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INDIAN CURRENCY COMMITTEE, 1898.

MINUTES OF EVIDENCE

TAKEN BEFORE

THE COMMITTEE

APPOINTED TO INQUIRE INTO THE

INDIAN CURRENCY,

TOGETHER WITH AN

ANALYSIS OF THE EVIDENCE.



PART II.

Presented to Parliament by Command of Her Majesty.



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ON

INDIAN CURRENCY.

At the India Office, S.W.

NINETEENTH DAY.

Friday, 4th November 1898.

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PRESENT:

THE RIGHT HON. SIR HENRY H. FOWLER, G.C.S.I., M.P., (in the Chair).

THE LORD BALFOUR OF BURLEIGH.
SIR JOHN MUIR, Bart.
SIR FRANCIS MOWATT, K.C.B.
SIR DAVID BARBOUR, K.C.S.I.
SIR CHARLES CROSTHWAITHE, K.C.S.I.

SIR ALFRED DENT, K.C.M.G.
MR. ROBERT CAMPBELL.
MR. EVERARD HAMBOO.
MR. W. H. HOLLAND.
MR. F. C. LE MARCHANT

MR. ROBERT CHALMERS, *Secretary*.

The Right Hon. the Earl of NORTHBROOK, G.C.S.I., called and examined.

8394 (*Chairman*.) Will you state how long your connection with India has been?—I began as private Secretary to Lord Halifax, when he was Sir Charles Wood and President of the Board of Control, before the Government of India was transferred from the East India Company to the Crown; that was from 1853 to 1855. Then, afterwards, when I came into Parliament, I was Under Secretary for India from 1859 to 1860, Sir Charles Wood was then Secretary of State for India. I then went to the War Office for a short time, and subsequently went back to the India Office and remained there till 1864. I was Governor-General of India from 1872 to 1876.

8395. Have you read the volume recently published, containing the report of the evidence taken before this Committee?—Yes.

8396. The first question upon which I ask your opinion is as to the closing of the mints in 1893?—I think I had better explain to the Committee my own individual view upon that question. I had very great doubts at the time whether it was right to close the mints in 1893. After further consideration of the question, and reading the evidence taken before this Committee, I was satisfied that, as no international arrangement appeared to be practicable for opening

other mints to silver at a reasonable ratio to gold, (I held that the 15½ to 1 ratio was quite unreasonable and impracticable), the Indian Government were right in closing the mints to silver with a view to changing the standard of value in India from silver to gold. I put that clearly, because to close the mints in India without establishing a gold standard would, I think, have been wrong. I should like to add that I think the closing of the mints was quite justifiable. It cannot be denied that a government has a right in certain circumstances to change the standard of value. It is, of course, a serious matter, but there are many countries that have done it quite recently; Germany and France and other countries have changed their standard of value. Therefore, the idea that the Government of India had no right to change the standard of value in India appears to me quite untenable. I myself do not believe that the measure has seriously interfered with public or private interests in India. The individuals who were immediately affected by the closing of the mints were the holders of silver bullion, because the closing of the mints lowered the value of their silver, for it was immediately followed by a fall in the price of silver; but it must be remembered that the price of silver must have fallen considerably, even if the mints

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of Northbrook,
G.C.S.I.*

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had remained open. The extent to which it would have fallen I cannot say, but there must have been a fall. On the other hand, the holders of rupees may have had some advantage through the closing of the mints. I use the word "may" deliberately, because I do not myself believe that Indian prices—I mean prices in the internal trade of India—have been affected to any extent by the closing of the mints. At any rate, whatever result has followed to the holders of rupees, it must have been in their favour rather than against them. And it must also be remembered that all the holders, in India and elsewhere, of Government rupee paper obtained a distinct advantage by the closure of the mints. If the mints had remained open, of course the rupee loans would have gone on depreciating to the full extent of the fall in the gold price of silver. That affects very much the interests of the moneyed classes in India, who hold a good many of these Promissory Notes. There are 25½ crores of rupees of this stock held by natives of India, besides certain loans which are held by the native princes. I have seen it stated that the native princes of India have been injuriously affected by the closing of the mints. I believe this to be an entire mistake. They are large holders of rupee paper, and, therefore, to that extent at any rate, they have been much benefited by the measure. Take Sindia—the Maharajah of Gwalior—he holds 5½ crores. Then take Holkar—the Maharajah of Indore—he holds one crore of rupee paper, and other native princes have a large quantity of rupee paper. I was apprehensive, when the mints were closed, that considerable hardship would be inflicted upon the people who had silver ornaments in India, because they would not any longer be able to exchange their silver ornaments of a certain weight of silver for rupees of the same weight. That apprehension of mine has been very greatly, if not entirely, removed by the evidence given before this Committee by Sir Antony MacDonnell. I consider that Sir Antony MacDonnell is the highest authority that could be examined by the Committee upon the condition of the North-Western Provinces. He is one of our very best administrators in India at the present time. He has had a most intimate knowledge of the people, from having managed with great ability and conspicuous success the recent very serious famine in the North-Western Provinces. The other day he did a still more important piece of service to the Government of India. During the outbreak of plague in Hardwar, which, as some members of the Committee well know, is one of the worst possible places in the North-Western Provinces in which such an outbreak could occur, because there is a great fair held there, Sir Antony MacDonnell managed with great ability to check that outbreak of the plague without exciting any bad feeling on the part of the native population. I mention that to show the Committee what kind of man Sir Antony MacDonnell is, and I thoroughly trust all he says about the condition of the people in the North-Western Provinces. I was very glad to see what he said about it, because I consider that the mass of the people in the North-Western Provinces, which is almost the mainstay of the British Empire in India—perhaps that is too strong a word to say, but, at any rate, it is one of the most important parts of India—those people have certainly benefited by the increase of trade, and the rise in prices in India. Sir Antony showed, in a most interesting way, that although they had had to meet this great famine, yet very shortly after the famine, they were able to pay their land revenue, and did pay it, and declared that they did not want any further remissions. That shows how well off the people of those Provinces are, comparatively—I use the word "comparatively," because everybody knows how poor the people of India are, on the whole, as compared with the people of this country. However, on the particular point on which the Committee examined Sir Antony MacDonnell, namely, whether this possible hardship from the

