33 | 1,56 | 3,97 | 1,57 | 97 | 42 | 4,07 | 3,18 |
| Total | 50 | 1,26 | 1,82 | 4,16 | 1,63 | 1,75 | 45 | 5,85 | 3,93 |
| Issues— | | | | | | | | | |
| Remittances - | — | — | 50 | 2,83 | 27 | 74 | — | 3,80 | 1,20 |
| Supply Bills and Tele- graphic Transfers. | — | — | 54 | 30 | 1 | — | — | — | 80 |
| Other Transactions | 1,38 | 1,51 | 1,38 | 1,21 | 1,40 | 2,44 | 2,12 | 2,80 | 3,09 |
| Total | 1,38 | 1,51 | 2,42 | 4,34 | 1,68 | 3,18 | 2,12 | 6,60 | 5,09 |

STATEMENT XIII.

TRANSACTIONS FOR ABOUT A WEEK IN AN AVERAGE "LARGE" TREASURY IN EACH PROVINCE.

(In Thousands of Rupees.)

| | Central Pro- vinces. | Burma. | Assam. | Bengal. | Bihar and Orissa. | United Pro- vinces. | Punjab and North- West Frontier Province. | Madras. | Bombay. |
|--|----------------------------|-------------------------|-----------------------------|------------------------|---|---------------------------|--|-------------------------|--------------------------|
| KIST PERIOD | Jan. and Feb. | Mar. | Mar. and May. | Feb. and Mar. | Last week of Mar. and 1st week of Nov. | 2nd week of June. | Jan. and July. | Jan. and Mar. | |
| Receipts— | | | | | | | | | |
| Remittances - | 75 | — | — | 29 | 8 | 21 | 3.61 | 1.38 | 2.50 |
| Supply Bills and Tele- graphic Transfers. | 20 | 74 | 45 | 21 | 14 | — | 16 | — | — |
| Other Transactions | 6.02 | 5.85 | 2.02 | 6.07 | 5.89 | 4.81 | 8.24 | 15.86 | 8.05 |
| Total | 6.97 | 6.59 | 2.47 | 6.57 | 6.11 | 5.02 | 12.01 | 17.24 | 8.55 |
| Issues— | | | | | | | | | |
| Remittances - | 1.33 | 1.75 | 56 | 3.15 | 86 | 1.39 | 4.35 | 3.95 | 1.70 |
| Supply Bills and Tele- graphic Transfers. | — | — | — | 7 | 5 | 14 | 14 | 2.34 | 24 |
| Other Transactions | 1.13 | 1.11 | 1.59 | 3.04 | 2.24 | 3.71 | 4.12 | 6.78 | 5.96 |
| Total | 2.46 | 2.86 | 2.15 | 6.26 | 3.15 | 5.24 | 8.61 | 13.07 | 7.90 |
| SLACK PERIOD | Sept. and Nov. | Apr., July, and Aug. | Apr., July, and Dec. | May, Aug., and Nov. | 1st and 4th week of May. | 4th week of Sept. | Aug., Sept., and Nov. | Sept. and Nov. | June, Nov., and Sept. |
| Receipts— | | | | | | | | | |
| Remittances - | 43 | 5 | 16 | — | — | 1.07 | 97 | 28 | 2.81 |
| Supply Bills and Tele- graphic Transfers. | — | 27 | 38 | 9 | 16 | — | 15 | — | — |
| Other Transactions | 98 | 79 | 84 | 2.17 | 62 | 2.88 | 91 | 3.47 | 3.14 |
| Total | 1.41 | 1.11 | 1.38 | 2.26 | 78 | 3.95 | 2.03 | 3.75 | 5.95 |
| Issues— | | | | | | | | | |
| Remittances - | 3.39 | 44 | 17 | — | 59 | 1.56 | 29 | 61 | — |
| Supply Bills and Tele- graphic Transfers. | — | 22 | — | 7 | — | 3 | 4 | 4 | 16 |
| Other Transactions | 1.04 | 75 | 1.03 | 2.07 | 1.73 | 2.04 | 1.10 | 3.05 | 3.90 |
| Total | 4.43 | 1.42 | 1.20 | 2.14 | 2.32 | 3.63 | 1.43 | 3.70 | 4.06 |
| NORMAL PERIOD | Jan. | Sept. to Nov. | June, July, and Sept. | May, Oct., and Nov. | 1st week of Aug. | 2nd week of Feb. | Aug. and Oct. | July, Aug., and Oct. | June, July, and Aug. |
| Receipts— | | | | | | | | | |
| Remittances - | 19 | — | 67 | 17 | 58 | 68 | 67 | 1.67 | 3.67 |
| Supply Bills and Tele- graphic Transfers. | 8 | 1.40 | 31 | 10 | 42 | 1 | 21 | — | — |
| Other Transactions | 1.57 | 1.47 | 1.00 | 2.46 | 85 | 4.33 | 2.47 | 3.66 | 6.08 |
| Total | 1.84 | 2.87 | 1.98 | 2.76 | 1.85 | 5.02 | 3.35 | 5.33 | 9.75 |
| Issues— | | | | | | | | | |
| Remittances - | 27 | 75 | — | 44 | — | 1.36 | — | 3.55 | — |
| Supply Bills and Tele- graphic Transfers. | — | — | 67 | 12 | 1 | 6 | 9 | 8 | 30 |
| Other Transactions | 2.16 | 99 | 1.21 | 2.32 | 1.56 | 3.53 | 2.72 | 1.81 | 5.58 |
| Total | 2.43 | 1.74 | 1.88 | 2.88 | 1.57 | 4.95 | 2.81 | 5.44 | 5.88 |
| PERIOD OF HEAVY PAYMENTS. | Last week of Mar. | Last week of Mar. | Mar. and Oct. | Mar. and Oct. | Last week of Mar. | 4th week of Mar. | Mar. and July. | Jan. and Mar. | Mar. |
| Receipts— | | | | | | | | | |
| Remittances - | 2.93 | 7 | — | — | 20 | 2.64 | 3.59 | 1.38 | — |
| Supply Bills and Tele- graphic Transfers. | 5 | 40 | 72 | 23 | 15 | — | 26 | — | — |
| Other Transactions | 1.99 | 3.97 | 1.86 | 5.59 | 4.55 | 5.16 | 2.95 | 16.44 | 8.87 |
| Total | 4.97 | 4.44 | 2.58 | 5.82 | 4.90 | 7.80 | 6.71 | 17.82 | 8.87 |
| Issues— | | | | | | | | | |
| Remittances - | 7 | 1.59 | 55 | 1.68 | 88 | 2.95 | 2.32 | 4.23 | 5.00 |
| Supply Bills and Tele- graphic Transfers. | — | 1 | 82 | 89 | 5 | 10 | 10 | 2.41 | 22 |
| Other Transactions | 3.32 | 2.95 | 2.32 | 3.85 | 2.68 | 4.77 | 6.92 | 7.86 | 6.09 |
| Total | 3.39 | 4.46 | 3.69 | 9.42 | 3.61 | 7.82 | 9.34 | 14.50 | 11.31 |

STATEMENT XIV.

TRANSACTIONS AT THE PRESIDENCY BANKS DURING THE YEAR 1912-13.

(In Thousands of Rupees.)

| Month. | RECEIPTS. | | | | | | | | | | | | | | | |
|-------------------|-----------------|---|---------------------|----------|-----------------|---|---------------------|----------|-----------------|---|---------------------|----------|----------------------------|---|---------------------|------------|
| | Bank of Bengal. | | | | Bank of Madras. | | | | Bank of Bombay. | | | | Total of Presidency Banks. | | | |
| | Re-mittances. | Supply Bills and Telegraphic Transfers. | Other Transactions. | Total. | Re-mittances. | Supply Bills and Telegraphic Transfers. | Other Transactions. | Total. | Re-mittances. | Supply Bills and Telegraphic Transfers. | Other Transactions. | Total. | Re-mittances. | Supply Bills and Telegraphic Transfers. | Other Transactions. | Total. |
| April - - - - | 1,90.94 | 39.94 | 2,46.94 | 4,77.82 | 1,04.00 | 28.06 | 61.19 | 1,93.25 | 60.61 | 9.11 | 2,18.54 | 2.88.26 | 3,55.55 | 77.11 | 5,26.67 | 9,59.33 |
| May - - - - | 1,70.81 | 4.12 | 2,85.65 | 4,60.58 | 38.76 | 12.25 | 63.26 | 1,14.27 | 35.93 | 3.25 | 2,24.73 | 2,63.91 | 2,45.50 | 19.62 | 5,73.64 | 8,38.76 |
| June - - - - | 1,65.80 | 3.37 | 2,25.73 | 3,94.90 | 43.32 | 6.63 | 58.68 | 1,08.63 | 37.28 | 3.33 | 2,13.15 | 2,53.76 | 2,46.40 | 13.33 | 4,97.56 | 7,57.29 |
| July - - - - | 2,64.73 | 10.21 | 2,73.37 | 5,48.31 | 51.24 | 7.87 | 59.31 | 1,18.12 | 57.49 | 9.50 | 4,35.72 | 5,02.71 | 3,73.46 | 27.68 | 7,88.30 | 11,69.44 |
| August - - - - | 2,34.75 | 19.73 | 2,62.49 | 5,16.97 | 20.71 | 4.21 | 59.61 | 84.53 | 8.32 | 4.00 | 2,56.21 | 2,68.53 | 2,63.79 | 27.94 | 5,78.31 | 8,70.03 |
| September - - - - | 2,85.51 | 14.02 | 2,67.33 | 5,66.76 | 29.49 | 2.50 | 57.71 | 89.70 | 40.76 | 9.60 | 1,68.32 | 2,08.68 | 3,55.76 | 26.12 | 4,83.26 | 8,65.14 |
| October - - - - | 2,58.40 | 6.33 | 2,66.97 | 5,21.70 | 28.49 | 6.86 | 55.22 | 90.57 | 47.63 | 12.10 | 2,02.67 | 2,62.40 | 3,34.52 | 25.29 | 5,14.86 | 8,74.67 |
| November - - - - | 2,43.30 | 5.77 | 2,31.80 | 4,80.87 | 56.08 | 2.09 | 57.44 | 1,15.61 | 62.65 | 7.55 | 1,75.15 | 2,45.35 | 3,62.03 | 15.41 | 4,64.39 | 8,41.83 |
| December - - - - | 2,92.28 | 97 | 2,84.80 | 5,28.05 | 67.92 | 50.19 | 54.39 | 1,51.90 | 2,29.30 | 11.34 | 1,87.71 | 4,28.35 | 5,88.90 | 42.60 | 4,76.90 | 11,08.30 |
| January - - - - | 3,58.66 | 7.05 | 2,51.66 | 6,17.37 | 53.16 | 21.44 | 65.48 | 1,40.08 | 1,59.65 | 9.30 | 2,09.13 | 3,78.08 | 5,71.47 | 37.79 | 5,26.27 | 11,35.53 |
| February - - - - | 3,70.75 | 5.40 | 2,33.29 | 6,09.44 | 70.53 | 30.09 | 68.23 | 1,68.85 | 1,16.40 | 8.72 | 2,10.01 | 3,35.13 | 5,57.68 | 44.21 | 5,11.53 | 11,13.42 |
| March - - - - | 1,95.41 | 70.93 | 2,36.75 | 5,03.09 | 1,15.20 | 36.32 | 74.63 | 2,26.15 | 1,13.70 | 23.48 | 2,06.05 | 3,43.23 | 4,24.31 | 1,30.73 | 5,17.43 | 10,72.47 |
| Total - - - - | 30,31.34 | 1,87.84 | 30,06.68 | 62,25.86 | 6,78.30 | 1,88.51 | 7,35.15 | 16,01.96 | 9,69.72 | 1,11.28 | 26,97.39 | 37,78.99 | 46,79.36 | 4,87.63 | 64,39.22 | 1,16,06.21 |
| | ISSUES. | | | | | | | | | | | | | | | |
| April - - - - | 1,49.57 | 20.92 | 3,01.99 | 4,72.48 | 84.41 | 12 | 1,22.80 | 2,07.22 | 35.27 | 14.12 | 2,50.80 | 3,00.19 | 2,69.25 | 35.05 | 6,75.59 | 9,79.89 |
| May - - - - | 1,16.26 | 20.48 | 3,25.67 | 4,62.41 | 18.62 | 1,01 | 96.17 | 1,15.80 | 28.64 | 9.15 | 2,25.92 | 2,63.71 | 1,63.52 | 30.64 | 6,47.76 | 8,41.92 |
| June - - - - | 1,11.13 | 13.89 | 2,61.75 | 3,86.77 | 22.15 | 62 | 83.05 | 1,05.82 | 48.79 | 7.48 | 1,72.75 | 2,29.02 | 1,62.07 | 21.99 | 5,17.55 | 7,21.61 |
| July - - - - | 1,31.24 | 29.11 | 3,93.60 | 5,53.95 | 5.84 | 36 | 1,04.74 | 1,10.94 | 1,76.75 | 19.28 | 2,03.82 | 3,99.85 | 3,13.83 | 48.75 | 7,02.16 | 10,64.74 |
| August - - - - | 1,26.83 | 39.46 | 3,49.22 | 5,15.51 | 5.29 | 3 | 84.76 | 90.08 | 1,91.68 | 17.59 | 1,69.31 | 3,78.58 | 3,23.80 | 57.08 | 6,03.29 | 9,84.17 |
| September - - - - | 1,50.35 | 46.11 | 3,06.53 | 5,62.99 | 10.60 | 27 | 79.45 | 90.32 | 38.53 | 7.97 | 1,68.24 | 2,14.74 | 1,99.48 | 54.35 | 6,14.22 | 8,68.05 |
| October - - - - | 95.63 | 38.39 | 3,95.01 | 5,29.03 | 16.16 | 1 | 73.41 | 89.58 | 46.45 | 6.91 | 2,08.65 | 2,62.01 | 1,58.24 | 45.31 | 6,77.07 | 8,80.62 |
| November - - - - | 88.16 | 21.34 | 3,73.55 | 4,83.05 | 10.88 | 22 | 98.91 | 1,10.01 | 14.25 | 6.65 | 2,34.13 | 2,55.03 | 1,13.29 | 24.21 | 7,06.59 | 8,48.09 |
| December - - - - | 50.14 | 20.33 | 4,50.74 | 5,21.21 | 20.80 | 58 | 1,31.79 | 1,53.17 | 12.80 | 4.61 | 4,24.52 | 4,41.93 | 63.74 | 25.52 | 10,07.05 | 11,16.31 |
| January - - - - | 78.63 | 11.63 | 5,28.51 | 6,18.77 | 8.96 | - | 1,32.97 | 1,41.93 | 9.87 | 4.51 | 3,45.58 | 3,59.96 | 97.46 | 16.14 | 10,07.05 | 11,20.66 |
| February - - - - | 64.30 | 15.45 | 5,36.00 | 6,15.75 | 23.60 | 2 | 1,49.11 | 1,72.73 | 5.07 | 6.12 | 3,05.46 | 3,16.65 | 92.97 | 21.59 | 9,90.57 | 11,05.13 |
| March - - - - | 1,30.23 | 22.73 | 3,44.00 | 4,96.96 | 41.18 | 6 | 1,68.34 | 2,09.48 | 3.36 | 71.87 | 2,55.94 | 3,31.17 | 1,74.77 | 94.66 | 7,68.18 | 10,37.61 |
| Total - - - - | 12,92.47 | 2,99.84 | 46,26.37 | 62,18.88 | 2,68.49 | 3,13 | 13,25.40 | 15,97.08 | 6,11.46 | 1,76.26 | 29,65.12 | 37,52.84 | 21,72.42 | 4,79.29 | 89,17.09 | 1,15,66.80 |

STATEMENT XV.

