

INDIAN CURRENCY

A. P. BLUNDELL, TAYLOR & CO.,
Printers,
173, Upper Thames Street.
London, E.C.

INDIAN CURRENCY

BY

HENRY DUNNING MACLEOD, M.A.

OF TRINITY COLLEGE, CAMBRIDGE, AND THE INNER TEMPLE, BARRISTER-AT-LAW
SELECTED BY THE ROYAL COMMISSIONERS FOR THE DIGEST OF THE LAW TO PREPARE
THE DIGEST OF THE LAW OF BILLS OF EXCHANGE, NOTES, ETC.
HONORARY MEMBER OF THE JURIDICAL SOCIETY OF PALERMO, AND OF THE SICILIAN
SOCIETY OF POLITICAL ECONOMY
CORRESPONDING MEMBER OF THE SOCIÉTÉ D'ÉCONOMIE POLITIQUE OF PARIS, AND OF
THE ROYAL ACADEMY OF JURISPRUDENCE AND LEGISLATION OF MADRID

LONDON
LONGMANS, GREEN AND CO.
LONDON, NEW YORK & BOMBAY

1898

WORKS ON ECONOMICS

By the AUTHOR

80389

Elements of Political Economy. 1 Vol. 1858

Dictionary of Political Economy. Vol. I. 1862

The Principles of Economical Philosophy. Being the Second Edition of the Elements. Two Vols. 1872-75

Lectures on Credit and Banking. Delivered at the Request of the Council of the Institute of Bankers in Scotland. 1882

**.* The above Works are out of Print*

The Theory and Practice of Banking. Two Vols. Fifth Edition. Vol. I. Price 12/- . Vol. II. Price 14/-

The Elements of Economics. Being the Third Edition of the Elements of Political Economy. Two Vols. Price 7/6 each

The Elements of Banking. Thirteenth Edition. Price 3/6

Economics for Beginners. Fifth Edition. Price 2/6

The Theory of Credit. Two Vols. Second Edition. Vol. I. Price 10/- net. Vol. II. Part I. Price 10/- net. Vol. II. Part II. Price 10/- net.
Or bound in one Volume. Price 30/- net

Bimetallism. 1 Vol. Second Edition. Price 5/- net

The History of Economics. 1 Vol. Price 16/-

PREFACE

A MONETARY CRISIS of the most momentous gravity has arrived in the affairs of India. It has been brought on by a series of measures showing the grossest ignorance of the rudiments of Economics, by successive Governments both Company's and Imperial, which have brought India to the verge of bankruptcy. The Government themselves describe the state of the country as "**intolerable.**" Now as the errors of these measures are as glaring and blazing as the Sun of Calcutta at mid-day, it is perfectly possible for the present generation to undo the unwisdom of its predecessors

The present Tract is an endeavor to show how it can be done

The present Monetary System of England is founded on the experience of centuries, and the unanimous arguments of the greatest Economists for 500 years

It is the most perfect Monetary System ever devised by the ingenuity of man. It is now being adopted, with perhaps some slight modifications of detail, by the most powerful and civilised Governments in the world

The obvious thing to be done, therefore, is to bring the Monetary System of India into harmony with that of England and other civilised Governments, and so to improve its commercial relations with the majority of other nations

This Tract is divided into two parts—

The first treats of the means of restoring its ancient and immense Gold Currency to India which it possessed for thousands of years before the fatal 1st of January, 1853, when it was demonetised at a moment's notice by Lord Dalhousie, the most astounding *coup de finance* in the history of the world, and establishing it on solid and permanent foundations for ever

The second treats of the extension of Banking and Paper Currency. But these need not be brought into operation together, because the Gold Currency must first be firmly established before the measures of Banking I suggest can be carried into effect

There are but three courses that can be suggested in the present unfortunate state of the Monetary System of India—

1. To introduce Bimetallism
2. To reopen the Mints to the free coinage of Silver
3. To comply with the unanimous desire of India in 1864 that the Sovereign should be made the Standard Unit throughout the British Dominions in India

After coquetting with Bimetallism for 30 years, in defiance of the weighty and unanswerable Minute of the Governor-General in Council in 1806, the Government have now finally abandoned the vain chimera of introducing Bimetallism into India either

by an Act of their own, or by International Agreement

They also absolutely reject the proposal to reopen the Mints to the free coinage of Silver as that would bring instant bankruptcy on the country

There remains, then, only the third and last course—to restore the ancient Gold Currency—which the Government have now declared their resolve to do

A cry has been raised by some persons who are not altogether disinterested, that the Government policy is “tampering with the Currency.” But all the Monetary troubles of India have been brought about by unscientific “tamperings with the Currency”

When the East India Company in 1818 changed the ratio of their Coins, and violently forced the Silver Rupee as unlimited Legal Tender on Southern India, whose Currency had been nothing but Gold from the earliest antiquity, they most decidedly “tampered with the Currency”

When in 1835 they gave up the attempt to maintain Bimetallism as hopeless, and made the Silver Rupee the sole unlimited Legal Tender throughout India, and made the Gold Coins receivable at their market value in Silver, they again “tampered with the Currency”

When on the fatal 1st January, 1853, Lord Dalhousie at a moment's notice and with a stroke of his pen demonetised the whole of the immense Gold

Currency, he “ tampered with the Currency ” with a vengeance

As few of the public are well informed about Indian Currency, I have given in Chapter I. a history of the causes which have led to the present perilous condition of Indian Finance, which will enable them to diagnose the disease

Some persons have been frightened at the supposed vast sum required for restoring a Gold Currency to India, but I have shown that it is very greatly inferior to what may have been anticipated, and that it may be obtained many times over in India itself without resorting to any other market for a single ounce

It is imagined by a not inconsiderable number of persons that Silver only has been the currency of India from time immemorial and that the natives are attached to it. This is, however, entirely erroneous. Silver was first forced upon the entire native population by the Company in 1818, and it was only in 1853 that Silver has been the exclusive currency of India in consequence of Lord Dalhousie demonetising Gold. The natives themselves greatly prefer their ancient standard, Gold

As then the consequences of preceding Governments having forced an exclusive Silver Currency on India have been found to be most injurious to the best interests of the country, it only remains for the present Government to undo the errors of their predecessors, and to restore the ancient Gold Currency

and to make the Sovereign the standard unit in accordance with the universal demand of 1864. I venture to hope that I have shown that it can be done with great facility if undertaken with a resolute will and a firm determination. There can be no Monetary peace in India until it is accomplished. It will be one of the most momentous Economical events of the nineteenth century, and it will start India on a new career of prosperity