natives holding silver ornaments had any serious effect, he satisfied me. I do not know what impression he made upon members of the Committee, but his evidence, as I have read it, satisfies me, at any rate, that no very serious hardship has actually occurred. He said, and I have no doubt he said truly, that, possibly on account of the increased wealth of the people, the greater part of them boards are now kept in rupees, and, of course, so far they were not touched. They must have suffered to a certain extent, but I am satisfied that there was no serious hardship arising to the people through the closing of the mints. I believe I may state, without hesitation, that the Committee will have the same evidence from the highest authorities as regards the people of Behar—that is in northern Bengal—where the people are very poor, and where the difficulty in respect to the sale of silver ornaments might have been expected to touch them severely. I would add this, that, of course, if the closing of the mints had produced the effect of lowering prices all over India, that would have injured the agricultural class—the class who pay the land revenue; but, according to the experience of everyone who has a knowledge of India, and according to the statistics which the Committee have had before them, the effect of the circulation upon prices operates very partially and very slowly in India, and there is not an atom of evidence that I have seen to show that the closing of the mints has affected prices in the internal trade. I will not say that it has not touched the price of opium, but as regards the internal trade, the statistics prove, I think, as conclusively as any statistics can, that Sir Antony MacDonnell's opinion is right, and that it has not in any way affected the interests of the people with whom the Government has had settlements in the North-Western provinces. Perhaps the Committee will look at these statistics (they are in the Statistical Abstract annually presented to Parliament). Take the prices in the country—not Calcutta prices, but the prices up country—of the principal articles produced in the North-Western Provinces. I will not go into the figures, because they can be worked out by the members of the Committee for themselves, but, putting aside famine years, and taking ordinary years, the prices of almost every article which the cultivator produces in India have risen, and to that extent, of course, the land revenue has been eased. I have heard people say that, because this has happened, the Government of India would have a right to raise taxation on the people. I entertain the strongest opinion that the real safety of India depends on the land revenue being easy. It is the opinion of almost every administrator of any weight who has been responsible for the government of India, or the government of provinces of India, that the contentedness of the mass of the people depends upon the land revenue not being pushed up too high, and that, if possible, it should be so fixed that the people do not feel it. The Committee must recollect—I think Sir Antony MacDonnell explained it, but I repeat it because it is a thing to recollect—that the Government stand, more or less, in the position of landlord over the whole of India, and the position of the Government of India, if the land revenue was too high, would be just like that of a landlord whose rents are too high, and the whole of whose tenants are living in misery, and living from hand to mouth. One other remark as to the effect of the closure of the mints. I cannot say that I see that it has had any sensible effect upon the export trade. During the famine and plague years, you could not expect the fall trade to go on, and the export trade has suffered. But I see that this season there is a great recovery, and this year is very likely to be as big an export year as any that we have had in India. I do not think I have anything more to say as to the effect of the closing of the mints.

8397. Do you think that the mints should be re-opened for the purpose of the coinage of silver? My opinion is distinctly adverse to the re-opening

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The reopening of the mints would be injurious to the people of India, 8397-9.

It would necessitate an increase of taxation which may be estimated at about 7 crores of rupees a year, 8399-406, 8454-6.

To increase taxation in India would be unwise and dangerous, 8407, 8411-6, 8497-501.

Increase of taxation since 1886, 8408.

Grave objections to interference with land revenue, 8410, 8551, 8581-4.

The present artificial system of currency is unsatisfactory, 8417.

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Suitability of a gold standard and gold currency for India, 8447, 8475, 8545.