TRANSACTIONS AT THE RESERVE REMITTANCE TREASURIES DURING THE YEAR 1912-13.

(In Thousands of Rupees.)

| Month. | RECEIPTS. | | | | | | | | | | | | | | | | | | | | | | | |
|-----------|-------------------------------|---|---------------------|----------|-----------------------------|---|---------------------|----------|-----------------------------|---|---------------------|----------|----------------------------------|---|---------------------|----------|--------------------------------|---|---------------------|----------|---------------------|---|---------------------|----------|
| | Reserve Treasury at Calcutta. | | | | Reserve Treasury at Madras. | | | | Reserve Treasury at Bombay. | | | | Remittance Treasury at Cawnpore. | | | | Remittance Treasury at Lahore. | | | | Total Transactions. | | | |
| | Remittances. | Supply Bills and Telegraphic Transfers. | Other Transactions. | Total. | Remittances. | Supply Bills and Telegraphic Transfers. | Other Transactions. | Total. | Remittances. | Supply Bills and Telegraphic Transfers. | Other Transactions. | Total. | Remittances. | Supply Bills and Telegraphic Transfers. | Other Transactions. | Total. | Remittances. | Supply Bills and Telegraphic Transfers. | Other Transactions. | Total. | Remittances. | Supply Bills and Telegraphic Transfers. | Other Transactions. | Total. |
| April | 3,09.20 | — | 46 | 3,09.60 | 1,16.20 | — | — | 1,16.20 | 72.93 | — | 20 | 73.13 | 1,26.91 | — | — | 1,26.91 | 1,10.33 | — | — | 1,10.33 | 7,35.57 | — | 60 | 7,36.17 |
| May | 2,86.43 | — | 15 | 2,85.58 | 80.39 | — | — | 80.39 | 74.97 | — | 19 | 75.16 | 1,37.31 | — | — | 1,37.31 | 86.99 | — | — | 86.99 | 6,65.09 | — | 34 | 6,65.43 |
| June | 3,28.83 | — | 57 | 3,29.40 | 64.99 | — | — | 64.99 | 1,29.91 | — | 21 | 1,30.12 | 1,61.09 | — | — | 1,61.09 | 1,08.02 | — | — | 1,08.02 | 7,92.84 | — | 78 | 7,93.62 |
| July | 2,24.88 | — | 8 | 2,24.91 | 35.16 | — | — | 35.16 | 2,46.42 | — | 9 | 2,46.51 | 38.30 | — | — | 38.30 | 1,52.56 | — | — | 1,52.56 | 6,97.32 | — | 12 | 6,97.44 |
| August | 76.83 | — | 75.08 | 1,51.91 | 35.24 | — | — | 35.24 | 2,41.07 | — | 1,42.58 | 3,83.65 | 79.97 | — | — | 79.97 | 57.53 | — | — | 57.53 | 4,90.64 | — | 2,17.66 | 7,08.30 |
| September | 84.50 | — | 66.06 | 1,50.56 | 40.35 | — | — | 40.35 | 1,13.06 | — | 1,21.73 | 2,34.79 | 58.25 | — | — | 58.25 | 59.44 | — | — | 59.44 | 3,55.80 | — | 1,87.79 | 5,43.59 |
| October | 1,11.41 | — | 54.98 | 1,66.39 | 42.55 | — | — | 42.55 | 2,22.04 | — | 1,26.73 | 3,48.77 | 77.63 | — | — | 77.63 | 92.35 | — | — | 92.35 | 5,45.98 | — | 74.13 | 7,27.69 |
| November | 2,02.13 | — | 3,07.53 | 5,09.66 | 38.46 | — | — | 38.46 | 98.35 | — | 60.08 | 1,58.43 | 99.40 | — | — | 99.40 | 86.80 | — | — | 86.80 | 5,23.14 | — | 3,67.61 | 8,90.75 |
| December | 2,17.16 | — | 60.12 | 2,77.28 | 1,73.07 | — | — | 1,73.07 | 60.57 | — | 1,35.31 | 1,95.88 | 1,06.96 | — | — | 1,06.96 | 92.28 | — | — | 92.28 | 6,50.04 | — | 1,95.43 | 8,45.47 |
| January | 3,75.11 | — | 56.68 | 4,31.79 | 1,12.64 | — | — | 1,12.64 | 1,26.78 | — | 94.99 | 2,20.87 | 1,23.39 | — | — | 1,23.39 | 74.12 | — | — | 74.12 | 8,12.04 | — | 1,50.77 | 9,62.81 |
| February | 2,14.59 | — | 50 | 2,15.09 | 1,29.01 | — | — | 1,29.01 | 1,52.33 | — | 13 | 1,53.46 | 34.86 | — | — | 34.86 | 72.14 | — | — | 72.14 | 6,03.93 | — | 68 | 6,04.56 |
| March | 5,48.72 | — | 25 | 5,48.97 | 1,41.12 | — | — | 1,41.12 | 1,26.10 | — | 6 | 1,26.16 | 87.36 | — | — | 87.36 | 55.66 | — | — | 55.66 | 9,58.96 | — | 31 | 9,59.27 |
| Total | 29,78.79 | — | 6,22,35 | 36,01.14 | 10,09.18 | — | — | 10,09.18 | 16,63,53 | — | 6,81,40 | 23,44.93 | 11,31.43 | — | — | 11,31.43 | 10,48,22 | — | — | 10,48,22 | 78,91.15 | — | 13,03,75 | 91,34.90 |
| ISSUES. | | | | | | | | | | | | | | | | | | | | | | | | |
| April | 2,98.13 | — | 6 | 2,98.19 | 1,27.95 | — | — | 1,27.95 | 1,35.80 | — | 1 | 1,35.81 | 1,22.30 | — | — | 1,22.30 | 1,09.29 | — | — | 1,09.29 | 7,93.47 | — | 7 | 7,93.54 |
| May | 1,45.67 | — | 2 | 1,45.69 | 32.23 | — | — | 32.23 | 56.32 | — | 1 | 56.33 | 1,67.00 | — | — | 1,67.00 | 93.22 | — | — | 93.22 | 4,84.44 | — | 3 | 4,84.47 |
| June | 1,16.65 | — | 1 | 1,16.66 | 51.22 | — | — | 51.22 | 74.07 | — | — | 74.07 | 1,48.23 | — | — | 1,48.23 | 84.63 | — | — | 84.63 | 4,74.80 | — | 1 | 4,74.81 |
| July | 1,71.74 | — | — | 1,71.74 | 67.89 | — | — | 67.89 | 1,17.38 | — | — | 1,17.38 | 37.71 | — | — | 37.71 | 1,61.85 | — | — | 1,61.85 | 5,56.57 | — | — | 5,56.57 |
| August | 1,98.94 | — | 1 | 1,98.95 | 35.95 | — | — | 35.95 | 46.10 | — | — | 46.10 | 76.34 | — | — | 76.34 | 49.68 | — | — | 49.68 | 4,07.91 | — | 1 | 4,07.92 |
| September | 2,40.36 | — | 2 | 2,40.38 | 33.81 | — | — | 33.81 | 63.71 | — | 24.86 | 88.57 | 62.59 | — | — | 62.59 | 80.32 | — | — | 80.32 | 4,80.79 | — | 24.88 | 5,05.67 |
| October | 3,66.88 | — | 6,03 | 3,72.91 | 34.91 | — | — | 34.91 | 84.27 | — | 3,47.36 | 4,31.63 | 82.32 | — | — | 82.32 | 87.71 | — | — | 87.71 | 6,56.09 | — | 3,53.39 | 10,09.48 |
| November | 3,08.17 | — | 50.85 | 3,59.02 | 76.05 | — | — | 76.05 | 99.17 | — | 54.00 | 1,53.17 | 1,05.00 | — | — | 1,05.00 | 86.60 | — | — | 86.60 | 6,74.99 | — | 1,04.85 | 7,79.84 |
| December | 3,24.47 | — | 39.31 | 3,63.78 | 1,07.72 | — | — | 1,07.72 | 3,57.35 | — | 38.80 | 3,96.15 | 1,06.14 | — | — | 1,06.14 | 89.25 | — | — | 89.25 | 9,84.93 | — | 78.11 | 10,63.04 |
| January | 3,26.34 | — | 77.34 | 4,03.68 | 87.83 | — | — | 87.83 | 1,92.61 | — | 79.20 | 2,71.71 | 1,15.42 | — | — | 1,15.42 | 63.31 | — | — | 63.31 | 7,65.41 | — | 1,56.54 | 9,21.95 |
| February | 3,33.24 | — | 3 | 3,33.27 | 63.75 | — | — | 63.75 | 1,31.13 | — | 60.02 | 1,94.15 | 45.16 | — | — | 45.16 | 60.41 | — | — | 60.41 | 6,86.69 | — | 60.05 | 6,96.74 |
| March | 1,74.41 | — | 21.87 | 1,96.28 | 1,04.67 | — | — | 1,04.67 | 1,09.26 | — | 1,27.96 | 2,37.22 | 89.66 | — | — | 89.66 | 83.47 | — | — | 83.47 | 5,61.47 | — | 1,49.83 | 7,11.30 |
| Total | 30,05.00 | — | 1,95,55 | 32,00.55 | 8,03.98 | — | — | 8,03.98 | 14,70,07 | — | 7,32,22 | 22,02.29 | 11,47.87 | — | — | 11,47.87 | 10,49,74 | — | — | 10,49,74 | 74,76.66 | — | 9,27.77 | 84,04.43 |

STATEMENT XVI.

(In Thousands of Rupees.)

| | Bank of Bengal, Calcutta. | Bank of Madras. | Bank of Bombay. | Reserve Treasury, Calcutta. | Reserve Treasury, Madras. | Reserve Treasury, Bombay. | Remittance Treasury, Cawnpore. | Remittance Treasury, Lahore. |
|--|------------------------------|--------------------------|-----------------------|--------------------------------|------------------------------|------------------------------|--------------------------------------|---------------------------------|
| PERIOD OF HEAVY RECEIPTS - | 14th to 19th July. | 24th Feb. to 1st Mar. | 15th to 20th July. | 10th to 15th Mar. | 25th to 31st Jan. | 5th to 10th Aug. | 8th to 15th June. | 22nd to 27th July. |
| Receipts— | | | | | | | | |
| Remittances | 40,00 | 17,14 | 10,88 | 1,50,33 | 68,50 | 91,58 | 35,91 | 54,66 |
| Supply Bills and Telegraphic Transfers | — | 6,18 | 4,40 | — | — | — | — | — |
| Other Transactions | 2,74,54 | 24,92 | 2,42,88 | 8 | — | 5 | — | — |
| Total | 3,14,54 | 48,19 | 2,58,16 | 1,50,41 | 68,50 | 91,63 | 35,91 | 54,66 |
| Issues— | | | | | | | | |
| Remittances | 82 | 4,00 | 3,00 | 91,08 | 10,15 | 9,54 | 27,23 | 42,55 |
| Supply Bills and Telegraphic Transfers | 13,07 | — | 9,67 | — | — | — | — | — |
| Other Transactions | 51,21 | 47,08 | 38,30 | 21,86 | — | — | — | — |
| Total | 65,10 | 51,08 | 50,97 | 52,94 | 10,15 | 9,54 | 27,23 | 42,55 |
| PERIOD OF HEAVY PAYMENTS - | 20th to 25th Jan. | 24th to 31st Mar. | 16th to 21st Dec. | 1st to 7th Oct. | 16th to 23rd Dec. | 16th to 21st Dec. | 8th to 15th Feb. | 1st to 6th Apr. |
| Receipts— | | | | | | | | |
| Remittances | 4,00 | 43,10 | 1,12,29 | 19,75 | 15,13 | 12,21 | 17,15 | 75,59 |
| Supply Bills and Telegraphic Transfers | — | 9,51 | 3,79 | — | — | — | — | — |
| Other Transactions | 20,51 | 29,10 | 45,51 | 1 | — | 8 | — | — |
| Total | 1,24,51 | 81,71 | 1,61,59 | 19,76 | 15,13 | 12,29 | 17,15 | 75,59 |
| Issues— | | | | | | | | |
| Remittances | 18 | 3,00 | 31 | 1,27,30 | 55,13 | 1,21,48 | 8,59 | 54,61 |
| Supply Bills and Telegraphic Transfers | 1,46 | 6 | 78 | — | — | — | — | — |
| Other Transactions | 1,16,22 | 57,08 | 1,56,31 | 1 | — | 9,20 | — | — |
| Total | 1,17,86 | 60,14 | 1,56,40 | 1,27,31 | 55,13 | 1,30,68 | 8,59 | 54,61 |
| NORMAL PERIOD - | 17th to 22nd June. | 1st to 6th July. | 23rd to 28th Sept. | 6th to 11th May. | 17th to 22nd June. | 17th to 22nd June. | 25th to 31st Mar. | 26th to 31st Mar. |
| Receipts— | | | | | | | | |
| Remittances | 43,07 | 8,82 | 43 | 16,88 | 14,41 | 29,65 | 36,25 | 20,78 |
| Supply Bills and Telegraphic Transfers | — | 2,61 | — | — | — | — | — | — |
| Other Transactions | 17,82 | 14,32 | 47,46 | 3 | — | 5 | — | — |
| Total | 60,89 | 25,75 | 48,09 | 16,91 | 14,41 | 29,70 | 36,25 | 20,78 |
| Issues— | | | | | | | | |
| Remittances | 20,23 | — | 2,13 | 41,07 | 13,42 | 18,76 | 31,82 | 21,51 |
| Supply Bills and Telegraphic Transfers | 1,18 | 5 | 1,22 | — | — | — | — | — |
| Other Transactions | 31,64 | 24,69 | 27,03 | — | — | — | — | — |
| Total | 53,05 | 24,74 | 30,38 | 41,07 | 13,42 | 18,76 | 31,82 | 21,51 |

APPENDIX XLVI.

