16th March 1927

THE

LEGISLATIVE ASSEMBLY DEBATES

(Official Report)

Volume III

(15th March to 28th March, 1927)

FIRST SESSION

OF THE

THIRD LEGISLATIVE ASSEMBLY, 1927

DELHI
GOVERNMENT OF INDIA PRESS
1927

Legislative Assembly.

The President:

THE HONOURABLE MR. V. J. PATEL.

Deputy President:

MAULVI MUHAMMAD YAKUB, M.L.A.

Panel of Chairmen:

MR. M. A. JINNAH, M.L.A.
THE REVD. DR. E. M. MACPHAIL, M.L.A.
MR. M. R. JAYAKAR, M.L.A.
MR. K. C. NEOGY, M.L.A.

Secretary:

MR. L. GRAHAM, C.I.E., M.L.A.

Assistants of the Secretary:

MR. W. T. M. WRIGHT, C.I.E., I.C.S.
MR. S. C. GUPTA, BAR.-AT-LAW.
MR. G. H. SPENCE, I.C.S.

Marshal:

CAPTAIN SURAJ SINGH, BAHADUR, I.O.M.

Committee on Public Petitions:

MAULVI MUHAMMAD YAKUB, M.L.A., *Chairman.*
MR. K. C. NEOGY, M.L.A.
MR. JAMNADAS M. MEHTA, M.L.A.
LIEUT.-COLONEL H. A. J. GIDNEY, M.L.A.
MR. C. DURAISWAMY AIYANGAR, M.L.A.

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LEGISLATIVE ASSEMBLY.

Wednesday, 16th March, 1927.

The Assembly met in the Assembly Chamber of the Council House, at Eleven of the Clock, Mr. President in the Chair.

QUESTIONS AND ANSWERS.

DEPRESSION IN THE COAL TRADE IN BIHAR AND ORISSA.

967. ***Mr. Siddheswar Sinha:** (a) Are Government aware of the serious
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ERRATUM.

In **L. A. Debates, Vol. IX, No. 34, p. 2081, para. 2, line 1,** *for* **" Lala Lajpat Rai "** *read* **" Diwan Chaman Lall ".**

The Honourable Sir Charles Innes: (a)—(d) I am sorry that the information at my disposal does not enable me to go into as much detail as the Honourable Member desires, but if the Honourable Member wants fully to study the position of the Indian coal trade, I recommend him to read the report of the Indian Coal Committee, the report of the Tariff Board on Coal and the pamphlet entitled "Indian Coal Statistics, 1925," which was published as a supplement to the Indian Trade Journal of December 23, 1926, and which will be found in the Library. I am aware, of course, that the Indian coal trade complains of depression not only in Bihar and Orissa and elsewhere, and that a certain number of collieries have closed down. But the output of the Jharia field, the most important field in Bihar and Orissa, remained more or less constant in 1923, 1924 and 1925, nor have I any reason to believe that there was any serious decrease in 1926. In 1923 the output was 10,346,000 tons. In 1925 it was 10,677,000 tons.

(e) The two reports referred to above indicate that the position of the coal trade has been constantly under review. The most important measures taken on these reports have been the establishment of the Coal Grading Board, the grant of an increased rebate on graded export coal and the reduction of long distance railway freights on coal.

MEMORIAL OF MR. S. H. COUNSELL, LATE DEPUTY MAGISTRATE OF BENGAL.

968. ***Lieut.-Colonel H. A. J. Gidney:** (a) Will the Honourable Member be pleased to state whether he received a memorial from Mr. S. H.

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QUESTIONS AND ANSWERS.

DEPRESSION IN THE COAL TRADE IN BIHAR AND ORISSA.

967. ***Mr. Siddheswar Sinha:** (*a*) Are Government aware of the serious depression of the coal trade in the province of Bihar and Orissa?

(*b*) Is it a fact that some coal companies have been closed in the Jharia coalfields on account of such depression? If so, will the Government be pleased to state their number?