Sovereigns should be made legal tender in India, and should be coined at the Indian mints from gold brought to the mints by the public; it would not be necessary for the Government to accumulate gold for the purpose, 8428-30, 8502-16, 8539-42.

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Is opposed to the imposition of a heavy import duty on silver, 8444-6.

The present is a favourable time for introducing an effective gold standard, 8448.

Importance of steadiness in management of finances of India, 8449, 8546-50.

The establishment of an effective gold standard in India would not render impossible an arrangement in the future with France and America, 8449, 8492.

Relation between Government of India and Presidency Banks, 8450-1, 8535-8.

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Was strongly opposed to the closing of the Indian mints in 1893, 8682.

Opinion in commercial circles in India as to closing of mints, 8683, 8779-87.

Effects of closing of mints:—

(1) Monetary stringency:

Insufficiency of currency has caused, and is still causing, monetary stringency in India, 8710-8, 8727-8, 8772, 8791, 8793, 8795, 8888-904, 8991-9014; whereas, when the mints were open, stringency was relieved by the importation of silver, 8729-31, 8964-72, 9008-11.

Injurious effects of monetary stringency on Government securities and on industrial securities and enterprise, 8772-7, 8860-7, 8886-7, 8931-90.

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(3) Effect on Indian opium trade of rise in value of rupee and fall in silver, 8745-6.

Witness is in favour of re-opening the Indian mints, 8685-6, 8789.

Effects of re-opening the mints:

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Would ultimately steady exchange, 8707-9

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Gold Standard for India:—

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Currency and prices in China, 8750-4.

Relative stability of silver and gold in relation to commodities, 8755.

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Stringency felt in Behar and Central India, 8720-1.

Stringency not felt by agricultural classes, 8984-5.

(2) Effect on cotton-mills in India, China, and Japan, of rise in the exchange value of the rupee and fall in silver, 8738-44, 8763-71, 8912-30, 8973-80.

(3) Effect on Indian opium trade of rise in value of rupee and fall in silver, 8745-6.

Witness is in favour of re-opening the Indian mints, 8685-6, 8789.

Effects of re-opening the mints:

Would raise the value of silver, 8688-92, 8702-6, 8790, 8834-5.

Would establish confidence, 8872-3.

Would ultimately steady exchange, 8707-9.

Effect on prices and wages in India, 8839-54.

The loss to Government caused by re-opening the mints might be met by temporary borrowing or temporary additional taxation, 8694-8, 8824-39, 8856-9, 8874-7.

Gold Standard for India:—

Desirable, but impracticable, 8756-9, 8800-4, 8937-43.

If convertibility were established, rupees would be taken out of hoards, and gold would be hoarded in their place, 8759-64, 8805-23, 8878-83, 8944-56.

Financial position of India before the closing of the mints, 8705-7.

Effect of falling exchange on production and export trade, 8733-7, 8905-11.

Tea-planting industry—

Competition between India and China, 8747-9, 8797-9.

Depression in the tea-trade caused by over-production and accentuated by rise in exchange, 8796.

Alleged prevalence of illicit coinage in India, 8957-63.

Currency and prices in China, 8750-4.

Relative stability of silver and gold in relation to commodities, 8735.

Analysis.

Mr. DONALD GRAHAM, C.I.E.

Is a merchant trading with India, 9015-20.
Was present during examination of Mr. W. H. Cheetham, and is in general agreement with his evidence, 9021-2.
Was opposed to the closing of the mints in 1893, 9023-6.
Grounds of objection to the closing of the mints.—
Fall in the rupee price of silver ornaments, 9027-34, 9200-16.
Undue stress was laid on the difficulties of Government, and too little thought was given to the interests of the people, 9034-7, 9144-8, 9301-14.
The fall in exchange prevented suffering which would otherwise have resulted from fall in prices, 9037.
Difficulty of procuring a sufficient reserve of gold to make a gold standard effective, 9037, 9089-93.
Special disadvantages of an artificial system of currency in India, on account of alternating seasons of active and slack trade, 9037.
Opposition of natives of India, 9047.
Events have justified the objections to the closing of the mints, 9038.
The chief evil brought about by the closing of the mints is monetary stringency, 9040-1, 9063-76, 9130-2, 9189, 9227, 9234 (note).
It is quite possible that there may not be in the busy season of 1898-9 as great a stringency as in 1897-8, 9077-9.
India needs a free, large, cheap, and abundant currency, 9064-5.
A falling exchange stimulates exports, 9084-5, 9150-67.
If the rupee fell below a certain point, the fall would cease to be advantageous to India, because the rupee would no longer be suitable for the wants of the people, 9065-7.
Alleged effects of fluctuations of exchange in encouraging speculation, 9107-8, 9236.
Difficulty at present time of making forward contracts for exchange, owing to uncertainty of money market, 9109, 9136-43, 9234-6.
Mints should be gradually re-opened, 9039-40, 9252-60.
Effects of re-opening the mints—
Additional taxation would be necessary, at least for a time, 9042-3, 9046, 9149.
The yield of existing sources of revenue would automatically increase, 9047-9, 9174-93, 9231, 9291-6.
Import duties and export duties, 9050-3, 9114-5, 9118-21, 9232-3.
Death duties, 9054, 9123-6.
Railway rates might be raised, 9056-7, 9127-9.
The country at large would benefit, 9043-5.
Exchange would become more stable, because the causes which broke down the price of silver have now worked themselves out, 9059-63, 9163-9, 9218-27, 9297-300.
Prices would rise, 9052-3, 9058, 9161-8, 9170-3, 9194, 9237-42, 9322-34.
Prices in India do not appear to have risen materially since the fall in silver began; but this is due to the fall in gold prices, 9080-3, 9088, 9165-8.
Gold standard—
Imp practicable owing to difficulty of procuring sufficient supply of gold, 9089-93, 9261.
If practicable, would be in some respects advantageous, 9269-77.
The practical difficulties would be lessened if the rupee were rated lower than 1s. 4d., 9262-8, 9273-90.
Council bills, method of sale, 9094.
Volume of rupee currency, 9103-6.
Imports of Manchester goods into India, 9103-5.