PAPERS RELATING TO THE RECEIPT BY THE GOVERNMENT OF INDIA OF GOLD OTHER THAN BRITISH GOLD COIN, HANDED IN BY MR. L. ABRAHAMS, C.B., ASSISTANT UNDER SECRETARY OF STATE FOR INDIA.

No. 1.

Notification of the Government of India, No. 2,662 (Finance and Commerce), dated 26th June 1893.

The Governor-General in Council hereby announces that, until further orders, gold coins and gold bullion will be received by the mint masters of the Calcutta and Bombay Mints respectively in exchange for Government rupees, at the rate of 7·53344 grains troy of fine gold for one rupee, on the following conditions :—

- (1.) Such coin or bullion must be fit for coinage.
- (2.) The quantity tendered at one time must not be less than 50 tolas.
- (3.) A charge of one-fourth per mille will be made on all gold coin or bullion which is melted or cut so as to render the same fit for receipt into the mint.
- (4.) The mint master, on receipt of gold coin or bullion into the mint, shall grant to the proprietor a receipt which shall entitle him to a certificate from the mint and assay masters for the amount of rupees to be given in exchange for such coin or bullion payable at the General (Reserve) Treasury, Calcutta or Bombay. Such certificates shall be payable at the General Treasury after such lapse of time from the issue thereof as the Comptroller-General may fix from time to time.

No. 2.

Notification of the Government of India, No. 2,664 (Finance and Commerce), dated 26th June 1893.

In exercise of the powers conferred by the Indian Paper Currency Act, 1882, as amended by the Indian Coinage and Paper Currency Act, 1893, and of all other powers enabling him in this behalf, the Governor-General in Council is pleased to direct that currency notes shall be issued by the Head Commissioner of Paper Currency, Calcutta, and by the Commissioner of Paper Currency, Bombay, on the requisition of the Comptroller-General, in exchange for gold coin or gold bullion, at the rate of one Government rupee for 7·53344 grains troy of fine gold. Sovereigns and half-sovereigns of current weight coined at any authorised Royal Mint in England or Australia shall be taken as the equivalent of fifteen rupees and of seven rupees and eight annas respectively.

No. 3.

Letter from Government of India to the Secretary of State, No. 199, dated 8th June 1899.

My Lord,

Your Lordship is aware that, following on the closure of the mints to the receipt of silver from the public for coinage, we announced that we were

ready to receive gold from the public at a certain rate and on certain conditions. The announcement was made in the Notification in the Finance Department, No. 2662, dated the 26th June 1893, copy of which was forwarded to your Lordship with our Despatch No. 49 (Financial), dated the 17th February 1897. Under this Notification the gold tendered must be fit for coinage, and, in accordance with instructions issued by us, this condition is not considered to be satisfied if the gold is, on the average of the whole tender, of a lower fineness than 916·6 per mille, or if it is brittle.

2. It has been represented to us that the existence of the condition that the gold must be fit for coinage prevents the tender at our mints of the gold produced in the South Indian mines, which is, on an average, of a fineness approximating to 900 per mille. We have been aware that, with the rise of the rate of exchange to the level of 1s. 4d., the agents of the mines have had under their consideration for some time past the expediency of tendering their gold at the mints and so relieving themselves of the trouble and expense involved in shipping it to England. We have now been formally addressed on the subject by Messrs. Best & Co. of Madras, who are the agents in India of the principal gold mines in Madras and Mysore, and we enclose copy of their letter. The firm request us to make an exception to our rules in the case of the Indian gold mines and to allow the gold from the mines to be accepted in the state in which it is now shipped to London.

3. It is possible that the companies may think it worth their while to refine the gold themselves, when the progress of time gives them confidence that the measures taken by the Government of India will have the effect of keeping the rate of exchange permanently steady at 1s. 4d. the rupee. Or it may be found more advantageous in the future, if refining is to be undertaken in this country, that it should be carried on at the Government Mints, and in this connection we now have the question of refining at the Bombay Mint under our consideration.

4. In the meantime if we decline to make any exception to the rules we have laid down, it seems clear that we cannot expect, at least for some time, that any portion of the gold produced in India will be tendered to us. We cannot reconcile ourselves to accept this prospect, for it is important that we should continue to accumulate as large a stock of gold as we can obtain, and with this object in view we ought to endeavour, if we can do so by any reasonable concession, to secure the tender at our mints of gold valued at about a million-and-a-half sterling annually which is now shipped to England from Bombay.

5. In our opinion it will be wise, in the case of gold produced at the Indian gold mines, to waive the condition that gold tendered must be fit for coinage, and to accept the gold in the condition in which it is now shipped. The Notification of 1893 was framed in view to the coinage of gold in India, and as there are no refineries in this country, and it was considered that the mints could not do such work, it was decided to require that gold should be accepted only if it was fit for coinage. It seems to us, however, unnecessary to maintain the restriction in regard to the gold of the Indian mines, and we do not see any sufficient reason for rejecting the gold which the Mining Companies would like to offer us. This gold, we may explain, though not fit to coin until it has been refined, is gold of a definite character, with a definite value determined by assay, and is as marketable a commodity as standard bars or (practically), as sovereigns. We should propose to take the gold and place it in the currency reserve, using it if and when necessary for shipment to London in the season of the year when the demand for Council Bills is reduced, until the time arrived when we could begin refining operations in view to coinage in our mints.

6. We trust that in these circumstances Your Lordship will approve our proposal to inform the Companies that we shall be prepared to accept their

gold in the condition in which they prepare it for shipment to England, and we should be glad, if Your Lordship concurs, to learn the acceptance of our proposal by telegram.

We have, &c.,
 (Signed) CURZON OF KEDLESTON.
 " W. S. A. LOCKHART.
 " E. H. H. COLLEN.
 " C. M. RIVAZ.
 " C. E. DAWKINS.
 " T. RALEIGH.

Enclosures to Despatch No. 199 of 1899.

No. G.L.B. 1—265, dated 25th May 1899.

From Messrs. Best and Co., Madras, to the Secretary to the Government of India, Finance and Commerce Department.

We are informed that the expressions "fit for coinage" and "unfit for coinage" used in the notification of your Department No. 2662, dated the 26th June 1893, and the rules laid down for the receipt of gold bullion and coin have been subject to some misinterpretation, and that, as a consequence, it has been directed that it should be understood that gold is to be rejected as not fit for coinage—

- (a) if the gold tendered is, on the average of the whole tender, of a lower fineness than 916·6 per mille;
- (b) if it is brittle; or
- (c) if in the opinion of the Mint or Assay Masters the gold is unsuitable for coinage from any other cause.

We are the agents in India of all the principal gold mines in this Presidency, and in view of the possible introduction of a gold standard for India, we wish to know if Government are prepared to make any modification in the rules under which gold may be tendered at the mints which will allow of the production of the Kolar gold field being accepted in the state it is now shipped to London.

For the information of the Government of India we have the honour to enclose—

- (1) a return to the 31st December last showing the total production of the four principal mines from the commencement of milling, and
- (2) a return of last year's production.

From these returns it will be noted that the average fineness of the bar gold produced is slightly over 900 milliemes, and its market value, based on an experience of fifteen years at an exchange of one shilling and four pence to the rupee, almost absolutely identical with the rate at which gold is now received by the mints, of one rupee for every 7·53344 grains fine.

In addition to being below standard fineness, the gold is liable to rejection on account of its being "unfit for coinage" by reason of the presence of silver and a certain percentage of the rarer metals. The cost of refining, however, is fully met by the value of the "partings" obtained, and we have therefore the honor to request that an exception may be made in the case of the production of the Kolar gold mines and the gold permitted to be received by the mints in the state it is now shipped to London.

Further, it would be a convenience if the gold could be tendered in Madras, and we have therefore the honour to request, if the Government of India are prepared to modify their rules, special arrangements may be made for its acceptance here.

Total returns from commencement of milling to 31st December 1898.

| Mine. | Tons quartz crushed. | Tons tailings treated. | Ounces, bar gold, from quartz and tailings. | Average fineness of bar gold in milliemes. | Ounces, standard gold. | Amount realised. | Average rate obtained per ounce, standard. |
|------------|----------------------|------------------------|---|--|------------------------|------------------|--|
| Mysore | 598,536 | 461,200 | 876,550 | 920·3 | 890,633·682 | £ 3,424,888 1 5 | £ s. d. 3 17 10·02 |
| Champion† | 343,474 | 203,744 | 475,939 | 906·6 | 465,530·288 | 1,912,822 11 1 | 3 17 10·58 |
| Ooregum | 399,315 | * | 524,348 | 882·6 | 504,843·566 | 1,966,730 8 1 | 3 17 10·97 |
| Nundydroog | 264,173 | 116,676 | 324,383 | 880·2 | 311,469·816 | 1,214,264 1 9 | 3 17 11·64 |
| | 1,602,603 | 781,620 | 2,201,220 | 900·5 | 2,161,577·352 | 8,418,705 2 4 | 3 17 10·51 |

* Not shown in annual report.

† Return to 30th September 1898.

Returns for year ended 31st December 1898.

| Mine. | Tons quartz crushed. | Tons tailings treated. | Ounces, bar gold, from quartz and tailings. | Average fineness of bar gold. | Ounces, standard gold. | Amount realised. | Average rate obtained per ounce, standard. |
|------------|----------------------|------------------------|---|-------------------------------|------------------------|------------------|--|
| Mysore | 87,155 | 63,860 | 159,374 | 921·2 | 160,165·639 | £ 623,269 13 10 | £ s. d. 3 17 9·94 |
| Champion‡ | 89,271 | 101,963 | 135,412 | 890·9 | 131,609·826 | 512,708 4 5 | 3 17 10·90 |
| Ooregum | 67,942 | 55,076 | 52,585 | 879·9 | 50,478·001 | 196,600 2 11 | 3 17 10·75 |
| Nundydroog | 37,930 | 44,898 | 41,534 | 884·6 | 40,090·182 | 156,196 9 0 | 3 17 11·28 |
| | 282,298 | 265,797 | 388,905 | 901·2 | 382,333·048 | 1,488,774 10 2 | 3 17 10·54 |

‡ For year ending 30th September 1898.

No. 4.

Despatch from Secretary of State to the Government of India, No. 131, dated 13th July 1899.

My Lord,

Having considered in Council the proposal made in your Excellency's letter, dated the 8th of June, No. 199, that you should accept gold raised from the Indian Gold Mines, and place it in your Currency Reserve, notwithstanding the fact that, owing to want of sufficient fineness, it is not in

§ Secretary of State to Viceroy, Simla.

Your Financial Despatch, No. 199, 8th June. Gold Mining Companies. Proposal sanctioned.

a condition fit for coinage, I signified to your Excellency my approval of the proposal in a telegram dated the 11th instant, as noted in the margin. §

I have, &c.,

GEORGE HAMILTON.

No. 5.

Notification of the Government of India, No. 3,218A (Accounts and Finance), dated 14th July 1899.

No. 3,218A.—In modification of Notification No. 2,662, dated the 26th June 1893, the Governor-General in Council is pleased to remove, as regards gold produced at the Indian mines and tendered at the Bombay Mint by the agents of the mining companies, the restriction that it shall be fit for coinage, and to direct that it shall be received at the Mint in the condition in which it has hitherto been shipped for export.

No. 6.

Telegram from the Secretary of State to the Viceroy,
dated 18th January 1900.

In your Financial Despatch No. 199, dated 8th June 1899, mention is made of question whether Bombay Mint can undertake refining. I understand that when Indian Gold Mining Companies tender gold, Bombay Mint declines to pay additional sum for silver necessarily included. It has been represented to me that if refusal is maintained gold will be sent to England. Can you arrange so as to prevent this?

No. 7.

Telegram from Viceroy to Secretary of State, dated
3rd February 1900.

Your telegram of 18th January. Gold tendered by Gold Mining Companies. Our present arrangement is to make no refining charge, and to pay the value of the fine gold only. The Companies' Agents in India are satisfied with this, and we think it the most convenient arrangement; but we are prepared to consider any proposals the Companies may make for paying them the value of the silver also, and imposing an adequate refining charge.

No. 8.

Telegram from the Viceroy to the Secretary of State,
dated 15th April 1900.

Finance Member of Council reports to me that owing to the continued accumulation of gold, and large demand for silver, very serious situation has arisen. Comptroller-General has not merely been obliged to refuse special silver demands in Calcutta, but has found his rupee currency insufficient to meet general public demands. Unpleasant instances have also been reported from provinces, as result of carefully pressing gold and notes on public, effect being to aggravate popular distrust and to increase demand for rupees. Treasury cash balance on 31st March is less than estimated by 52 lakhs. Finance Member of Council considers it absolutely necessary to take steps to relieve the present crisis. Coinage of silver already bought or on its way will be undertaken with all possible speed, and it is proposed to purchase additional 500,000*l.* of silver for similar use. These steps, however, will take time, and furnish no remedy for immediate trouble. The Finance Member of Council proposes to check demand to some extent by refusing to accept Japanese gold yens at Mint, and inasmuch as entire situation results from official undertaking to give 15 rupees for every sovereign tendered at Mint, and at Reserve Treasury, he proposes to withdraw this undertaking, giving reasonable notice in both cases. To the objections that such a step would savour of a reversal of policy, and that, if it be taken, and if sale of Council Bills continues to be restricted, Banks will be hampered by want of means of remittance, and trade will be seriously checked, he replies that the trade slack season is coming; that, though difficulty may be temporary, he cannot accept responsibility of acting on that supposition when credit of country is at stake. That he sees no reversal or failure of policy in declining to oblige public by giving silver for gold, so long as we are in a position to give gold for silver; but that credit must disappear if we are even temporarily unable to meet our financial obligations as regards cash notes. Being at a great distance, on tour, I am unable to appraise gravity of the crisis, or to consult directly with Finance Member of Council, but at his desire I submit proposals for your approval.