(*c*) Is it a fact that the output of many other coal companies in the same coalfield has considerably decreased in the last three years?

(*d*) If the reply to the aforesaid question be in the affirmative, will Government be pleased to give a statement of the output of such companies for the last three years?

(*e*) Will Government be pleased to state what action they have taken or intend to take to give relief to and to protect the coal trade?

The Honourable Sir Charles Innes: (*a*)—(*d*) I am sorry that the information at my disposal does not enable me to go into as much detail as the Honourable Member desires, but if the Honourable Member wants fully to study the position of the Indian coal trade, I recommend him to read the report of the Indian Coal Committee, the report of the Tariff Board on Coal and the pamphlet entitled "Indian Coal Statistics, 1925," which was published as a supplement to the Indian Trade Journal of December 23, 1926, and which will be found in the Library. I am aware, of course, that the Indian coal trade complains of depression not only in Bihar and Orissa and elsewhere, and that a certain number of collieries have closed down. But the output of the Jharia field, the most important field in Bihar and Orissa, remained more or less constant in 1923, 1924 and 1925, nor have I any reason to believe that there was any serious decrease in 1926. In 1923 the output was 10,346,000 tons. In 1925 it was 10,677,000 tons.

(*e*) The two reports referred to above indicate that the position of the coal trade has been constantly under review. The most important measures taken on these reports have been the establishment of the Coal Grading Board, the grant of an increased rebate on graded export coal and the reduction of long distance railway freights on coal.

MEMORIAL OF MR. S. H. COUNSELL, LATE DEPUTY MAGISTRATE OF BENGAL.

968. ***Lieut.-Colonel H. A. J. Gidney:** (*a*) Will the Honourable Member be pleased to state whether he received a memorial from Mr. S. H.

A

Counsell, late Deputy Magistrate of Bengal, addressed to the Secretary of State for India, and, if so, whether it is a fact that his memorial has been withheld?

(*b*) If the answer to part (*a*) is in the affirmative, will Government please state whether Rule XXIX of the Rules published in the Notification by the Government of India Home Department No. F.-472, dated the 21st June, 1924, entitles Mr. Counsell to claim that his memorial be sent on to the Secretary of State for India and not withheld?

(*c*) If the answer is in the affirmative, do Government propose to forward Mr. Counsell's memorial to the Secretary of State for India for any action he may consider necessary?

Mr. J. M. Dunnett: (*a*) The answer is in the affirmative.

(*b*) Rule XXIX does not apply.

(*c*) The question does not arise.

Lieut.-Colonel H. A. J. Gidney: Will the Honourable Member please tell me whether he has received a subsequent letter from me about four days ago admitting a misquotation of authority for action and asking for a substitution? I sent it about four days ago and I thought he might have received it.

Mr. J. M. Dunnett: I regret that I have not seen any correspondence of that nature.

FORFEITURE OF THE GRATUITY OF BABU SURENDRA NATH DUTT, HEAD PAY CLERK, JAMALPUR, DISCHARGED FROM SERVICE FOR SLACK SUPERVISION.

969. ***Lieut.-Colonel H. A. J. Gidney:** 1. In connection with certain deficiencies traced in the accounts of Assistant Pay Clerks N. N. Bose and H. C. Bannerjee of the East Indian Railway, Jamalpur, on the 15th November, 1923, will Government be pleased to state the reasons for forfeiting the gratuity of Babu Surendra Nath Dutt, the Head Pay Clerk of that station who, as a result of the investigation following the discovery of the defalcation, was discharged from service for slack supervision?

2. Are Government aware that in a previous case which occurred, *viz.*, Babu Hari Sadhan Mukerjee, the then Head Pay Clerk, Jamalpur, on a similar defalcation being detected in the accounts of Assistant Pay Clerk Narain Chandra Ganguli, was permitted to continue in the service and eventually retire receiving his gratuity in full?

3. Are Government also aware that in another case of defalcation of accounts of Assistant Pay Clerks, the Head Pay Clerk, Babu Binod Goswami, was permitted to retire from service with his gratuity?