Mr. DAVID CRUICKSHANK.

Is chairman of the Indigo Association, and a member of a firm trading with India, and especially interested in indigo and tea, 9335-6.
Was opposed to the gold standard proposals of 1836, and to the closing of the mints in 1893, 9337-8.
Chief ground of objection to the closing of the mints was that a divergence between the intrinsic value and the exchange value of the rupee would be prejudicial to the export trade of India, 9339-42.
Effects of the closing of the mints—
Reduction of profit on tea and indigo, and restriction of production, 9341-60, 9405-20, 9437-98, 9562-8, 9586-604, 9608-19, 9652-71.

Mr. DAVID CRUICKSHANK—cont

Effect on prices and wages in India, 9452-86, 9550.
Monetary stringency, 9370-6, 9380-2, 9428-30, 9461-4, 9467, 9488, 9491-5, 9605-7.
Severe stringency anticipated in 1898-9, 9377-9.
Effect of high exchange in stimulating imports, especially of cotton goods, sugar, and salt, 9400-4, 9569-81, 9613-41, 9698-718.
Effect of low exchange in stimulating exports and production, 9509-34, 9551-61, 9620-32, 9642-6.
A fall in exchange is advantageous to India, but the limit of advantage is reached when a general rise of prices takes place, 9390-1, 9551, 9632-9, 9675-9.
Prices in India from 1873, 9515-49, 9552-6, 9680-90.
Stability of exchange is desirable, provided that the rate fixed for the rupee is not too high, 9381-4, 9391, 9651.
The gold standard proposals of the Government of India are objectionable, because the rate of 1s. 4d. for the rupee is so high as to hamper the export trade, 9385-9.
If a rate of 1s. 2d. were chosen instead of the proposed rate of 1s. 4d., a gold standard could probably be established without any special measures for the acquisition of gold, 9391, 9395, 9422-7, 9647-50, 9655-718.
If exchange were fixed at 1s. 2d. instead of at 1s. 4d., the revenues of the Government of India would expand owing to the growth of trade, 9396-7.
If the natural expansion of revenue were insufficient to meet the additional charges involved in the lowering of exchange, the import duties might be increased, 9397-9, 9584-5.
Competition of China with India and Ceylon in tea, and of China with India in cotton, 9597-604, 9642-6.
Competition of America with India in cotton, 9672-9.
Illicit coinage, 9421.

Mr. MERWANJEE BUSTOMJEE.

Is a Parsee broker, dealing in exchange, finance, bullion, and Government securities, and represents the Bombay Native Shares, Stock, and Exchange Brokers' Association, 9719-21.
Was opposed to the closing of the mints, on the ground that India was prospering under the silver standard, and that, if the mints were closed, Indian cotton-mills would be injured by the fall in silver and by monetary stringency, 9722-3, 9732.
The closing of the mints has failed to attract gold to India, though circumstances have been such as to favour the policy of the Government, 9724.
The adoption of the proposals made by the Government of India in March, 1898, would be injurious to India, because the stringency in the money market would be intensified, 9725.
Monetary stringency in Bombay from January to March, 1898, and its effects, 9726, 9739-45, 9739-94, 9823-8, 9832-54, 9863-5.
Stringency in 1898-99 will probably be less severe than in 1897-98, 9757-8.
Witness is in favour of a gold standard and of a gold currency with the rupee at 1s. 2d., to be established with Imperial guarantee and assistance, 9728-31, 9737-8.
Advantages of the rate of 1s. 2d. for the rupee as compared with 1s. 4d., 9729, 9746-50.
The limit of 1s. 4d. now fixed has the effect of steadying exchange, 9829-31.
Immediate coinage of gold would relieve the monetary stringency, 9731.
Failing an effective gold standard, witness is in favour of re-opening the mints to silver, 9732.
Public feeling in India on the currency question, 9814-8.
If the mints were re-opened to silver, the loss to Government could be met by reduction of expenditure, or additional taxation, or by both means, 9733-4, 9735-5.
Objections to increasing the import duty on silver, 9735.
Effect on Indian cotton-mills, and on Indian trade and competition with China, of variations in exchange between India and China, 9736.
Alleged connexion between the imports of silver into India and illicit coinage, 9735-813, 9819-22.