No. 9.

Telegram from Secretary of State to Viceroy, dated 18th April 1900.

Your telegram of the 15th. Currency. I consider proposed measure undesirable, and hope you will consider very carefully before adopting it; but if you are finally convinced that pressure is really urgent, and that you cannot await coinage of more rupees, I will not withhold sanction. If you decide to act you should notify that, until more rupees can be coined, it is requisite to withdraw promise given in 1897, that till further notice rupees will be issued from Reserve Treasuries in exchange for sovereigns. You would continue to act under Notification of 1893, under which gold is received against Mint Certificates, Comptroller-General extending, if necessary, period after which such certificates would be payable. Better not discriminate against the yens. All gold coins other than sovereigns and half-sovereigns should be taken as bullion. As to your proposal to give reasonable notice, action should be prompt, since otherwise in a few days a great drain of rupees for gold must be expected. Do you wish me to buy more silver?

No. 10.

Telegram from Viceroy to Secretary of State, dated 30th April 1900.

Situation continues critical, though Comptroller-General has not again been obliged to refuse rupees for notes. In North-West Provinces sovereigns are reported to have been at discount of three annas, four annas, currency notes of seven annas per cent. Total rupee balance of Currency Department amounts only to 406 lakhs, as compared with estimated requirements in paragraph 6, Despatch No. 421, of 14th December last. Since objections are entertained to refusal of silver in exchange for gold, we propose to place following restrictions upon influx of gold:—

1. Until opening of Gold Mint, decline to receive gold coins or bullion below standard fineness, as being unfit for coinage within the meaning of Notification of June 1893; but continue to accept bullion of Indian production and foreign consignments already shipped. This will exclude yens, which are under standard fineness, and which we are under no permanent obligation to receive. (See Proceedings No. 640 of November 1899.) They continue to flow in. Total value received to 15th April, 249 lakhs; since that date 76 lakhs received or shipped.
2. Substitute payment at 60 days for immediate payment of certificates, under Notification No. 2662 of 26th June 1893.

We also propose to continue purchase and coinage of silver until present difficulties have disappeared, and shall shortly address you upon the investment of profit upon coinage of silver as a reserve fund, to assist in withdrawal of rupees, should these become redundant. (Vide paragraph 60 of Currency Committee's Report.)

No. 11.

Telegram from Viceroy to Secretary of State, dated 2nd May 1900.

Our telegram of 30th April. Currency. Please note that of the 406 lakhs mentioned as rupee balance of Currency Department, 237 lakhs are in Currency chest.

No. 12.

Telegram from Secretary of State to Viceroy, Simla, dated 4th May 1900.

Your cypher telegram of 30th April. Currency. I agree to your proposals.

No. 13.

Telegram from the Secretary to the Government of India, Finance and Commerce Department, to the Comptroller-General, dated 6th May 1900.

Please communicate to the Mint Masters and the Banks interested the following orders which will be subject to reconsideration when the Royal Proclamation establishing Gold Mint at Bombay issues :—

In the first place, the first condition of Notification No. 2662 of 26th June 1893, that gold must be fit for coinage, should be enforced, and gold should be rejected which is under standard fineness. Japanese gold yens, whose fineness is only 900, and other similar coins will accordingly be rejected in future. To this order there will be the following two exceptions :—First, the gold produce of the Indian mines will continue to be received under Notification No. 3218 of 14th July 1899; second, with reference to letter No. 4899 of 26th October 1899, Japanese gold yens and similar coins which are proved to have been shipped for India before 1st May will be received.

In the second place, you should, under the last sentence of the fourth condition of Notification No. 2662 of 26th June 1893, substitute for your existing order authorising immediate payment of the certificates a new order fixing 60 days.

No. 14.

Telegram from Secretary of State to Viceroy, dated 21st June 1900.

Kolar Gold Mines complain that refusal to pay for gold tendered under 60 days from assay is inconsistent with pressure put on them to send to Mint all gold output during the year. If refusal is maintained they must cancel arrangements, which they took trouble to make at request of Government of India, and must ship gold to England. What are the facts? Can arrangements be made to meet difficulty?

No. 15.

Telegram from Viceroy to Secretary of State, dated 2nd July 1900.

Your telegram of the 21st ultimo. Indian Gold. No pressure was put on Mines to send their gold to us. We know of no arrangement made at our request. Despatch follows.

No. 16.

Telegram from Secretary of State to Viceroy, dated 5th July 1900.

Your telegram 2nd July. Indian Gold. Word "pressure" in my telegram of 21st June was used by me to describe shortly action recited by Companies, and was perhaps too strong. What Companies said was your Government manifested greatest desire to have their gold sent to Mint, and made important concessions to ensure this. As difficulty seems only temporary, till sufficient rupees are coined can you arrange so as to avoid forcing Companies to send output to England? Please reply as soon as possible.

No. 17.

Telegram from the Viceroy to the Secretary of State, dated 7th July 1900.

Your telegram of the 5th July. Indian Gold. We were certainly glad last year to receive Indian gold, and accordingly, when Companies themselves approached us agreed to concession in Notification 3218, dated 14th July 1899, vide Accounts Proceedings July 1899, Nos. 510-517. Subsequently

the Companies asked for payment at Calcutta, Madras, or Bombay, at the option of the Company. We considered Companies' expectations were becoming unreasonable, but agreed to part payment at Madras, subject to Companies definitely engaging to tender gold for the whole 1900, a condition necessary to enable us to arrange for Madras payment. We began to act on this offer provisionally. Companies, after much delay, refused to guarantee deliveries beyond end of June, whereupon we terminated provisional agreement with effect from 1st May. Refusal of Companies to make out definite arrangements, and threats in correspondence to send gold home, show that no special arrangements, which must now be reversed, were made on the strength of our concessions. We cannot use gold bullion in India until coinage at Bombay begins. Until that is authorised, it is inexpedient to accumulate further bullion, whether Indian or Foreign, therefore we are strongly opposed to further concession.

No. 18.

Letter from the Government of India to the Secretary of State for India,
No. 229, dated 12th July 1900.

My Lord,

We have the honour to acknowledge the receipt of your Lordship's telegrams of the 21st June and the 5th July in which your Lordship asked us in effect if we could not make arrangements for the continued receipt at our Mints of the produce of the Indian gold mines, and modify our recent orders which are considered to practically compel the mines to send their output to England.

2. We have already informed your Lordship by our telegrams of the 2nd and 7th instant that we are strongly opposed to the grant of further concessions to the mines. We have not yet received the text of the representation submitted to your Lordship, and therefore cannot say exactly how far the attitude of the Government of India towards the mines has been correctly or incorrectly described. We gather from your Lordship's telegraphic summary that the mines allege that, on the strength of the concessions we allowed to them, they have made arrangements which it would now be inconvenient to reverse, and that the encouragement we gave them to send their gold to us was so exceptional as to amount almost to insistence or pressure. We consider that such allegations or anything approaching to such a statement of the facts would be devoid of foundation.

3. Under our Notification No. 2662, dated 26th June 1893, gold bullion will not be received at our mints unless "fit for coinage." Indian gold being below standard fineness is not "fit for coinage," and consequently till the issue of our Notification No. 3218-A, dated 14th July 1899, which removed this restriction, Indian gold could not be received at the mints. The concession allowed by this Notification was confined to the produce of the Indian mines and was so far exceptional. But neither its character nor the circumstances under which it was allowed justify the inference that we were prepared to go to any length to secure this gold. We made no advances to the mines. They asked for this concession, of their own motion, in Messrs. Best & Co.'s letter No. 265,* dated 25th May 1899, and we considered it reasonable to accede to their request. We were glad to get the gold at the time, as we had not then received the large stock of other gold we have since accumulated, and in the absence of gold of standard fineness the Indian gold could be used to supply its place. We were glad also to give some encouragement to a local industry.

4. In the same letter Messrs. Best & Co. asked to be allowed to tender their gold at Madras where it is produced instead of at Bombay where our Mint

is situated, and where the gold had hitherto been sent for shipment. We considered this request unreasonable and rejected it.

5. More than five months elapsed before the mines took advantage of the Notification of the 14th July 1899. We took no steps to hasten their decision.

6. On the 5th January 1900, Mr. Lynn of Messrs. Best & Co., telegraphed:—

“First delivery Kolar gold will be made about 7th on understanding payment at par will be made this and future deliveries Calcutta, Bombay or Madras at our option. Please confirm by urgent wire.”

And in a letter of the 8th January Mr. Lynn explained: We wish to receive payment for the gold at par at all or any of the Government Treasuries, so that our hands may not be tied to one market in making remittances home.”

7. We could not agree to make any payments at Calcutta, as we have to meet heavy demands on our balances there. Sufficient balances are collected at Madras to render a definite and fairly permanent arrangement for payment there convenient to us. But we obviously could not give an unrestricted option, thus exposing our treasuries to unexpected demands, one month at Bombay and another at Madras, while perhaps in a third month the gold would not be tendered to us at all. Nor were we disposed to give Messrs. Best & Co. the facilities for operating on the internal exchanges which an unrestricted option as regards place of payment would have supplied. We therefore telegraphed as follows on the 15th January:—

“Government cannot make payment at Calcutta at all, but are prepared to give the option to be exercised once a year of receiving payment for all tenders in the year either wholly at Madras or wholly at Bombay or of receiving at Madras half or any other proportion that may be named for the year and the remainder at Bombay for all tenders. Please telegraph which of these alternatives you accept for the year 1900.”

The mines agreed to receive eight lakhs monthly at Madras for four months certain, adding “remaining eight months not yet settled, but permanent continuance practically certain.” On this we decided to act provisionally on the offer in our telegram of 15th January, and replied to Mr. Lynn in a telegram of 25th January 1900: “Arrangement accepted. . . . The arrangement will be in force during calendar year 1900.” Messrs. Best & Co. neither took exception to this last sentence nor confirmed it. They ignored the stipulation for a one year's agreement in subsequent correspondence during January and February, their first reference to a continuance of tenders beyond the first four months of 1900 being contained in a letter of 7th March 1900. In this letter they requested that “some arrangement “may be made whereby the value of the silver found in the gold may be “allowed for,” suggested a refining charge of $\frac{1}{8}$ per cent. and the return of the silver, and explained that “if when exchange rules below 1s. 4d. we “can rely on getting the gold refined and the gold and silver handed back to “us, the former in bars of suitable size and fineness for sale in the bazaar, we “feel confident that deliveries of Kolar gold will continue to be made.” Meanwhile, in a letter of the 20th February 1900, they had already attempted to have the provisional arrangement modified in their favour by asking for an increase of the Madras payments by Rs. 30,000 per mensem, the produce of another mine. This request we refused.

8. Replying on the 30th March to Messrs. Best & Co.'s letter of the 7th March, we said that the question of establishing a refinery was still undecided, and that a refining charge of $\frac{1}{8}$ per cent. (with the return of the silver) would probably be inadequate. We also incidentally reminded the agents of “the agreement which has been made with you that you will “deliver throughout the calendar year 1900, the produce of the Kolar Mines “at the Bombay Mint, and that the Government will make payment of eight

"lakhs monthly in Madras and the balance in Bombay." To this Messrs. Best & Co. replied on the 5th April—

"We would point out that the arrangement was made for four months certain only, and the continuance of deliveries from May onwards is subject to further consideration."

A further telegram from us elicited the reply that "deliveries of gold will continue to end June certainly." It appeared to us to be time that some finality was reached in our negotiations with a firm which conducted business on these lines, and on the 26th April we telegraphed—

"We cannot agree to the question being allowed to stand over any longer. Unless you agree before the end of this month to send the monthly output of gold to the Mint throughout the calendar year 1900, our agreement to make part payment at Madras will cease from the 1st of May."

Messrs. Best & Co. had by this time had a period of three months during which to consult their principals. But a further reference to England was required which only elicited the inconclusive reply "cannot guarantee deliveries beyond end June, but anticipate continuation." This was communicated to us on the 29th April, and on the 1st May we telegraphed to Messrs. Best & Co. that, as they had not accepted our conditions, payment for gold tendered under the Notification of 14th July 1899 would in future be made wholly at Bombay. This left us free to defer payments to tenderers of Indian gold as well as payments to other tenderers, and the Indian mines consequently came within the scope of the orders which we issued a few days later directing that deferred instead of immediate payment should be made for all gold bullion tendered at our Mints.

9. We need only briefly refer to the later correspondence. It has been implied that it will cause the mines inconvenience to restore their previous arrangements for sending gold to England. We think this is disproved by the fact that the mines refused to commit themselves to a definite arrangement, and that at the end of April they were still contemplating the possibility of sending their gold to England from the beginning of July. But we may mention in confirmation of this view that on the 27th April Messrs. Best & Co., in acknowledging the receipt of our telegram of the 26th April, wrote—

"We are unable to give you the assurance required and coupled with your refusal to pay for silver and the present low level of exchange, it is not at all improbable that shipping to London will be again resorted to."

Again, in acknowledging the receipt of our telegram of the 1st May, Messrs. Best & Co. wrote on the 2nd May—

"We have passed on the contents to London; but until the stability of exchange is assured, we fail to see how the directors can, in the interest of the shareholders, give the guarantee asked for."

It is obvious from the representations made to Your Lordship in England that Messrs. Best & Co. were misinformed in assuming that their principals were indifferent in regard to the destination of the gold, as they have been throughout in supposing that the Government of India were eager that it should be tendered at the Mints. But we cannot suppose that the Indian agents of the mines were left without information as to the arrangements made for the disposal of the gold, and if the renewal of shipments to England is an operation which will cause serious inconvenience, it would have been impossible for the agents to write as if it might be advisable in any case for the gold to be again sent to England.