4. If the answer to questions 2 and 3 are in the affirmative, will Government be pleased to state, why in the case of Babu Surendra Nath Dutt, a novel method of procedure was resorted to?

5. Do Government propose to look into the case of Babu Surendra Nath Dutt?

Mr. A. A. L. Parsons: I have no information about the facts alleged. No appeal has been received from the man referred to in Part I of the question.

Lieut.-Colonel H. A. J. Gidney: Will the Honourable Member make enquiries into this matter?

Mr. A. A. L. Parsons: No. The man had his right of appeal.

Sir Hari Singh Gour: May I put Question No. 970 on behalf of Sardar Gulab Singh?

Nawab Sir Sahibzada Abdul Qaiyum: On a point of order, Sir. Has the Honourable Member got Sardar Gulab Singh's permission?

Some Honourable Members: Under the rules it is not necessary.

Mr. President: Sir Hari Singh Gour.

Sir Hari Singh Gour: Question No. 970.

VISITORS' ROOMS IN THE COUNCIL HOUSE, NEW DELHI, AND THE ASSEMBLY CHAMBER, SIMLA.

970. **Sir Hari Singh Gour** (on behalf of Sardar Gulab Singh): (*a*) Is it a fact that waiting rooms for visitors have been provided in almost all the Departments in the New Secretariat at New Delhi?

(*b*) If so, why has the New Parliamentary building not been provided with such visitors' rooms for the respective Chambers to avoid inconvenience to the visitors desiring to see the Members of the different Houses?

(*c*) Has any room been set apart for such a purpose in the Assembly Chamber in Simla? If not, when do the Government propose to do so?

Mr. L. Graham: (*a*) Yes.

(*b*) Room No. 38 in the Council House has been reserved as the room where Members of both Houses can receive visitors. As the furniture and fittings for this room are not yet ready, sofas have been placed all round the octagonal halls on either side of both Chambers for the use of visitors as a temporary measure.

(*c*) There is no room available in the Assembly Chamber at Simla which could be allotted as a room for visitors waiting to see Members, but chairs are placed near the Notice Office for their convenience.

Sir Hari Singh Gour: May I enquire if the Government propose to appoint a small Committee of the non-official and official Members of this House with a view to examine the accommodation which is necessary here in Delhi in order to ensure the further convenience of Members both in the Chamber and the waiting rooms?

Mr. K. Ahmed: In view of the fact, Sir, that you, Mr. President, are the sole proprietor of this building (Laughter), the matter is in your hands and not one for the Government to answer.

Mr. L. Graham: I find myself for once in full agreement with my Honourable friend, Mr. Kabeerud-Din Ahmed.

Lieut.-Colonel H. A. J. Gidney: In view of the narrow escape of His Excellency the Commander-in-Chief in this House yesterday from a falling brick, will the Honourable Member kindly tell us when he proposes to repair the roof of this House? I would also draw his immediate attention to another loose brick at a dangerous angle just above the seat of the Leader of the Swarajist Party.

Mr. L. Graham: Does the Honourable Member suggest that it is my duty?

Lieut.-Colonel H. A. J. Gidney: Yes, I believe it is.

Mr. L. Graham: I differ from the Honourable Member.

Mr. President: I think I should suggest to the Honourable Sir Bhupendra Nath Mitra to reply to that question.

The Honourable Sir Bhupendra Nath Mitra: I have alrealy arranged that the roof of this Chamber should be examined by the expert Engineers to-morrow and the day after, taking advantage of the holidays.

Lieut.-Colonel H. A. J. Gidney: May I point out the dangerous condition of the roof in other parts of the Chamber (pointing to the portion of the roof just above the Swarajist Benches.) (Laughter.)

Sir Hari Singh Gour: May I enquire whether the experts who will examine this building have anything to do with the experts who built it?

The Honourable Sir Bhupendra Nath Mitra: The expert who will examine this building is the Chief Engineer. He did not personally take any part in the construction of the building.

Sir Hari Singh Gour: Was he not supervising the construction of the building?