MR. JOHN GALLOWAY.

Is President of the Glasgow Chamber of Commerce, but gives evidence in his private capacity. Was connected with a steamship company trading between Glasgow and Rangoon, and with the Irrawady Flotilla Company, 9869-70, 9877-9, 9888.

Division of opinion in the Glasgow Chamber of Commerce on the Indian currency question, 9871-7.

Witness approves of the closing of the Indian mints, on account of the disadvantages to trade that were caused by the fluctuations in exchange, 9880-4.

Effect on Indian import and export trade of the fall in the exchange value of the rupee, 9885-97.

The Irrawady Flotilla Company has not been able to raise its rates while the exchange value of the rupee has been declining, 9909-1, 9997-10, 007.

Slight effect of monetary stringency since closing of mints on trade of Burma, 9902-9, 9976-9.

Use of precious metals in Burma, 9910-1.

Effect on trade of India with China, Japan, and the Straits Settlements, and on competition between India and China, of the adoption of a gold standard for India, 9913-6.

Desirability of gold standard and gold currency for India, 9917-24.

Rate of *1s 4d* for the rupee is fair and practicable, 9960-75, 10,019.

Probable effect on trade of India and of the United Kingdom the reopening of Indian mints, 9933-6.

Opinion of manufacturing firms in the West of Scotland as to disadvantages arising from instability of exchange between India and gold-using countries, 9947-8, 9994-5.

Effect of variations in exchange on the jute industry in India and Scotland, 9948-55, 9980-1, 10,015-8.

Effect of proposed export duties on jute and tea, 9937-43, 9987-8.

Effect of unstable exchange on the prosperity of the South American States, 9926-32.

SIR ROBERT GIFFEN, K.C.B.

Has been Assistant Editor of the *Economist*, and an official under the Board of Trade, 10,020-4.

Was in 1879 a member of a Departmental Committee appointed to consider a proposal for closing the Indian Mints to the free coinage of silver; and wrote two memoranda on the subject, 10,025-31.

The opinion expressed by witness in 1879, in opposition to the views of the Government of India, viz., that no further fall in silver was then probable, was justified by the circumstances of the time, and has been justified by the event, 10,032-43, 10,133-51.

Objections to the policy put forward by the Government of India in 1878 and 1892 of closing the mints to the free coinage of silver with a view to the ultimate establishment of a gold standard.—

- (1.) Disadvantage of an artificially managed currency, as compared with an automatic metallic currency, 10,049, 10,323-6.
- (2.) Difficulty of maintaining the exchange value of an artificially managed currency, 10,049, 10,082-9.
- (3.) Uncertainty as to the duration of the transition stage that must precede the establishment of a gold standard, 10,049.
- (4.) Contraction of currency for the purpose of maintaining its exchange value can seldom be carried out without producing monetary stringency, 10,089.
- (5.) Difficulties of India through fall in exchange may be due (a) to increase in value of gold, (b) to decrease in value of silver. In the first case there is a real increase in the burden of foreign obligations, which is not alleviated by an artificial rise in the exchange value of the rupee. In the second case there is no increase in the burden of foreign obligations, and the additional number of rupees required by the Government can be obtained by increasing the nominal amount of taxation, 10,050-9.
- (6.) Indian officials are mistaken in thinking that, while the real amount of taxation can be increased by raising the value of the currency, it cannot be increased by the imposition of new taxes or by raising the nominal amount of existing taxes, railway rates, &c., 10,060-80, 10,340-8.
- (7.) The deficit that would occur in the accounts of the Government of India owing to the re-opening

SIR ROBERT GIFFEN, K.C.B.—cont.

of the mints would be reduced, probably, by 3,000,000l. or 4,000,000l. annually, if the Imperial Government dealt fairly with India in the apportionment of military and other expenditure, 10,082, 10,183-91.

(8.) The Government of India is too anxious to meet a deficit immediately, instead of waiting for the natural growth of revenue, 10,080-2, 10,167-77.

Motives that induced the Government of India to abandon the silver standard, 10,259-61, 10,364-72.

Gold standard—

Unsuitable for India because, whatever the standard, the currency would be chiefly silver, 10,091, 10,106-8.

Disadvantages consequent on the use of different metals as standard and currency, respectively, 10,091-104, 10,203-11, 10,227-8, 10,236-7.

Amount of gold that would probably be used as currency in India, if gold standard and currency were introduced, 10,106-8.

Economic and financial conditions of India affect the question of the possibility of maintaining the gold standard, 10,109-13, 10,238-48, 10,333-45.