10. We have throughout been willing for the sake of the mines to offer reasonable concessions. We have at no time, even when desiring in the interests of Government to receive the gold, shown a readiness to be coerced into the grant of concessions which were in themselves unreasonable. The position has now changed. The heavy demands on our cash balances arising chiefly from famine have all to be met in rupees, while the accumulation of

gold in our currency reserve, though the pressure has been materially relieved by recent heavy coinage, continues to make the maintenance of the convertibility of the note issue a matter of difficulty and anxiety. We have for the present abundance of coined gold to send to England if required, and there must still be much delay before the Branch Mint can be established at Bombay and refining operations commenced. Under these circumstances we are unwilling for some time to renew the inducements originally offered for the tender of gold bullion at our Mints; and we see no advantage in discriminating in favour of gold bullion produced in India, and conceive that we are under no obligation to so discriminate. We hope at some future time to resort again to immediate payments both for imported and for Indian bullion. We shall then again consider, if the mines approach us on the subject, whether we can renew the offer of part payment at Madras. But if the offer should be renewed, a question which will depend upon the circumstances of the time, it should, we consider, be renewed upon the conditions we laid down in January last, and should not be brought into effect till those conditions have been formally accepted.

We have, &c.,
 (Signed) CURZON OF KEDLESTON.
 " E. H. H. COLLEN.
 " A. C. TREVOR.
 " C. M. RIVAZ.
 " T. RALEIGH.
 " E. FG. LAW.

No. 19.

Despatch from Secretary of State to the Government of India, No. 161
 (Financial), dated 13th September 1900.

My Lord,

With reference to the telegraphic correspondence noted in the margin,* respecting the receipt by your Government of the produce of the Indian Gold mines, and in reply to the Letter dated the 12th of July, No. 229, the transactions that had taken place between your Government and the agents of the Mining Companies, I forward, for your information, a copy of the correspondence† in this country with Messrs. John Taylor and Sons, and the Chartered Bank of India, Australia, and China, and the National Bank of India, on the subject.

* To Viceroy, dated 21st June 1900.
 From ditto, dated 2nd July 1900.
 To ditto, dated 5th July 1900.
 From ditto, dated 7th July 1900.

in which you explained at length

† From Messrs. Taylor, dated 17th January 1900.
 From Chartered Bank, dated 18th January 1900.
 To Messrs. Taylor, Chartered Bank, and Mr. Dunlop Best, dated 9th February 1900.
 From Mr. Robert Campbell, dated 12th June 1900.
 From ditto, dated 18th June 1900.
 From Messrs. Taylor, dated 18th June 1900.
 To ditto, dated 23rd August 1900.
 From ditto, dated 27th August 1900.

I have, &c.,
 GEORGE HAMILTON.

Enclosure No. 1 referred to in No. 19.

6, Queen Street Place, London, E.C.,
 17th January 1900.

Sir,

Re Sale of Gold to the Indian Mints.

We beg to bring to your notice the following facts:—

We act as managers to the several Companies scheduled at foot hereof, whose mines are situated at Kolar in the State of Mysore.

We have recently, on behalf of these Companies, made an arrangement for the sale of the bar gold produced at the mines to the National Bank of India in Bombay.

The gold bars contain a certain quantity of silver, and the arrangement made was that the National Bank of India should pay the Mining Companies for both the gold and silver contents of the bars, on the basis of the assay certificates of the Bombay Mint. The first parcel of gold for sale under this arrangement was deposited in the Bombay Mint on or about the 10th instant. We have, however, received a cable communication from the Bank stating that the Bombay Mint will not assay for silver, that they cannot separate the silver from the gold, that they have no refinery, and that they will pay for gold only.

We beg respectfully to point out to you that, in consequence of this, the Companies referred to will, we fear, without your official intervention to the contrary, suffer considerable injury through losing the value of the silver contained in the gold bars.

The total value of the silver contained in the gold produced from the mines during the past twelve months amounted to nearly 5,000*l.* The returns for the current year are estimated to exceed that sum, and if the silver be lost to the Companies the former practice of shipping the gold to London will in all probability have to be reverted to.

In view of the foregoing, and pending the establishment by the Government of a refinery capable of extracting the silver, we beg that you will afford us the favour of your influence in the matter, and you would greatly assist us if you could see your way to cable to the Bombay Mint to in future ascertain by assay the proportion of silver contained in the gold, and to include the value thereof in the certificates to be rendered to the National Bank of India.

Trusting to receive a favourable reply.

The Secretary of State
for India.

We are, &c.,
JOHN TAYLOR AND SONS.

Schedule of Mining Companies.

Balaghat Gold Mining Company, Limited.
Champion Reef Gold Mining Company of India, Limited.
Coromandel Gold Mining Company of India, Limited.
Gold Fields of Mysore, Limited.
Kempinkote Gold Field, Limited.
Mysore Gold Mining Company, Limited.
Mysore Reefs (Kangundy), Limited.
Nine Reefs Company, Limited.
Nundydroog Company, Limited.
Ooregum Gold Mining Company of India, Limited.
Oriental Gold Mining Company of India, Limited.
Road Block Gold Mining Company, Limited.
Yerrakonda Gold Mining Company, Limited.

Enclosure No. 2 referred to in No. 19.

Chartered Bank of India, Australia, and China,
Hatton Court, Threadneedle Street,
London, 18th January 1900.

My Lord.

I beg to inquire what are the conditions upon which gold can be tendered to the Bombay Mint, and what are the charges for refining gold as it is received from the Indian mines.

The Secretary of State
for India.

I have, &c.,
C. LEWIS, Manager.

Enclosure No. 3, referred to in No. 19.

F 524.
Gentlemen,
Sir,

India Office,
9th February 1900

With reference to—

Your letter of the 17th of January.

Your letter of the 18th of January.

Your conversation with the Financial Secretary at this Office,

respecting the question whether the gold produced at the Indian mines could be assayed at Bombay, I am directed by the Secretary of State for India to inform you that he has been in telegraphic communication with the Government of India on the subject.

The present arrangement is that no charge for refining is made, and that the value of the fine gold only is paid. Lord George Hamilton is informed that the Agents of the Mining Companies in India are satisfied with this plan, and the Government of India consider it to be the most convenient arrangement. If, however, the Companies desire to make any proposals for the payment to them of the value of the silver also, and the imposition of an adequate refining charge, the Government of India will take it into consideration.

Messrs. John Taylor and Sons.
The Manager of the Chartered Bank of
India, Australia, and China.
A. V. Dunlop Best, Esq.,
National Bank of India.

I am, &c.,
A. GODLEY.

Enclosure No. 4, referred to in No. 19.

National Bank of India, Limited,
47, Threadneedle Street,
12th June 1900.

Dear Sir,

I should be obliged if you could kindly allow Mr. Dunlop Best and myself the favour of an interview early next week, either on Monday at any hour most convenient to yourself or any day thereafter, to afford us an opportunity of placing before you our views in regard to the conditions recently imposed by the Government of India on the receipt of the Kolar gold at the Bombay Mint.

Mr. Best is the senior of Messrs. Best & Co., Madras, who act as agents in India for the Kolar Companies on whose behalf he is authorised to speak.

We shall be pleased to wait on you at the India Office at any time you may appoint.

I am, &c.,
ROBERT CAMPBELL,
General Manager.

Sir Henry Waterfield, K.C.S.I., C.B.

Enclosure No. 5, referred to in No. 19.

National Bank of India, Limited,
47, Threadneedle Street,
18th June 1900.

Dear Sir,

Referring to our conversation on the 13th, I now enclose a letter addressed to Lord George Hamilton by Messrs. John Taylor and Sons, the London agents of the Kolar Gold Mining Companies, in regard to the terms on which payment is now made for the Kolar gold tendered to the Bombay Mint.

I may mention that 110,000*l.* worth of gold is now held over in Bombay pending the Government's decision; and as a further larger amount will be reaching Bombay in a few days, all of which will be shipped home or

tendered to the Mint according as the Government may decide, we venture to hope that it may be convenient to his Lordship to give the matter his early consideration.

I am, &c.,

ROBERT CAMPBELL,
General Manger.

Sir Henry Waterfield, K.C.S.I., C.B.

Enclosure No. 6, referred to in No. 19.

6, Queen Street Place, London, E.C.,
18th June 1900.

My Lord,

We take the liberty of addressing you on behalf of the Kolar Gold Mining Companies, whose interests we represent, in regard to the change recently made by the Government of India in the terms of payment for the gold tendered by the Companies to the Bombay Mint.

Previous to December last the Companies had been in the habit of shipping their gold to London, but as the result of negotiations between their agents in India (Messrs. Best and Co., Madras) and the Indian Government, the Companies agreed to send their gold to the Mint in Bombay, under an arrangement come to between ourselves here and the National Bank of India.

Throughout the whole of these negotiations the Government manifested the greatest desire that the Companies should send their production to the Mint, and they made several important concessions in order to ensure this. Among others they agreed to transfer without charge eight lakhs of the proceeds monthly from Bombay to Madras, where the Companies' Indian expenditure lies, and these arrangements worked smoothly from December up to the end of April.

In the end of that month, however, the Government intimated that they would no longer remit any portion of the proceeds to Madras at par, unless the Companies undertook to send to the Mint their total output of gold up to the end of the present year. The Companies did not see their way to give an absolute pledge to that effect, although they stated that in all probability the gold would continue to be sent in. This, however, did not satisfy the Government, and the concession was withdrawn at the end of April.

The above clearly indicated the desire of the Government to secure the whole of the Indian gold for the Currency Department, and the Companies were consequently quite unprepared for the notification addressed to them only ten days afterwards, that the payment for their gold would till further notice be made by certificates due 60 days after assay. It is needless to point out the awkward position in which the Companies would have found themselves in face of such a notification, had they given the undertaking demanded of them by the Government only ten days before. The 60 days' term was afterwards modified to 30 days for the month of May, when the 60 days' rule was again reverted to, and that rule is now in force.

Should this method of paying for gold about 75 days after delivery be continued, the Companies will have no alternative but to cancel the arrangements they took a good deal of trouble to make to enable them to send their gold to the Indian Mint, and they must revert to their former practice of shipping it home, a practice which they may probably not be prepared again to depart from. In dealing here with imported gold the best terms can only be obtained from the refiners by customers who are in a position to send them gold regularly and not merely spasmodically, and after what has occurred the refiners may require some guarantee of continuity before replacing the Companies on the most favourable footing.

It seems scarcely consistent with the establishment of gold standard in India that gold sent to the Mint should only be accounted for two-and-a-half months after receipt. Such a rule would not be tolerated in this country for a day, and it would be impossible to exaggerate the alarm and indignation which such a proposal would excite.

We venture to submit that the Indian production of gold has a special claim to consideration at the hands of the Government. Unless driven out by measures such as we are now commenting on, Indian gold will remain in

the country to replenish the circulation, when the expense and loss of time might prevent imports from abroad, and it will hardly be disputed that it is better that the country's currency should be supplied from within itself than imported from outside. It appears, to say the least, a singular anomaly that gold produced in India should be penalised by harassing and oppressive conditions, while imports of English and Australian sovereigns are allowed to come in unhindered and are paid for immediately on delivery at the Mint.

We respectfully commend those remarks to your Lordship's consideration, in the hope that under the circumstances we have stated you may see fit to communicate with the Government of India, with a view of inducing them to reconsider their policy, and instruct the Bombay Mint to account for the Kolar gold as soon as it is assayed.

We are, &c.,
JOHN TAYLOR AND SONS.

The Secretary of State for India.

Enclosure No. 7, referred to in No. 19.

F. 3786.
Gentlemen,

India Office,
23rd August 1900.

On the receipt of your letter of the 18th of June, respecting the terms of payment for gold tendered by the Kolar Gold Mining Companies to the Mint at Bombay, the Secretary of State telegraphed to the Viceroy on the subject; and His Excellency replied that a despatch would be sent, which has now been received.

The Government of India in May 1899 agreed to the arrangement proposed by Messrs. Best & Co. for the reception of the Indian gold, but felt themselves obliged to reject the proposal that the gold should be tendered at Madras. It was not until January 1900 that Messrs. Best & Co. availed themselves of the concession, and they then applied to be allowed to tender at any one of the three Presidency towns. Eventually they agreed to receive a payment of 8 lakhs monthly at Madras for four months certain, adding that the remaining eight months were "not yet settled, but permanent continuance practically certain." To this the Government of India replied that the arrangement was accepted, to be "in force during calendar year 1900." When, however, Messrs. Best & Co. were reminded on the 30th of March that an agreement had been made that they should deliver throughout that year the produce of the Kolar mines at the Bombay Mint, they pointed out "that the arrangement was made for four months certain only, and the "continuance of deliveries from May onwards is subject to further "consideration."

Being pressed for a definite arrangement, they, on the 29th of April, replied that they could not guarantee deliveries beyond June; and, therefore, on the 1st of May the Government informed them that payment for gold tendered under the Notification of the 14th of July 1899 would in future be made wholly at Bombay. Hence, when it became necessary shortly afterwards to defer payment for gold the produce of the Indian mines came under the same orders as were applicable to gold from other quarters.

Lord George Hamilton regrets that the measures which the Government of India was compelled to take, owing to the heavy demands for rupees arising from the famine and other causes, should have occasioned inconvenience to the owners of the Indian gold mines, as well as to other traders; and he trusts that it may not be long before the hope of the Government of India will be realised, that they may be in a position to resort again to immediate payment both for imported and for Indian gold bullion. In that case, the Government will be ready to consider applications regarding part of the payments being made at Madras.

Messrs. John Taylor and Sons.

I am, &c.,
A. GODLEY.

Enclosure No. 8, referred to in No. 19.

Sir,

6, Queen's Street Place,
London, E.C., 27th August 1900.

We beg to thank you for your letter of the 23rd instant, the contents of which have been carefully noted by us, and we shall be interested to learn when the Government of India are in a position to again resort to immediate payment for gold tendered to the Mint at Bombay.

We are, &c.,

The Under Secretary of State
for India.

JOHN TAYLOR AND SONS,

No. 20.

Letter from the Government of India to the Secretary of State, No. 347,
dated 27th September 1906.

Sir,

We have the honour to address you on the subject of the rules at present in force for the receipt of gold bullion at our mints.

