

# INDIAN CURRENCY BANKING AND EXCHANGE

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## PREFACE

THIS book is a reprint of the first part of my *Indian Currency and Exchange* with the addition of two new chapters, one on Indian Currency and Exchange during 1924-28 and the other on the Money-market and the Banking System in India. It is intended primarily for candidates preparing for the pass degree in Economics, but it has been put into a form that will be comprehensible to an intelligent person of an average education who has had no previous training in currency and banking problems. An attempt has been made to make this volume as non-controversial as is possible in a subject like Indian currency, all controversial matters being relegated to a separate volume.

It is gratifying to me to find that almost all the suggestions that I had made for the reform of the Indian currency system in the first edition of my *Indian Currency and Exchange*—the convertibility of rupees and notes into gold bullion, the demonetization of the British sovereign, the amalgamation of the Paper Currency and Gold Standard Reserves, the location of the greater portion of this combined reserve in India, the accumulation of a large gold hoarding, the creation of a Central Bank to assume control of both currency and credit—have all been accepted by the Hilton Young Commission on Indian Currency. On one important issue, viz. the question of stabilizing the gold value of the rupee, the recommendations of the Royal Commission ran counter to the course I suggested; but I claim that the actual course of events has amply vindicated my opposition to the policy of stabilizing the rupee-gold exchange at a time when the course of world prices was still uncertain.

The reader who is anxious to know my views on controversial topics should refer to the second part of my *Indian Currency and Exchange* published in 1925, my evidence before the Currency Commission in 1926, and my brochure on *Some Aspects of the Indian Currency Problem* published in 1927. My contributions embodied in these publications are being brought out in an amplified form in a separate volume entitled *Studies in Indian Currency and Exchange*.

H. L. CHABLANI

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