Output of, and demand for, gold, 10,114-7, 10,311-6.

A rise in the exchange value of the rupee to *1s. 4d.*, or above *1s. 4d.*, might fail to attract gold to India for currency purposes, 10,118-26, 10,192-202.

If the Government undertook to give a larger number of rupees in exchange for a sovereign than it now offers, gold would be more likely to flow into the Currency Department, 10,266-70, 10,276-8.

Alleged redundancy of currency in India, 10,121-5.

Objections to Mr. Lindsay's scheme, 10,127.

If the Government of India were prepared to make the rupee convertible into gold, many of the objections to their proposals would vanish, 10,205-26, 10,292-310.

Method by which gold should be acquired, if it were decided to establish a gold standard in India, 10,263-75, 10,279-81.

Nature and limits of advantages resulting from stability of exchange between India and gold-standard countries, 10,249-59, 10,370-1.

Effect of rate of exchange on prices in India, 10,282-90, 10,318-22.

Re-opening of the mints is the least disadvantageous of the courses open to the Government of India, 10,123-37.

Objection, on the ground of expense, to the proposal for increasing the amount of silver in the rupee, 10,134-6.

Comparative steadiness of silver and gold as standards of value, 10,131-3, 10,229-35.

SIR ALEXANDER MACKENZIE, K.C.S.I.

Served for 36 years in the Indian Civil Service, and was Lieutenant-Governor of Bengal from December 1895 to April 1898, 10,373-6.

Necessity for closing the Indian mints in 1893, 10,407-9.

The closing of the Indian mints was not followed by any scarcity of currency in the interior of Bengal; there has been no permanent rise in the rate of interest; nor have tenants shown any preference for paying their rents in kind rather than in cash, 10,377-85, 10,396, 10,398, 10,494-503, 10,576-9.

The land revenue was paid punctually in Bengal in the famine year, 10,385, 10,405-6.

Comparison between the last famine and previous famines, 10,386-90.

Witness has not heard of complaints made during the famine on account of the fall in the rupee price of silver ornaments, 10,391.

Use of silver, gold, and other ornaments in Bengal, 10,391-2, 10,394-5, 10,384-6.

Hoarding of rupees in Bengal, 10,391, 10,393, 10,587-97.

Use of copper currency in Bengal, 10,397-3, 10,401-3.

Re-opening of Indian mints would necessitate a considerable increase of taxation, 10,410-2.

The existing taxation is as much as the country can properly bear; and an increase of taxation would involve the risk of political disturbances, 10,413-5.

Analysis.

Analysis.

SIR ALEXANDER MACKENZIE, K.C.S.I.—*cont.*

Difficulty of finding new sources of taxation, 10,417, 10,436-1

Difficulties and objections in the way of increasing the amount obtained from existing sources of revenue, 10,417-45, 10,504-7, 10,519-21, 10,553-5, 10,598-60b.

Increase of taxation in India since the fall in the value of the rupee began, 10,443-4.

Criticism of proposals for reduction of expenditure of the Government of India, 10,446-58, 10,607-9.

Interest of the Government of India, and of the official classes, in stability of exchange, 10,459, 10,461, 10,512-8.

Stability of exchange necessary for the attraction of private capital to India, 10,459, 10,487-91, 10,546-50.

Condition of the Indian tea-planting industry, 10,462-75, 10,530-44, 10,560-1.

Condition of the indigo trade, 10,562-4

Suitability of rate of *1s. 4d.* for the rupee, 10,476-83, 10,565-75, 10,580.

Alleged difficulties in the way of the introduction of a gold currency into India, 10,402, 10,484-6

Alleged effect of low exchange in stimulating the growth of non-food crops in Bengal in preference to food crops, 10,490, 10,556, 10,559-61, 10,581-3, 10,622-3

Illicit coinage, 10,492-3, 10,614-8

Movements of prices and wages in India, 10,501-3, 10,508-11, 10,545, 10,537-8, 10,619-21, 10,626-7

Movements of capital to, and from, India, 10,460-1, 10,546-52

Effect of falling exchange on export trade, 10,611-3

MR ROMESH C. DUTT, C.I.E.

Was in the Indian Civil Service from 1871 to 1897, 10,628-33

Effects of the currency policy of the Government of India —

- (1.) Increase in the real burden of taxation owing to the appreciation of the rupee, 10,638-42, 10,660-70, 10,691, 10,761, 10,885-911
- (2.) Increase of the indebtedness of the agricultural classes, 10,674-8, 10,680-90.
- (3.) Fall in the rupee price of silver ornaments, 10,632-8, 10,618-20, 10,824-30, 10,841-58, 10,865-76, 11,005-9.
- (4.) Increase in the real burden of the rupee debt of the Government of India, 10,699-702.
- (5.) Increase in the real value of official salaries, 10,703-6.
- (6.) Injury to trade and manufactures of India, 10,707-9, 10,791-6

As exchange falls, the revenue of Government, as measured in rupees, increases, 10,643-7, 10,649-50, 10,652-3, 10,659, 10,664-8, 10,672-3, 10,912-40, 11,019-26.