2. In our notification No. 2662, dated the 26th June 1893, a copy of which was forwarded to your predecessor with the despatch of Lord Elgin's Government, No. 49 (Financial), dated 17th February 1897, we announced that we were ready to receive gold bullion from the public at a certain rate and under certain conditions, one of these being that the bullion must be fit for coinage. This condition was imposed as it was thought at the time that the mints would be unable to undertake refining operations. In 1899 however it was found that there would be no difficulty in refining the gold presented. We accordingly proposed in our Despatch No. 199, dated 8th June 1899, and Lord George Hamilton in his telegram dated the 11th July 1899 agreed, that the restriction that bullion presented should be fit for coinage might be removed in the case of gold produced at the Indian mines, and that such gold should be received at the mints in the condition in which it had hitherto been shipped for export. Effect was given to this decision in our notification No. 3218, dated 14th July 1899.

3. At the time when these notifications were issued we contemplated the possibility of eventually undertaking the coinage of gold in India, and the object of the latter notification was to attract to our mints the output of the Indian mines, which then amounted to about a million and a half sterling per annum. It was intended that such portion of this as might be received at our mints should be used for shipment to London to meet any deficiency in your Council bill sales, until the time arrived when we should be able to commence the refining and coinage of gold.

4. Circumstances have now changed. There is no longer any prospect of our undertaking, at any rate in the near future, the coinage of gold in India, and it will therefore be necessary to remit to England all the gold bullion that may be presented here. Under our present policy, however, we do not desire to accumulate gold in India for export to England but merely to hold such amount as may be required for use by the public. This should consequently be in the form not of bullion but of sovereigns. It may be added that the notification of 1899 has not resulted in any considerable portion of the Indian mines gold being presented at our mints, the receipts during the last five years being as follows:—

| | £ |
|---------|--------|
| 1901-02 | 1,000 |
| 1902-03 | Nil. |
| 1903-04 | 19,000 |
| 1904-05 | 39,000 |
| 1905-06 | 44,000 |

5. We therefore propose, with your approval, to withdraw the notifications of 1893 and 1899 under which we expressed our willingness to accept gold bullion at our mints. It is our intention to give to the public reasonable notice before doing so, though, as the above figures show, any inconvenience that may be caused to the Indian mines by the change will be inconsiderable.

We have, &c.,
MINTO.
A. T. ARUNDEL.
DENZIL IBBETSON.
H. E. RICHARDS.
E. N. BAKER.
C. H. SCOTT.
C. L. TUPPER.

No. 21.

Despatch from the Secretary of State to the Government of India,
No. 124 (Financial), dated 2nd November 1906.

My Lord,

I have considered in Council your Letter in the Finance Department, No. 347, of 27th September 1906, in which you propose to withdraw, on giving reasonable notice beforehand, the offer made in Government of India Notification No. 2662, dated 26th June 1893, and extended by subsequent Notification No. 3218, dated 14th July 1899, to receive gold bullion, subject to certain conditions, at the Indian Mints.

2. You observe that the offer was made in view of the contingency then contemplated, of the coinage of gold being eventually undertaken in India, and that the object of the second Notification was to attract more especially the produce of the Indian mines, amounting then to about 1,500,000*l.* per annum.

3. It was also intended that gold so drawn to the Mints should be available for shipment to London to meet any deficiency in the sale of Council Bills.

4. The proposed coinage of gold at Bombay has, however, been abandoned,* and the other considerations in view of which the Notifications of 1893 and 1899 were issued have, as you point out, ceased to be operative; moreover, the Notifications have failed to attract any considerable portion of the output of the Indian mines to the Mints. I therefore approve your proposal to withdraw those Notifications.

* Lord G. Hamilton's Financial Despatch, No. 25 of 1908, and previous correspondence.

I have, &c.,
JOHN MORLEY.

No. 22.

Notification of the Government of India, No. 6908*a*, dated
11th December 1906.

*Receipt by the Mints of Calcutta and Bombay of Sovereigns and
Half-Sovereigns only.*

In supersession of the notifications by the Government of India in the Financial Department, No. 2662, dated the 26th June 1893, and No. 3218*a*, dated the 14th July 1899, which are hereby cancelled, the Governor-General in Council is pleased to direct that, with effect from 1st April 1907, gold bullion and gold coins, other than sovereigns and half-sovereigns, will not be received by the Mint Masters of the Calcutta and the Bombay Mints.

Gold, other than British Gold Coin, held by the Government of India at the end of each year
from 1900-01 to 1908-09.

NOTE:—Before 1900-01 the Paper Currency Reports do not show what part of the total gold held by the Government of India was in a form other than that of British Gold Coin; but the amount received in that form before 1900-01 appears to have been 5,349,912·4l. (viz.:—4,450,007·9l. sent to England in 1900-01, as shown below, and 899,904·5l. held by the Government at the end of that year).

| Year. | Japanese Yen. | Other coin. | Bullion. | Total. | Remarks. |
|---------|----------------|---------------|-------------------------------|----------------|--|
| 1900-01 | ₹ 732,021·9 | ₹ 12,211·1 | ₹ 145,671·5 ⁽¹⁾ | ₹ 899,904·5 | During the year 1,621,137·4l. Japanese Yen, 763,332·9l. Indian Mines Gold, 1,981,494·6l. Bazar gold, and 84,043·0l. bar gold were shipped to England. |
| 1901-02 | — | — | 103,175·9 ⁽²⁾ | 103,175·9 | During the year 229,787l. Japanese Yen, 12,210l. other coin, 74,510l. Bazar gold, 572,097l. bar gold, and 2,817l. other bullion were shipped to England. |
| 1902-03 | — | — | 81,300·9 ⁽²⁾ | 81,300·9 | During the year 102,614l. bullion was shipped to England. |
| 1903-04 | — | — | 4,940·2 ⁽²⁾ | 4,940·2 | During the year 8,095l. Indian mines gold and 84,039l. Bazar gold were shipped to England. |
| 1904-05 | — | — | 8,415·9 ⁽²⁾ | 8,415·9 | During the year 35,914l. bullion was shipped to England. |
| 1905-06 | — | — | 12,709·9 ⁽²⁾ | 12,709·9 | During the year 44,806l. bullion was shipped to England. |
| 1906-07 | — | — | 25,204·7 ⁽²⁾ | 25,204·7 | |
| 1907-08 | — | — | 25,204·7 ⁽²⁾ | 25,204·7 | |
| 1908-09 | — | — | — | — | During the year 25,205l. bullion was shipped to England. |

⁽¹⁾ Including 1,291·4l. Mysore Mines gold and 74,506l. Bazar gold, &c.

⁽²⁾ Including 1,145·1l. Indian Mines gold, and 102,030·8l. Bazar gold, &c.

⁽³⁾ Bazar gold.

⁽⁴⁾ Indian mines gold.

APPENDIX XLVII.

NOTE ON SOME FEATURES IN THE INDIAN TRADE AND CURRENCY FIGURES FOR THE FIRST TEN MONTHS OF THE YEAR 1913, HANDED IN BY MR. F. W. NEWMARCH, C.S.I., FINANCIAL SECRETARY AT THE INDIA OFFICE.

The figures of Indian trade and currency for the first 10 months of 1913 present several interesting features, the principal of which may be briefly summarised as follows :—

- (1) A large decrease in the trade balance in favour of India, causing
- (2) a reduced demand, during several months, for Council drafts, and
- (3) greatly reduced imports of sovereigns.
- (4) As a result of (3) a great diminution in the quantity of imported sovereigns passing into the Paper Currency Reserve. This has been accompanied by
- (5) greatly increased gross issues of sovereigns from the reserve, but also by
- (6) a still greater proportionate increase in the return of sovereigns from internal circulation.

Tables illustrating these various changes are appended. The following remarks may be added.

I.—*Decrease in the Balance of Trade in India's favour.*

This has been due, not to any appreciable falling off in the amount of India's export of merchandise, the value of which for the first 10 months of 1913 fell below that for the corresponding period of 1912, by only 141,000*l.*, but mainly to a very great growth in the amount of the imports.

The reduction in the value of net exports for that period has been no less than 15,673,423*l.*

The marked growth of India's imports of commodities appears to be the natural consequence of a succession of years of prosperity.

II.—*Reduced Imports of (a) Council Drafts, and (b) Sovereigns.*

A reduced demand for Council drafts began to show itself in January 1913 and became more marked as the year advanced. For seven weeks in June–August the amount offered for tender on each Wednesday was only 20 lakhs, as against 50 offered weekly during the same period of 1912, and minimum prices of 1*s.* 3½*d.* for bills, and 1*s.* 3¾*d.* for telegraphic transfers were accepted during several weeks as compared with minima of 1*s.* 4*d.* and 1*s.* 4½*d.*, respectively, in the same weeks of 1912. From the beginning of August, however, the demand revived rapidly, and from the beginning of September onwards both the amounts sold and the prices obtained were higher than in 1912. In October the amount offered on five successive Wednesdays was 120 lakhs, and the total amount sold in the month reached the altogether unprecedented figure for the time of year of 619 lakhs, realising an average price of 1*s.* 4·110*d.* per rupee. The demand slackened, however, somewhat towards the end of the month.

The extraordinary demand for Council drafts this autumn was due mainly to the very high prices ruling for the season's jute crop.

Monetary difficulties in Bombay and other parts of India no doubt contributed somewhat to enhance the demand for remittance, and the fact that it occurred at a time of year when Egypt had no sovereigns to spare for export, but on the contrary was importing large quantities, while Australia also had little to spare, rendered the competition for the Secretary of State's drafts all the keener. The total receipts from the sale of bills and transfers were 14,413,861*l.* from 1st April to 31st October and 22,623,835*l.** from 1st January to 31st October 1913, as compared with 12,161,064*l.* and 22,800,470*l.** for the corresponding periods in 1912, and

* These figures do not correspond with those given in the tables attached to this note. The value of the Secretary of State's bills and transfers imported into India in any month never corresponds with the amount received by the Secretary of State for bills, &c., sold by him in the same month, mainly because a varying amount of bills paid for in London in the latter part of one month are not received in India until the following month.

the average rates realised, for the seven months and ten months respectively, were 1s. 4·067d. and 1s. 4·063d. for the two periods, as compared with rates of 1s. 4·047d. and 1s. 4·083d. realised in 1912.

Imports of sovereigns into India in the first 10 months of 1913 were smaller by 11,391,652l. than in the corresponding period of 1912. Imports from Egypt continued on a moderate scale until June, in spite of the low rates at which Council bills were being sold.

III.—Paper Currency Reserve; decrease in receipts of sovereigns from abroad; increase in receipts from internal circulation; increase in gross issues.

As a result of the great diminution in the imports of sovereigns into India, the quantity passed into the Paper Currency Reserve from the hands of importers in the first 10 months of 1913 showed a decrease of 11,061,000l. as compared with the same period of 1912. But the quantity returned into the reserve from internal circulation showed an increase of 3,742,000l. At the same time the total gross issues showed an increase of 5,388,000l. The interesting feature is the large increase in the return of sovereigns from circulation. It is true that it has been accompanied by a large increase in the issues of sovereigns to the public; but the rate of growth in the return of sovereigns from circulation has been greater than in the amount of the gross issues, whether we compare the two for the first 10 months of 1912 and of 1913 (increase in return from circulation, 43·5 per cent.; increase in gross issues, 33·8 per cent.) or whether we go back for three years and make the comparison with the first 10 months of 1910 (increase in return from circulation, 490·7 per cent.; in gross issues, 205·4 per cent.).

The figures seem to confirm the view that gold is going to an increasing extent into active circulation in India, and also to indicate that owing, perhaps, to some diminution in the practice of hoarding, the stock in circulation and in the currency reserve tends to become somewhat more self-supporting and less dependent for its maintenance on imports from abroad.

November 1913.

COMPARISON between the PERIODS January–October 1912 and
January–October 1913 (10 months) (SUMMARY).

I.—Trade Figures.

| — | 1912. | 1913. | Increase (+) or Decrease (–) in 1913 as com- pared with 1912. |
|---|------------|------------|--|
| | £ | £ | £ |
| Net exports of Indian merchandise - - - | 54,397,949 | 38,724,526 | –15,673,423 |
| Net imports of { Gold bullion (a) (b) - - - | 6,394,438 | 7,505,429 | + 1,110,991 |
| { Silver bullion (b) - - - | 2,967,851 | 2,817,105 | – 150,746 |
| { Government paper - - - | 566,113 | 514,694 | – 51,419 |
| { Council bills - - - | 22,459,253 | 23,310,962 | + 851,709 |
| { Sovereigns - - - | 19,551,157 | 8,159,505 | –11,391,652 |

II.—Currency Figures.

| | | | | |
|---|----------------------------------|-------------|------------|-------------|
| Gross receipts of sovereigns at Government Treasuries, &c. in India | from importers - - - | 19,150,000 | 8,089,000 | –11,061,000 |
| | by return from circula- tion. | 8,604,000 | 12,316,000 | + 3,742,000 |
| Total : | - - - | 27,754,000 | 20,435,000 | – 7,319,000 |
| Gross issues - - - | - - - | 15,948,000 | 21,336,000 | – 5,388,000 |
| Net receipts (+) or issues (–) - - - | - - - | +11,806,000 | – 901,000 | –12,807,000 |

(a) Including coin other than British,

(b) On private account only.

TRADE AND CURRENCY FIGURES.
Comparison between the periods January–October 1912, and
January–October 1913 (ten months).