The Honourable Sir Bhupendra Nath Mitra: The Chief Engineer does exercise a certain amount of supervision over all the engineers who are engaged in construction work.

Mr. B. Das: Is the Honourable Member aware that there is faulty construction in every part of this building? If the Honourable Member will kindly walk round the corridors of the first floor and the second floor, he will find several cracks, especially lateral cracks, along the arched roofs.

The Honourable Sir Bhupendra Nath Mitra: That is a question of opinion. (Laughter.) I have already asked my Honourable friend, who is an engineer himself, to come and meet me to-morrow when I shall go into the whole thing with my Chief Engineer.

Sir Hari Singh Gour: Is the dropping of bricks also a matter of opinion? (Laughter).

The Honourable Sir Bhupendra Nath Mitra: I was replying to a specific question put by my Honourable friend, Mr. Das, which had nothing to do with the dropping of bricks.

Mr. Ram Narayan Singh: Do the Government propose to take steps against the contractor and the engineers in charge of this building?

The Honourable Sir Bhupendra Nath Mitra: I did not catch what the Honourable Member said.

Mr. Ram Narayan Singh: Do the Government propose to take any steps against the contractor and the officers in charge of the construction of this building?

The Honourable Sir Bhupendra Nath Mitra: That stage has not yet been reached. First of all, we have to hold an examination and an enquiry as to how this damage occurred.

Lala Lajpat Rai: Then it will go to the Secretary of State!

Sir Hari Singh Gour: May I ask if that stage will be reached if a more serious mishap happens in this House?

The Honourable Sir Bhupendra Nath Mitra: That does not follow out of my answer to the previous question.

Mr. H. G. Cocke: May I ask the Honourabe Member whether his attention has been called to the incessant banging of doors in this building and whether this banging has anything to do with the loosening of the tiles? (Laughter.)

The Honourable Sir Bhupendra Nath Mitra: Not being an engineer myself, I cannot give a definite reply to my Honourable friend's question.

Mr. K. V. Rangaswami Ayyangar: Is it a fact that on account of excessive sound in the House the sound-absorbing tiles fall down? (Laughter).

The Honourable Sir Bhupendra Nath Mitra: That may be so, but not being an expert, again I cannot give a definite reply to my Honourable friend's question. If the implication is that that tile fell down owing to too much noise in this House during the past few days, well, that may be so, but I do not know.

Mr. President: With regard to a supplementary question by Sir Hari Singh Gour on the subject of accommodation and convenience for Honourable Members in Delhi, I would suggest to the Leaders of Parties to meet me in my room in order to discuss the question of the appointment of a House Committee for the purpose.

Separate Establishment for the Legislative Assembly.

971. ***Sir Hari Singh Gour** (on behalf of Sardar Gulab Singh): When do Government intend to create a separate establishment for the office of the President of the Legislative Assembly, and how much extra expenditure would it involve?

Mr. L. Graham: Government are not contemplating the early creation of a separate establishment for the Legislative Assembly. I am not in a position to estimate the amount of extra expenditure involved, as this would depend in part on the extent and method of the separation of the Assembly staff from the staff of the Legislative Department.

Sir Hari Singh Gour: Is the Honourable Member aware that this question has been agitating the Members of this House ever since the first Assembly?

Mr. L. Graham: I may remind the Honourable Member that he might have put down a cut in the grant but he did not do so.

Sir Hari Singh Gour: That is not an answer to my question. I want an answer to my question. Is it not a fact that Members of this House have been agitating for a separate establishment ever since the first Assembly?

Mr. L. Graham: I think, Sir, my answer indicates the feelings of Members of this House. If they did not put down a cut, I presume they are not deeply anxious about it.

Sir Hari Singh Gour: My question has not been answered. I repeat it once more. Is it or is it not a fact that ever since the creation of the Indian Legislative Assembly Members have been asking for a separate establishment and the Legislative Department have given assurances that the matter would be considered but that there were financial considerations which stood in the way in 1921, 1922 and 1923, which prevented Government from giving effect to the suggestions made by the House?

