EXCHANGE FALLACIES EXPOSED

BEING

INDIA'S EXCHANGE PROBLEM

PART II.

BY

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NOTE.

This is a continuation of the series of articles on "Our Exchange Problem" that I have contributed to the "Chronicle", and of which the first part has already been published as "India's Exchange Problem." In this part I have taken up one by one and examined in detail the various arguments put forward in defence of Government Currency Policy. In doing so, I have thought it best to confine myself to an examination and criticism of the arguments advanced by Sir Basil Blackett in his speech introducing the Budget for 1925-26 to the exclusion of the views propounded by other protagonists of that policy. For, while the views of these critics might be considered to represent merely the personal and unauthorised opinions of more or less irresponsible outsiders, the able and exhaustive statement and defence of the policy of the Government of India on such an occasion by such an exalted functionary as the Finance Member must be taken as the considered and authoritative exposition of the policy of the Government itself, by its accredited and responsible representative and spokesman. It is solely from that view point that my criticisms in this second part have been formulated.

The attention of Manchester which is so largely interested in our Import Trade might be called to Chapter IX which will show why it is that in spite of four successive very favourable seasons and the enormous balances of trade in favour of India, the purchasing power of the Indian masses still remains at such a low ebb.

This chapter should interest our Indian Cotton Mills also, as it is these masses that are the principal customers of the Indian Mills. Our Mill-owners will also find on a perusal of chapter XV what it is that enables Japan to undersell them so heavily as it seems to be able to do to-day. They will then see that for them the question of Exchang is far more serious, far more vital than the Excise Duty on cloth, an we may then hope for active agitation on their part also for the righ Exchange policy.

The appointment of a Currency Commission has just been announce by the Viceroy in his speech on the 20th ultimo, inaugurating th present session of the Assembly at Simla. This Commission, it i understood, will start work first in England, and will probably not b taking evidence in this country till early in the New Year.

In the meantime, I have ventured to place this book before th public in the hope that it may help to a formulation of correct conclu sions on this important problem by all interested in the welfare of thi country, and its immense agricultural population.

B. F. Madon.

Bombay, 15th September, 1925.

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