DETAILED TABLES.

| Month. | Net Exports of Merchandise. | | | Net Imports of Bullion* and net Imports of Gold Coin* (other than British). | | |
|---------------|-----------------------------|-------------------|---|---|------------------|---|
| | 1912. | 1913. | Increase +, or Decrease —, in 1913 as compared with 1912. | 1912. | 1913. | Increase +, or Decrease —, in 1913 as compared with 1912. |
| | £ | £ | £ | £ | £ | £ |
| January | 3,285,226 | 3,847,020 | + 611,794 | 502,719 | 605,425 | + 102,706 |
| February | 8,290,554 | 7,117,882 | — 1,172,672 | 902,291 | 892,257 | — 10,034 |
| March | 8,623,365 | 5,070,332 | — 3,553,033 | 996,945 | 987,303 | — 9,642 |
| April | 4,904,564 | 4,275,066 | — 629,498 | 746,742 | 778,761 | — 7,981 |
| May | 6,343,169 | 3,581,512 | — 2,761,657 | 853,500 | 892,981 | + 39,481 |
| June | 6,749,161 | 3,779,300 | — 2,969,861 | 355,954 | 865,231 | + 509,277 |
| July | 6,133,590 | 4,105,593 | — 2,027,997 | 276,391 | 563,738 | + 287,347 |
| August | 3,712,027 | 1,050,733 | — 2,661,294 | 411,228 | 490,605 | + 79,377 |
| September | 2,528,458 | 2,090,388 | — 438,070 | 703,782 | 676,061 | — 27,721 |
| October | 3,877,835 | 3,806,700 | — 71,135 | 604,886 | 753,067 | + 148,181 |
| Totals | 54,397,949 | 38,724,526 | — 15,673,423 | 6,394,438 | 7,505,429 | + 1,110,991 |

(continued)

| Month. | Net Imports of Silver.* | | | Rupee Paper transferred from England to India. | | |
|---------------|-------------------------|------------------|---|--|----------------|---|
| | 1912. | 1913. | Increase +, or Decrease —, in 1913 as compared with 1912. | 1912. | 1913. | Increase +, or Decrease —, in 1913 as compared with 1912. |
| | £ | £ | £ | £ | £ | £ |
| January | 101,208 | 428,685 | + 327,477 | 67,687 | 29,327 | — 38,360 |
| February | 580,465 | 292,725 | — 287,740 | 81,380 | 27,613 | — 53,767 |
| March | 16,123 | 562,983 | + 546,760 | 102,187 | 27,740 | — 129,927 |
| April | 250,332 | 420,795 | + 170,463 | 27,773 | 10,260 | — 17,513 |
| May | 610,179 | 144,420 | — 465,759 | 51,067 | 82,893 | + 31,826 |
| June | 232,048 | 354,021 | + 121,973 | 177,613 | 119,727 | — 57,886 |
| July | 385,088 | 232,086 | — 153,002 | 148,747 | 94,920 | — 53,827 |
| August | 803,707 | — 66,275 | — 869,982 | 112,647 | 41,487 | + 154,134 |
| September | — 157,366 | 409,632 | + 566,998 | 23,953 | 55,500 | + 31,547 |
| October | 146,067 | 38,133 | — 107,934 | 1,647 | 80,707 | + 82,354 |
| Totals | 2,967,851 | 2,817,105 | — 150,746 | 566,113 | 514,694 | — 51,419 |

(continued)

| Month. | Remittances by means of Secretary of State's Drawings. | | | Net Imports of Sovereigns.* | | |
|---------------|--|-------------------|---|-----------------------------|------------------|---|
| | 1912. | 1913. | Increase +, or Decrease —, in 1913 as compared with 1912. | 1912. | 1913. | Increase +, or Decrease —, in 1913 as compared with 1912. |
| | £ | £ | £ | £ | £ | £ |
| January | 5,542,503 | 4,060,723 | — 1,481,780 | 2,954,216 | 3,421,495 | + 467,279 |
| February | 3,053,610 | 3,533,516 | + 479,906 | 4,277,225 | 1,159,100 | — 3,118,125 |
| March | 2,418,817 | 1,554,128 | — 864,689 | 2,711,589 | 809,875 | — 1,901,714 |
| April | 1,651,526 | 2,740,100 | + 1,088,574 | 1,200,688 | 629,228 | — 571,460 |
| May | 1,914,738 | 1,756,924 | — 157,814 | 1,500,615 | 940,283 | — 560,332 |
| June | 1,381,796 | 944,663 | — 437,133 | 2,516,542 | 406,452 | — 2,110,090 |
| July | 1,443,662 | 564,913 | — 878,749 | 898,973 | — 328,910 | — 1,227,883 |
| August | 1,293,667 | 1,043,850 | — 249,817 | 1,822,481 | 97,531 | — 1,724,950 |
| September | 1,711,368 | 2,910,998 | + 1,199,630 | 923,926 | 90,251 | — 833,675 |
| October | 2,047,566 | 4,201,147 | + 2,153,581 | 744,902 | 934,200 | + 189,298 |
| Totals | 22,459,253 | 23,310,962 | + 851,709 | 19,551,157 | 8,159,505 | — 11,391,652 |

* On private account only.

(continued)

| Month. | Gross Receipts of Sovereigns at Government Treasuries, &c. in India. | | | | | |
|-------------|--|-----------|---|-----------------------------|------------|---|
| | From Importers: | | | By return from Circulation. | | |
| | 1912. | 1913. | Increase +, or Decrease —, in 1913 as compared with 1912. | 1912. | 1913. | Increase +, or Decrease —, in 1913 as compared with 1912. |
| | £ | £ | £ | £ | £ | £ |
| January - | 3,239,000 | 3,264,000 | + 25,000 | 945,000 | 1,261,000 | + 316,000 |
| February - | 3,822,000 | 1,139,000 | -2,683,000 | 786,000 | 1,534,000 | + 748,000 |
| March - | 2,675,000 | 698,000 | -1,977,000 | 856,000 | 1,287,000 | + 431,000 |
| April - | 1,393,000 | 540,000 | - 853,000 | 729,000 | 1,021,000 | + 292,000 |
| May - | 1,450,000 | 812,000 | - 638,000 | 871,000 | 1,257,000 | + 386,000 |
| June - | 2,416,000 | 709,000 | -1,707,000 | 1,103,000 | 1,328,000 | + 225,000 |
| July - | 795,000 | 10,000 | - 785,000 | 1,168,000 | 1,716,000 | + 548,000 |
| August - | 1,255,000 | 170,000 | -1,085,000 | 778,000 | 1,071,000 | + 293,000 |
| September - | 1,110,000 | 49,000 | -1,061,000 | 545,000 | 981,000 | + 436,000 |
| October - | 995,000 | 698,000 | - 297,000 | 823,000 | 890,000 | + 67,000 |
| Totals - | 19,150,000 | 8,089,000 | -11,061,000 | 8,604,000 | 12,346,000 | + 3,742,000 |

(continued)

| Month. | Gross Receipts of Sovereigns at Government Treasuries, &c. in India—continued. | | | Gross Issues of Sovereigns from Government Treasuries, &c. in India. | | |
|-------------|--|------------|---|--|------------|---|
| | Total. | | | | | |
| | 1912. | 1913. | Increase +, or Decrease —, in 1913 as compared with 1912. | 1912. | 1913. | Increase +, or Decrease —, in 1913 as compared with 1912. |
| | £ | £ | £ | £ | £ | £ |
| January - | 4,184,000 | 4,525,000 | + 341,000 | 1,810,000 | 2,441,000 | + 631,000 |
| February - | 4,608,000 | 2,673,000 | -1,935,000 | 1,844,000 | 1,971,000 | + 127,000 |
| March - | 3,531,000 | 1,985,000 | -1,546,000 | 1,539,000 | 2,566,000 | + 1,027,000 |
| April - | 2,122,000 | 1,561,000 | - 561,000 | 1,866,000 | 2,672,000 | + 806,000 |
| May - | 2,321,000 | 2,069,000 | - 252,000 | 2,204,000 | 2,658,000 | + 454,000 |
| June - | 3,519,000 | 2,037,000 | -1,482,000 | 1,925,000 | 2,618,000 | + 693,000 |
| July - | 1,963,000 | 1,726,000 | - 237,000 | 1,234,000 | 1,983,000 | + 749,000 |
| August - | 2,033,000 | 1,241,000 | - 792,000 | 1,073,000 | 1,353,000 | + 280,000 |
| September - | 1,655,000 | 1,030,000 | - 625,000 | 1,084,000 | 1,428,000 | + 344,000 |
| October - | 1,818,000 | 1,588,000 | - 230,000 | 1,369,000 | 1,646,000 | + 277,000 |
| Totals - | 27,754,000 | 20,435,000 | -7,319,000 | 15,948,000 | 21,336,000 | + 5,388,000 |

(continued)

| Months. | Net Receipts (+), or Issues (-)* of Sovereigns. | |
|-----------------|---|-------------|
| | 1912. | 1913. |
| | £ | £ |
| January - - - | + 2,374,000 | + 2,084,000 |
| February - - - | + 2,764,000 | + 702,000 |
| March - - - | + 1,992,000 | - 581,000 |
| April - - - | + 256,000 | - 1,111,000 |
| May - - - | + 117,000 | - 589,000 |
| June - - - | + 1,594,000 | - 581,000 |
| July - - - | + 729,000 | - 257,000 |
| August - - - | + 960,000 | - 112,000 |
| September - - - | + 571,000 | - 398,000 |
| October - - - | + 449,000 | - 58,000 |
| Totals - - - | + 11,806,000 | - 901,000 |

* The issues do not include the withdrawal, by Government, of a quantity (approximately 450,000*l.*) of light-weight sovereigns for shipment to England.

APPENDIX XLVIII.

LETTER FROM THE LATE MR. CHUNILAL D. SARAIYA, LATE MANAGING DIRECTOR OF THE INDIAN SPECIE BANK, TO THE SECRETARY OF THE COMMISSION, EXPLAINING HIS VIEWS ON THE QUESTIONS REFERRED TO THE COMMISSION.

SIR,

Bombay, 14th November 1913.

I AM sorry I could not attend to give evidence before the Commission on account of the recent crisis in the Bombay money market.

I beg to send herewith my views on the various points under enquiry.

The Secretary,

I have the honour to be,

Indian Finance and

Sir,

Currency Commission,

Your most obedient servant,

India Office, Whitehall, S.W.

CHUNILAL D. SARAIYA.

London.

Preliminary Remarks.

As the Indian Government has to meet home charges which are likely to increase every year, the Secretary of State is very anxious to sell Council bills at *1s. 3 $\frac{3}{4}$ d. to 1s. 4 $\frac{1}{4}$ d.* The rate at which he sells his Councils clearly shows that he is not sure of having adequate resources to maintain Exchange. He has always shown extreme nervousness when a firm policy would have made wholesome effect on the rate of exchange.

The delay in selling bills in India on London when exchange was unfavourable did not impress the bankers and importers favourably as to the resources of Government being ample to support exchange. In the month of August 1913, with 21 millions gold in the paper currency and the Gold Standard Reserve Fund standing at the figure of 18 millions, large London balances and rains so far favourable over the whole of India, 20 lakhs of bills were sold weekly at *1s. 3 $\frac{1}{2}$ d.* Such a small allotment at that rate under the above-mentioned circumstances conclusively proves that the Government does not think that the existing resources are enough for the purpose of supporting exchange in case the balance of trade is against India.

The volume of trade in Indian exports and imports is increasing every year and a favourable exchange solely depends on the excess of exports over imports.

The following figures of 1911-12 are highest on record since 1905-6.

| | Lakhs. |
|--|--------------|
| Gross exports of merchandise - - - | 22,775 |
| Gross imports of merchandise - - - | 13,857 |
| Excess exports of merchandise over imports - - | <u>8,918</u> |

During the year, sale of Council bills amounted to 4,017 lakhs.

In the year 1908-09 the excess of exports over imports is the lowest on record since 1905-06 and they are as under :—

| | Lakhs. |
|---------------------------------------|--------------|
| Gross exports of merchandise - - - | 15,303 |
| Gross imports of merchandise - - - | 12,127 |
| Surplus of exports over imports - - - | <u>3,176</u> |
| Amount of Council bills sold - - - | 802 |

You will observe from the above figures that all the Council bills required to be drawn for the payment of Home charges are not sold even when the balance of trade is in favour of India to the extent of R. 3,176 lakhs, and that a larger surplus of exports over imports than Rs. 3,176 lakhs is required for the purpose.

The present resources at the disposal of the Government for maintaining exchange are as under :—

| | Lakhs. |
|---|--------|
| Gold in London in Paper Currency | 915 |
| Gold in India in Paper Currency | 2,522 |
| Gold and Gold securities in the Gold Standard Reserve | 2,720 |
| | <hr/> |
| Total Gold and Gold securities | 5,152 |

If Government can finally solve the question of establishing exchange at 1s. 4d. by having sufficient Gold Reserves at their disposal, many other important questions such as the location and management of Government balances in India and London, establishment of a Central Bank, financial organisation of the India Office, &c., could be easily solved.

At present, whenever Government has to consider and decide the various important points in connection with currency and finance, the first consideration weighing in their mind is that they have to sacrifice other considerations and give precedence to their ability of maintaining exchange.

The Government of India is to be congratulated for the remarkable progress they have been able to make in establishing a Gold Standard as a whole, though mistakes may have been made in attaining the present position.

As the Government has been so far successful in establishing a Gold Standard, it is very important that Government should take further steps to command a position which can combat with two years of balance of trade being against India.

I base my evidence, bearing in mind the following points :—

1. There is a great necessity for a big bank to discount bills.
2. India wants lower Bank rates to stimulate its trade and industries.
3. Presidency Banks should be allowed access to London market.
4. The financial year of the Budget be altered from March to October.
5. There should be a Gold Mint in India.
6. Government will be able to solve more easily their currency difficulties if the masses were educated, and primary education be made free all over India, and compulsory in some towns.
7. It is not advisable to keep any gold in London belonging to the Paper Currency as it affects credit of note issue.
8. I want notes to circulate freely in India.
9. Gold hoards would not be a support to exchange in a crisis.
10. Gold in circulation will be a support to exchange in a crisis, as withdrawals of sovereigns from Paper Currency in a crisis will be less if there is gold in circulation already.
11. Gold in circulation will not be useful for purposes of export in a crisis.
12. More centres for encashment of currency notes are required.
13. No further investments either in sterling or rupee securities be made made for the next ten years, when the resources of Government for maintaining exchange could be considered.
14. A 10-rupee gold coin is no better than a sovereign.
15. I would make currency notes of Rupees 1,000 and 10,000 universal, and abolish all circle notes.
16. Workmen in India believe in metallic currency.
17. Payment by cheques will gradually displace the use of currency notes.
18. There should be no silver in the Gold Standard Reserve.
19. The Gold Standard Reserve should be allowed to increase as the volume of Indian trade is increasing.
20. Gold Standard Reserve should be under statutory regulation.
21. Gold Standard Reserve should be kept in India.
22. Profits on coinage are not to be diverted to railways or any other purpose.
23. Loans should be given in India.
24. Loans in India would not affect total sale of Council bills but would affect rate of bills sold.