Mr. L. Graham: The Honourable Member knows the answer better than I do. He has been in the House all the time and I have not.

Sir Hari Singh Gour: May I ask the Honourable Member whether he will reconsider the suggestion made on this side of the House that the Legislative Assembly must have an office of its own?

Mr. L. Graham: That has been considered and will be considered.

Mr. President: I may inform the Honourable Member that this is not a question with which I should remain unconcerned. As President of the Assembly I feel it more keenly than any other Member of this House that the matter should be settled as early as possible. The question is under my consideration for some time past and whatever may ultimately be the decision of the Government in the matter, I have decided to prepare and submit a scheme to them for the separation of the office of the Assembly from the Department. It is only a question of time.

ORDER OF THE POSTMASTER-GENERAL, PUNJAB AND NORTH-WEST FRONTIER PROVINCE, REGARDING THE FILLING OF ALL FUTURE VACANCIES BY MUHAMMADANS.

972. ***Sir Hari Singh Gour** (on behalf of Sardar Gulab Singh): (*a*) With reference to the answer to starred question No. 513, dated the 18th February, 1927, will Government please state if it is a fact that the Postmaster-General, Punjab and North-West Frontier Province, some time ago issued a general order to all the officers under him and for his own office that all future vacancies should go to Muhammadans only? If so, will they place a copy of that order on the table?

(*b*) Was due regard given for Sikh representation in that order? If not, why not?

(*c*) If so, to show that due regard was given will Government please state how many vacancies in his office and the Deputy Postmaster-General, Railway Mail Service, Ambala, since 1924 (April) occurred and how many of them were given to Sikhs and how many to Muhammadans?

(*d*) Do Government propose to increase the recruitment of Sikhs in all future vacancies in all the Post Offices and other offices under the Postmaster-General, Punjab?

The Honourable Sir Bhupendra Nath Mitra: (a) The reply is in the negative.

(b) and (c). Do not arise.

(d) There are no restrictions of any kind on the recruitment of Sikhs for the postal service under the Postmaster-General, Punjab and N. W. F. In this connection the Honourable Member's attention is invited to the Resolution moved by Mr. K. N. Nayar and adopted by the Legislative Assembly on the 10th March 1923 regarding recruitment for the services under the Central Government.

SUPPLY TO THE SECRETARY OF STATE OF A REPORT OF THE PROCEEDINGS OF THE CONFERENCE OF THE PROVINCIAL MINISTERS OF EXCISE, HELD AT SIMLA.

973. ***Khan Bahadur Sarfaraz Hussain Khan:** With reference to Earl Winterton's reply in the House of Commons in November, 1926, to Colonel Day, that the Secretary of State had not received the report of the Proceedings of the Conference of the Ministers of Excise from the various provinces held at Simla, will Government please state:

(a) if they have sent the report of the Proceedings referred to above to the Secretary of State?

(b) if they have come to any decision as to the measures to be adopted for the reduction of the opium consumption in India? If so, what?

(c) if they have not yet decided on the question, when do they propose to do so, and what are the difficulties in its way?

The Honourable Sir Basil Blackett: (a) Yes.

(b) and (c). The Honourable Member's attention is invited to the Government's Resolution No. 4, dated the 17th June 1926, which contains a complete statement of their internal policy in regard to Opium. I would remind the Honourable Member that matters relating to the consumption of opium in the Provinces are a provincial and transferred subject.

ARTICLE IN THE *SEARCHLIGHT* OF DECEMBER 19, 1926, HEADED "POLL-TAX ON SONEPORE BRIDGE".

974. ***Khan Bahadur Sarfaraz Hussain Khan:** With reference to an article by Mr. Gaya Prasad Singh, M.L.A., appearing in the *Searchlight's* issue of December 19th, 1926, under the heading "Poll Tax on Sonepur Bridge", will Government please state how the matter referred to in the said article stands at present?

Mr. A. A. L. Parsons: The Government have not seen the article referred to.

