

STUDIES IN INDIAN CURRENCY AND EXCHANGE

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PREFACE

This book of studies in Indian currency and exchange is based largely upon lectures delivered to University students on Indian currency problems during the period 1921-7. In addition to new matter, it contains in a revised form most of my contributions on this subject which have appeared in the second part of the first edition of my *Indian Currency and Exchange* published in 1925, in my evidence before the Hilton Young Commission and in *Some Aspects of the Indian Currency Problem* published in 1927. It is much more advanced in treatment than my *Indian Currency, Banking and Exchange* published in 1929, to which it is intended to be a companion volume.

The main suggestions I made for the reform of the Indian currency system in the first edition of *Indian Currency and Exchange* and in my evidence before the Hilton Young Commission—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 this combined reserve in India, the accumulation of a large gold holding in the reserves, and the creation of a central bank to assume control of both currency and credit—have all been approved. On one important issue, namely the question of stabilizing the gold value of the rupee, the recommendations of the Commission ran counter to the course I suggested; but as a dispassionate study of the last chapter in this volume will show, 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.

Some of the currency and exchange problems still continue to be the subject of bitter controversies among Indian publicists and it is not possible for any writer, however impartial, to expect that his views on controversial questions will be accepted in their entirety by every school of thought in the country. The Indian currency system is not an easy subject to master and the inherent difficulties of the subject are greatly increased by controversies in which leading publicists and economists often take opposite sides and bewilder the layman by their special pleadings and even personal differences. I have attempted to the best of my ability to state as fairly as possible the other side of the case in each controversial issue, and I hope that the Indian publicist as well as the general reader will find this volume a useful guide through the maze of never-ending, and sometimes unedifying, currency controversies.

H. L. CHABLANI

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