The Government would be justified in raising the salt duty and the excise duty, because the yield of these taxes does not increase automatically with the fall in exchange, 10,656-9

Effect of variations in exchange on prices and wages in India, 10,646, 10,648-55, 10,668-70, 10,679, 10,859-64, 10,943-69.

Hoarding of rupees and of uncoined silver, 10,694, 10,853-8, 10,878-84

Remedies for the financial difficulties caused by the fall in exchange —

Increased employment of native officials, 10,710-3, 10,983-11,004.

People of India should be consulted by Government on financial questions, 10,727, 10,769-70.

Reduction of India's sterling obligations, 10,714-27.

Witness is in favour of letting the rupee fall to its bullion value, because the additional charges that would be incurred could be met from the automatic increase in the revenue of the Government and by more economical administration, 10,747-8, 10,767-8

Proposed temporary borrowing to meet charges of external debt, 10,764-6

Criticism of railway policy of Government of India, 10,728-42, 10,799-805, 10,971-80.

Possibility of raising railway rates, 10,751-60.

Gold standard not desired by the producing and cultivating population of India, 10,832-5

Feeling in India as to present inquiry, 10,774-90

Price of silver and cost of production, 10,806-17.

Illicit coinage, 10,817.

RIGHT HON. SIR JOHN LUBBOCK, BART, MP.

Is Chairman of the London Bankers, and President of the Central Association of Bankers; and a member of the International Currency Commission and of the Gold and Silver Commission, 11,027-9.

Was not in favour of the closing of the Indian mints, 11,030-1, 11,138-41, 11,153.

Temporary borrowing would have been preferable to closing the mints, 11,077

A gold standard is impossible without a gold currency, 11,033, 11,035, 11,041-2, 11,100, 11,102, 11,109

Gold currency unsuitable for India, 11,032, 11,040, 11,106-7

A currency of which a portion is gold and the larger portion is silver, cannot be rightly described as a gold currency, 11,033, 11,109, 11,136-7, 11,212.

France and Canada have not a gold standard, but an exchange standard, 11,034, 11,036-8, 11,110-4

India has at the present time an exchange standard, 11,043

Definition of "exchange standard," 11,048

Disadvantages of an exchange standard, 11,049, 11,130.

Desirability of altering the present currency arrangements of India, 11,095-7, 11,144.

Criticism of the proposals made by the Government of India, 11,097-8.

Criticism of Mr. A. M. Lindsay's proposals, 11,099

It would not be wise for the Government of India to undertake to give gold for rupees, unless after a very great reduction of the volume of the rupee currency, 11,117-33, 11,165-77.

The rate of *1s. 4d.* for the rupee can probably be maintained without recourse to extreme measures, 11,217-8.

Having regard to present conditions, witness is in favour of maintaining the value of the rupee by the imposition of a heavier import duty on silver, of a fixed amount per ounce, 11,055, 11,057-8, 11,153-62, 11,196-7, 11,203-8

Effects of this policy:—

Increased revenue, 11,055, 11,159

Increased demand for Council bills, 11,055, 11,192.

Rise in rupee price of silver; diminution of difference between value of rupee and value of same weight of uncoined silver, divergence between value of silver in India and outside India, 11,055, 11,059-65, 11,068-70, 11,162-4, 11,190-1.

Re-opening of mints —

With a heavy import duty on silver and a seignorage, it might ultimately be possible to re-open the mints, 11,056, 11,084, 11,142, 11,154-7, 11,202.

Effect on price of silver of re-opening the mints, 11,064-94, 11,155-7, 11,190-2.

With open mints, under the conditions proposed, the rupee would fluctuate much more closely with silver than it does at present, 11,185-9, 11,198-9

A stable exchange is desirable, but its importance has been exaggerated, 11,050, 11,071, 11,186

Suggestions as to land revenue, 11,078-80, 11,149-51

Effect of fall in exchange on sterling and rupee obligations of Government of India, 11,081-3

Railway policy of Government of India, 11,095, 11,219

MR HENRY BOIS.

Resided in Ceylon for nearly 40 years, and was a member of the Legislative Council and Chairman of the Chamber of Commerce of Ceylon, 11,234-7, 11,261.

Agrees with the evidence given by Mr T. N. Christie, so far as it relates to matters of fact, but does not agree with all Mr Christie's opinions and suggestions, 11,235-9.