ARTICLE IN THE *FORWARD* OF DECEMBER 23RD, 1926, HEADED "MR. SAKLATWALA AND INDIA OFFICE".

975. ***Khan Bahadur Sarfaraz Hussain Khan:** (a) With reference to an article published in the *Forward's* issue of December 23rd, under the heading "Mr. Saklatwala and India Office", will Government be pleased to state if the matters reported are partially or wholly true?

(b) Has the matter been referred to them and have they given any reply?

(c) If they have given a reply would they please place it on the table for the information of the House?

Mr. J. M. Dunnett: Government have seen the article referred to. The Government of India are not aware whether the article correctly reproduces Mr. Saklatwala's communications.

SEPARATION OF JUDICIAL AND EXECUTIVE FUNCTIONS.

976. ***Khan Bahadur Sarfaraz Hussain Khan:** Have Government received any proposal from any Local Government with regard to the separation of judicial and the executive functions, and if so, what action have they taken thereon?

Mr. J. M. Dunnett: Proposals have been received from the Governments of Madras, Bengal, the United Provinces and Bihar and Orissa, which are being examined by the Government of India.

ABOLITION OF THE EXISTING EXEMPTION OF AGRICULTURAL INCOME FROM LIABILITY TO INCOME-TAX.

977. ***Khan Bahadur Sarfaraz Hussain Khan:** (a) Will Government please state whether the question of abolishing the existing exemption of agricultural income from liability to income-tax is under consideration, or finally abandoned?

(b) Have Government made any estimate as to what would be the probable increase in each province if the exemption is abolished?

The Honourable Sir Basil Blackett: (a) The Government are not considering this subject at present.

(b) The answer is in the negative.

TRAINING OF INDIANS AS WIRELESS OPERATORS.

978. ***Khan Bahadur Sarfaraz Hussain Khan:** Will Government please state what progress has been made as regards the preparation of a scheme for the training of Indians as wireless operators?

The Honourable Sir Bhupendra Nath Mitra: The Honourable Member is referred to the information given to the House on the 4th March, 1927, in reply to part (c) of starred question No. 719. Future recruitment of operators for wireless is now receiving my personal attention.

LETTER IN THE *FORWARD* OF THE 26TH DECEMBER, 1926, HEADED "PASSENGER ILL-TREATED".

979. ***Khan Bahadur Sarfaraz Hussain Khan:** (a) Will Government please state if their attention has been drawn to a letter published in the issue of the *Forward*, dated the 26th December, 1926, under the heading "Passenger Ill-Treated"?

(b) Are the facts stated therein true?

(c) If so, what action has been taken against the ticket collectors referred to therein?

Mr. A. A. L. Parsons: (*a*) Yes.

(*b*) and (*c*). Government have no information. The matter has apparently been reported to the police.

CANTEEN SERVICE FOR BRITISH TROOPS IN INDIA.

980. ***Khan Bahadur Sarfaraz Hussain Khan:** (*a*) Will Government be pleased to state if they have come to any decision as a result of their recent inquiry on the condition of the Canteen Service for British troops in India?

(*b*) Do they propose to accept the proposals of the All-India Army Contractors' Association made in this connection?

Mr. G. M. Young: (*a*) and (*b*). The decision of Government was announced in a press communiqué, which was published on the 3rd February. I will supply the Honourable Member with a copy.

NUMBER OF MEETINGS OF THE STANDING ADVISORY COMMITTEE ATTACHED TO THE COMMERCE DEPARTMENT IN 1925 AND 1926.

981. ***Khan Bahadur Sarfaraz Hussain Khan:** (*a*) Will Government be pleased to state if it is a fact that not a single meeting of the Advisory Committee of the Department of Commerce was held in the years 1925 and 1926?

(*b*) If the answer to part (*a*) be in the affirmative, will they please state the reasons and if the reply be in the negative, will they please state the number of such meetings?

(*c*) Were any cases submitted to the said Committee? If so, what and how many?

