

OUR STERLING BALANCES

By

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Prof. C. N. Vakil

One of the most controversial problems facing the country in the economic sphere at present is that of the settlement of our Sterling Balances. Negotiations for this were started some time ago when a British Delegation came to the country and had discussions with the representatives of the Government of India at New Delhi. These were known as exploratory talks. Further negotiations at a high level are due to take place in the near future in London.

Though a good deal of literature has been published on the subject, there is room for a simple exposition of the problem in all its bearings so that the layman can understand its significance with ease. By reviewing briefly the background of the problem in which he explains the way in which India was made to pay for Imperial policy in the past and by discussing the true nature of the Sterling Balances in all its aspects, Prof. Vakil makes out a convincing case for their repayment at an early date. He also proposes a scheme for the settlement of the Sterling Balances which differs in several important respects from suggestions hitherto made in this connection. It is hoped that this scheme will serve as a basis of discussion among those interested, and that the Handbook will stimulate interest in this vital problem.

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EDITOR'S PREFACE

The object of these handbooks is to present in a simple manner different economic problems relating to India as well as others in which India is likely to be interested. The Series will aim at covering the entire range of economic problems in course of time. Special attention will be given as far as possible to current topics. The treatment will be scientific, and each handbook will be written by a person who has specialised in the particular subject and will, therefore, be authoritative. The exposition will be such that it may be easy for the layman to understand the problem. The Series will thus stimulate interest in the complex and changing economic problems of the country and promote better understanding of the same. The need for an intelligent appreciation of such problems by the public under the new political conditions in the country is obvious, and it is hoped that this Series will supply the want.

In the present handbook, material from my former publications, "Financial Developments in Modern India, 1924" and "Financial Burden of the War on India, 1943" has been freely drawn upon. Statistical data have been taken from the Reports on Currency and Finance issued by the Reserve Bank of India, and Budgets of the Government of India, unless otherwise specified.

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and Sociology,
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28th April 1947.

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NOTE

This book was in the press when the recent statement of Dr. Dalton, the British Chancellor of the Exchequer, in favour of scaling down of sterling debts of the U.K. was made and was supported by the British Premier to the effect that this was the official British policy. Though this was not known at the time of writing, a suitable reply to this attitude will be found in the book in appropriate places. In fact, the object of the book is to refute this attitude, which if enforced will result in a situation similar to that created by Germany in occupied countries.

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