Witness is in favour of the re-opening of the mints to silver, 11,280-1

If the mints were re-opened a duty on exports would be a better means of providing the additional revenue required by the Government than an import duty on silver and a seignorage as proposed by Mr Christie, 11,243-54, 11,296

Although India and Ceylon have hitherto benefited from a low exchange, that benefit would be lost if the rupee were to depreciate relatively to food, labour, and commodities generally, 11,240-1

Effect on the Ceylon tea industry of the maintenance of exchange at *1s. 4d.*, 11,255-6, 11,292-3, 11,302-3

Importance of the tea industry to Ceylon, 11,261-8

Fall in price of tea due to increased production, 11,294-5

Mr. HENRY BOIS—*cont.*

Loss and gain to various classes and interests arising from fall in exchange, 11,260, 11,272-3, 11,276-7, 11,329-31, 11,334-7.
 Effect of high and low exchange on movements of capital, 11,272-3.
 Rate of exchange that would have prevailed if the mints had not been closed, 11,274, 11,326-8.
 If the mints are not re-opened to silver, a gold standard might be established with the rupee at *1s. 2d.*, and this would probably be accepted in Ceylon as a fairly satisfactory solution of the currency question, 11,281-7.
 Method of establishing a gold standard in India and retaining the rupee as the chief circulating medium, 11,287, 11,289-91, 11,306-24.
 Advantages of a gold standard, 11,304-5.
 Amount of gold required for the establishment of a gold standard in India, 11,287.

Mr. HORACE SEYMOUR, C.B.

Is deputy master of the Royal Mint, 11,338-9.
 History of the adoption of the gold standard, with token currency of silver and bronze, in England, 11,340-80, 11,449-62.
 Value of silver coinage in relation to gold is fixed by proclamation, 11,353.
 Proportion of intrinsic to circulating value of English silver coins, 11,377.
 Silver coins issued under the authority of the Chancellor of the Exchequer, at the request of the Banks of England, Scotland, and Ireland, 11,368-74, 11,436-7.
 Profit on the coinage of silver goes to the Government, 11,375-8, 11,438-46.
 Any loss resulting from over-issue of silver would be borne by the banks, 11,378-9, 11,513-5.
 Estimate of active circulation in the United Kingdom—gold, 68,000,000*l.*; silver, 23,000,000*l.*; bronze, 2,000,000*l.*, 11,383-410, 11,469-75.
 Principles by which the issue of token coins is regulated in foreign countries, 11,411-23.
 Circulation of five-Franc pieces in France, 11,420-3.
 Question whether value of token coins can be maintained by limitation of issue, apart from limitation in respect of illegal tender, 11,424-8, 11,491-2, 11,522-7.
 Decrease of illicit coinage in the United Kingdom in spite of fall in the value of silver, 11,430-5, 11,463-8.
 Difficulties in the way of illicit coinage, 11,510-2.
 Possibility of detecting illicit coins made of silver, 11,505-9, 11,517-8.

Mr. ROBERT BARCLAY.

Is a partner in firms established at Manchester, Buenos Ayres, and Monte Video; has large business relations with India; is President of the Manchester Chamber of Commerce, 11,523-32.
 Appears before the Committee mainly in order to support a resolution passed by the Manchester Chamber of Commerce in favour of re-opening the Indian mints to the coinage of silver, at a time and under conditions to be hereafter determined, 11,533-4, 11,580, 11,708-9, 11,739-49.
 Criticism of the policy of establishing a gold standard, as proposed by the Government of India:—
 Objection to a gold standard without a gold currency, 11,535.
 A gold standard with a gold currency could not be introduced, because a gold currency is unsuitable to India and would not be accepted by the people, 11,535-6, 11,624-5, 11,700-1, 11,719-20.
 Criticism of Mr. A. M. Lindsay's scheme:—
 Without unlimited convertibility of the rupee into gold, there would be no assurance that exchange would be kept at *1s. 4d.*; with unlimited convertibility the demand for gold might be so great as to cause the scheme to break down, 11,536-41.
 The Government of India and Mr. Lindsay aim at keeping up the rate of exchange, and ignore, to a large extent, the interests of the people of India, 11,541-3.
 The rate of exchange has been kept up in recent years by Government borrowings and by investment of capital in India, 11,537-40.
 The establishment of a steady rate of exchange would be advantageous to India, if it were brought about in such a way as to inspire confidence in its continuance, 11,574-7, 11,640.

Mr. ROBERT BARCLAY—*cont.*

The currency of India should be automatic, and should not be controlled by the Government with a view to the maintenance of the rate of exchange, 11,545, 11,548-9, 11,558, 11,560-5, 11,626-36, 11,657.
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Professor ALFRED MARSHALL.

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RIGHT HON. THE LORD FARRER.

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MR. JOHN MATHESON MACDONALD

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MAJOR LEONARD DARWIN.

Has written on bimetalism and on the Indian Currency question; is of opinion that under certain conditions bimetalism is the best currency system, but is in favour of a gold standard for India; is strongly opposed to the re-opening of the Indian mints to silver, 12,527-36.
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RIGHT HON. THE LORD ALDENHAM.

Has been Governor of the Bank of England; was a representative of the British Government at the International Monetary Conference of 1878; is President of the Bimetallic League, but does not give evidence as representing that body, 12,722-8.
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MR. HENRY DUNNING MACLEOD.

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RIGHT HON. LEONARD H. COURTNEY, M.P.

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