25. Levy of additional duty on silver in 1909-10 was not mainly for the purpose of revenue, and it should be reduced to 5 per cent.
26. There is a necessity of more loanable capital in India.
27. Due weight ought to be attached in making recommendations in view of India--
- (a) Having a large area.
 - (b) The population being less educated and civilised.
 - (c) Tendency of investing in gold and silver.
 - (d) More lively interest is taken in Government Returns of Paper Currency and Gold Standard Reserve during the past five years.
 - (e) Programme for railway and irrigation development has to be continued for several years.

(1) *The Location and Management of the General Balances of the Government of India.*

Owing to the windfall in opium revenue and favourable monsoons since 1909, the balances of the Government of India have been very large, and this year they are going down, as they are being used for capital expenditure on railways, &c. The Annual Sterling Loan was not raised on account of the unfavourable monetary condition of the London market.

I am in favour of holding more than normal balances at both the places, as the Indian Budget is a gamble in rain, as mentioned by Sir Guy Fleetwood Wilson. With annual programme of 15 crores for railway and irrigation, additional grants required for primary and secondary education and rural sanitation, it is a bad statesmanship to work with normal balances.

With the present state of London money market, if India had unfortunately a bad monsoon or serious frontier troubles, the position of the Indian Government would be very uncomfortable if they were working with normal balances.

Until sufficient sums have been spent during the course of the next 10 years on education and sanitation, as demanded by the Hon. Mr. Gokhale and other non-official members of the Imperial Legislative Council, it is not advisable to recommend remission of taxation except those which are in the interests of Indian trade and industry. I am, however, of opinion that the excise duty on cloth produced in Indian mills and duty on silver should be abolished at the earliest possible opportunity.

As the excessive cash balances are not to be made use of in meeting deficits of future budgets, they should be invested temporarily in the development of railways and irrigation works, and the Government should raise permanent Sterling or Rupee Loans for sums thus spent from surplus cash balances at the earliest opportunity, so that the Government may be in comfortable position to continue their annual programme of expenditure on railways, irrigation, education and sanitation.

When the Government of India has surplus balances over and above their requirements, they should lend first to Indian market; and after that want is satisfied, monies should be transferred to London and invested there.

The amount required in India will not be more than Rs. 10 crores during the busy season, as the Indian market is no doubt a narrow one. I do not believe that the lending of this sum of Rs. 10 crores will materially interfere with the sale of Council bills.

The amount to be lent should be on the security of Government paper and preference should be given to the Presidency Banks. If the Presidency Banks do not require this accommodation the sum should be advanced to approved borrowers, a list of which could be easily prepared in consultation with the Presidency Banks.

With extensive banking development all over India, the balances of the Government of India in district treasuries and sub-treasuries be placed at the credit of banks, preference being given to the Presidency Banks. In cases where the terms of the Presidency Banks do not suit Government, these balances should be placed with other banks and the advances secured by the deposit of Government securities.

The loans granted in London from the Government balances during the recent years have been rightly commented on. The Indian revenues have been remitted to London not only to discharge Home charges but to be lent to the London market, while the Bank rate rises to 8 per cent. in India and no effort is made to help Indian trade and industry from the transfer of these funds.

By loaning Government balances in India the average Bank rate will be lowered, especially the rates in busy season will not rise above 6 per cent., and there will be an increased demand of Government securities, thereby a larger issue of Rupee Loan could be floated at present rates.

(2) *The Sale in London of Council Bills and Transfers.*

These sales require modifications and should be made under definite regulations.

The original object of selling these bills was to provide home charges; and now these bills have been sold not only for home charges, but for purchase of railway materials, paying off permanent debt, purchase of silver, or ear-marking gold for the Paper Currency Department, Indian Branch of the Gold Standard Reserve, &c. I admit that all the measures taken are with the best of intentions to help export trade; but so much has been done in this quarter that the results go to show that Government has removed as much Indian State money as possible from India to London and has indirectly delayed the establishment of gold currency in India.

The Secretary of State has lost a good amount in difference of exchange by selling Council bills at cheaper rates. If sufficient Council bills had been sold to meet home charges, to meet the immediate payments by the Secretary of State, and if the Secretary of State waited to receive the full rate of specie point for the balance, I think he was in a position to dictate his terms; but his action in underselling Council bills from time to time fully leads one to believe that he is not sure of his position to maintain exchange and he takes every opportunity to see that he is well sold.

(3) *The Measures taken by the Indian Government and the Secretary of State for India in Council to maintain the exchange value of the Rupee in pursuance of or supplementary to the recommendations of the Indian Currency Committee of 1898.*

If the recommendations of the Indian Currency Committee had been adopted and a free gold mint had been opened, it would have encouraged circulation of sovereigns to a much larger extent by this time, and thus avoided the necessity of coining token silver coins as was done in 1905-1907. The sovereign is the proper coin for India as its circulation has increased considerably during the last three years. It is no use disturbing that circulation by adopting a different Indian 10-rupee gold coin. If there is a hitch in getting permission from the Royal Mint to coin English sovereigns, Indian sovereigns of the same size, weight, and fineness may be coined in the Indian Mint.

It may be argued that the mint will be doing no work as sufficient gold will not be tendered to keep the mint going and pay its expenses, but I am of opinion that a free gold mint should be provided for re-coining underweight sovereigns and for coining in India of gold bars such as are exported by banks to London. In India Government should encourage the use of gold coins in their daily transactions in their various departments.

(4) *The Location, Disposition, and Employment of the Gold Standard Reserve.*

Location.—It has been argued that the reserve in Gold Standard will be required in London to meet the drafts drawn in India on the Secretary of State, and it should therefore be kept in London.

It has been argued that keeping this fund in liquid gold is not desirable as it is not required to be used every year, and there will be loss of interest on the large sum remaining uninvested.

It has been argued that such and such a sum is enough for maintaining exchange and all profits over and above the sum fixed should be diverted for other purposes.

I say, that this reserve should have been held in gold and not in securities, that this gold should be kept in India and not in London, and no part of this reserve should be diverted to any other purpose as railway or irrigation development. If this reserve had been kept in gold from the beginning of this fund up to now, the Secretary of State would never have been so nervous to sell his Council bills at cheaper rates as he has been in the years from 1908 to 1913.

The exchange value of the rupee fluctuates in India as judged by traders and bankers in India, and if there was a reserve in gold in India the traders and bankers would have been very careful before depressing the rate of exchange. The gold that is to be kept in India belonging to this reserve is brought to India at the cost of exporters of produce. The Government has to pay the cost of shipping this gold back to London at the time of unfavourable exchange. I submit that this cost is so small compared with the higher rates of Council bills obtained by the Secretary of State on the strength of this reserve and the storing charges and commission paid to the Bank of England for the number of years it remains unused. This reserve is accumulated gradually, but it does not affect or disturb the London money market in the least.

Composition.—The reserve should be held in liquid gold and not in securities. The advantage in investing in securities is that they earn interest. Exchange begins to move downwards more on sentiment of the dealers and bankers to begin with, and the liquid gold will go a great deal to remove any misapprehension on the part of these dealers and bankers. The bankers, as they watch the market going down, have the impression on their minds that the Secretary of State will sell Council bills under 1-4 as his reserve is invested in securities, and he will not sell these securities unless he is compelled to do so, but if the reserve be held on in gold, the Secretary of State will at once begin to check the fall in exchange either by shipping this gold to London and not offering any Council bills unless he gets 1-4 and over.

There should be no silver bullion or coins held in this reserve either in London or India as there is no benefit in keeping this apart from the Paper Currency Reserve.

Employment.—This reserve should be allowed to accumulate without any limit and no part of it should be diverted to any other purpose but for the maintenance of exchange. The Secretary of State does not believe that he has enough resources to maintain exchange, and if he was sure he would not sell bills under 1-4. It would not be right to fix a limit and divert a portion of this reserve for any other purpose. The consideration of diverting profits on coinage to railway and other development should be deferred for some years.

I do not think Government is well equipped at present even with 25 million sterling in this fund. All new accumulations should be kept in liquid gold in India. Securities now belonging to this fund should be gradually sold during the next five years and the proceeds of these securities be shipped to India in liquid gold.

(5) *The Paper Currency Reserve.*

There is no reason why any gold belonging to this reserve should be kept in London. The cost of importing this gold in India is in the first instance paid by the exporter. It is only when this requires to be reshipped to London for the purchase of silver that the Government has to bear the shipping charges, and in that case if silver is required to be purchased immediately the sum required could easily be drawn by Council bills on the Paper Currency Office; but if the amount is not required immediately, the Bank of England charges for the storing of the gold, and so it is not profitable to keep this gold reserve in London.

The paper currency department admits of much further extension; note circulation will go on increasing with increasing trade, education and civilisation. It is a source of good income to the Government and requires to be handled with delicacy so that the expansion of note circulation may continue.

A clear statement published weekly showing note circulation, reserve held in rupees and sovereigns and Indian securities all held in India, will inspire more confidence than what it does when presented in the present form, that there is gold kept in reserve in London against notes circulating in India and that consols have been purchased from this reserve instead of Indian Government paper. Up to now very little interest was taken by merchants in these returns, but since the enlarged councils have been sitting and discussing the currency questions, more and more interest is taken by merchants in the various returns on Currency Gold Standard Reserve and Treasury balances, and I think it will be a fatal mistake to allow any prejudice to grow as to the paper currency reserves. I think the sterling securities ought to be sold at convenient times and gold earmarked for this reserve be transferred to India immediately and the statute altered accordingly.

If the note circulation increases and the fiduciary portion requires to be increased, it should be invested in rupee paper.

I am not in favour of lending out any monies from the paper currency in times of stringency, for the above reasons. I think the present expansion is due to the action of Government in not meddling with the reserves in any way. I do not think it advisable to transfer this department to any other institution started by private capital.

(6) *Whether the existing practice in these matters is conducive to the interests of India.*

The existing practice has been injurious to Indian interests generally, but was a source of great convenience to the export houses and Exchange Banks, and to the London money market and the approved borrowers.

Gold which would have come to India, has not been allowed to flow, and securities have been purchased in the Gold Standard Reserve.

If more gold had flowed, circulation would have been increased, but as every effort is made to prevent gold coming to India from the London market, people believed that Government did not want people to use gold for solid reasons, and they continued the use of rupees, which is a menace to the stability of exchange.

Since 1910, Government began to encourage the use of sovereigns, and they are seen more and more in use every year.

In financial matters, Indian interests are subordinated to powerful monetary interests in London.

(7) *The suitability of the financial organisation and procedure of the India Office.*

The business of the Secretary of State in financial matters has now developed to such a large extent, that no civilised Government has assumed duties of this magnitude, and the time is now ripe that there should be separate departments under the direction of experts employed for whole time. Until these duties are handed over to an institution, these experts should be as under:—

1. A London banker.
2. A civilian who had experience in financial department at headquarters, and who has worked for three years as Secretary or Finance Minister.
3. A retired secretary and treasurer of a Presidency Bank in India.

(8) *Central Bank Establishment.*

With the small banks in different parts of India, it is necessary that there should be a big bank capable of discounting bills.

The resources at the Presidency Banks are not ample enough to undertake this business during the busy season.

The existing banking facilities in India are not enough for the increasing volume of trade, and the result is that during the busy season high bank rates of interest have to be paid. These high bank rates continue at times for nearly six months in the year. The tendency of the rates of interest in India is lower during the past six years than in the previous years, but the

rates could be kept still lower by unlocking balances lying dormant with the Government in India. These high rates of interest act as a deterrent factor in the development of trade and industry, and it is desirable to find out means for discounting bills and lowering rates of interest during the busy season.

When the Presidency Banks were started and the Act was passed to regulate these banks, trade and industry were in their infancy. The balance sheets of these banks were very small compared with their present positions, and Government balances at the three Presidency Banks formed a good percentage of their total balance sheets. Things have changed during the past 25 years, yet the policy of Government and the Presidency Banks continue unchanged. Until a Central Bank is formed and all the Government balances are kept with that institution, Government balances could be utilised for trade purposes, either direct or through the agency of the Presidency Banks. In addition to the normal balances kept by Government with the Presidency Banks, Presidency Banks should be granted loans at 1 per cent. under bank rate on the security of bills discounted by them and at bank rate to approved borrowers on the security of $3\frac{1}{2}$ per cent. Government Paper. I propose to lend to the Presidency Banks on bills and not on Government Paper as it will not suit them to borrow at 1 per cent. under bank rate on paper as they have to keep a certain proportion of cash to their liabilities. It will, however, be profitable to the Presidency Banks to borrow on the security of bills, the rate for which is, as a rule, 1 per cent. above bank rate.

As I have proposed to float annually a larger rupee loan in India and to make these rupee loans more popular, I believe, it is to the advantage of Government to lend on the security of $3\frac{1}{2}$ per cent. Government Paper in sums of not less than five lakhs to banks and other approved borrowers.

As regards the Government treasuries and sub-treasuries the system at present is to encourage Presidency Banks to open out new branches by giving them minimum sums as deposits at branches for a fixed period, and yet it has not paid the Presidency Banks to take charge of all the principal treasuries. I recommend that Government should hand over all the remaining treasuries and sub-treasuries to such banks as are willing to enter into an agreement with them and the sums so kept with these banks be secured by the deposit of $3\frac{1}{2}$ per cent. Government Paper. Government will thereby be able to unlock the balances from their treasuries and place them at the disposal of the banks for trade purposes and there will be no difficulty in recovering the amounts in case of any difficulty to meet withdrawals of Government at these treasuries, as these deposits are secured by gilt-edged securities.

(9) Recommendations.

1. The right of free gold coinage and open gold mint at Bombay.
2. British sovereigns should be coined at the Mint; if not, Indian sovereigns of exactly same size, weight, and fineness of British sovereigns.
3. The Government of India should encourage the use of gold coins.
4. No fresh rupees should be coined except for actual requirements.
5. Profits on coinage of silver should be kept quite apart in gold, and this reserve should be kept in India.
6. There should be a larger rupee loan raised in India at $3\frac{1}{2}$ per cent.
7. Council bills be drawn only to meet Home charges and immediate purchases of silver.
8. The rate of Council bills should not be under 1s. 4d. in any case.
9. There should be more centres of Currency Offices, and all circle notes be abolished, and 1,000 and 10,000 rupee notes be made universal.
10. The cash balance of the Government of India be placed at the disposal of Indian trade.
11. The Government of India be allowed much greater freedom of action in matters of purely local concern.
12. The date of Budget be altered from March to October or November.