The Honourable Sir Charles Innes: (*a*) Yes.

(*b*) As regards 1925, I refer the Honourable Member to the reply given to the Honourable Mr. Manmohandas Ramji in the Council of State on the 24th August, 1926. In 1926, the gentlemen nominated to be members did not all intimate their willingness to serve until two days before the end of the concluding Session of the last Legislative Assembly, and on its dissolution the panel for the Standing Committee elected by it automatically ceased to exist.

(*c*) Does not arise.

GOVERNMENT HOUSE, NEW DELHI.

982. ***Khan Bahadur Sarfaraz Hussain Khan:** (*a*) Will Government please state by what time the Government House in New Delhi is expected to be completed, and when His Excellency the Viceroy will move into it?

(*b*) How will the present Viceregal Lodge in Delhi be utilised when His Excellency the Viceroy removes to the Government House in New Delhi?

(*c*) What use is being made of the old Secretariat, and what will be its immediate future?

The Honourable Sir Bhupendra Nath Mitra: (*a*) The winter of 1929-30.

(*b*) No decision has yet been arrived at.

(c) To accommodate the offices of Army Headquarters, Accountant General, Posts and Telegraphs, Deputy Accountant General, Posts and Telegraphs. Commissioner, Northern India Salt Revenue, and other offices. The present arrangements are likely to continue for at least another year.

Sir Hari Singh Gour: With reference to the answer to part (c), will the Honourable Member consider the advisability of moving this Assembly back into the old Delhi Chamber, which is far more comfortable than the present building?

(*Certain other Members*: "No. No.").

The Honourable Sir Bhupendra Nath Mitra: The remarks which have already fallen from other Members of the House show that there is no unanimity on the subject.

CENTRAL HAJ COMMITTEE.

983. ***Khan Bahadur Sarfaraz Hussain Khan:** (a) Is it a fact that a Haj Committee was established under the presidency of Dr. Mian Sir Mohammad Shafi, the then Member of the Education Department of the Government of India?

(b) If so, is it still in existence, and if so, will the Government be pleased to state the number of its members with names, and the amount at the credit of the Committee at present?

Mr. J. W. Bhore: (a) Yes.

(b) No.

EXPENDITURE ON THE DESPATCH OF INDIAN TROOPS TO CHINA.

984. ***Mr. Chaman Lall:** (a) Has the attention of Government been drawn to the answer given in the House of Commons recently by Mr. Churchill to a question by Mr. Lansbury regarding the cost of sending Indian troops to China?

(b) Are Government aware that, contrary to statements made on the floor of this House, Mr. Churchill maintains that the question as to whether the cost is to be debited to Imperial revenues is being discussed with the Indian Government?

Mr. G. M. Young: (a) Government have seen Reuter's message on the subject.

(b) No, Sir, Mr. Churchill is reported as having said that the question had not been discussed with the Government of India. That is still the case. His Majesty's Government have not raised the question with the Government of India. I am sorry to be able at the moment only to give negative information on the subject; but I shall have positive information in a very few days.

Mr. President: When the Session is over?

Mr. G. M. Young: No, Sir, before the Session is over. If my Honourable friend will then put a question, and if you, Sir, will allow it, I shall be prepared to accept short notice.

Sir Hari Singh Gour: Will the Honourable Member be pleased to lay a statement or make a statement to the House without being questioned on the subject as soon as information is received.

Mr. G. M. Young: It is immaterial to me, and I should have thought that it would be immaterial to the House whether I make a statement in reply to a question, or without a question.

Mr. Chaman Lall: May I ask what information he is expecting? May I make myself quite clear? Will the Honourable Member tell me whether the reply given on the floor of this House was correct or incorrect?

Mr. G. M. Young: That seems to me to be two questions. As I have already said, I can only give negative information at present, but I shall be able to give positive information in a few days.

MOTION FOR THE ELECTION OF THE STANDING FINANCE COMMITTEE.

The Honourable Sir Basil Blackett (Finance Member): I move:

"That this Assembly do proceed to the election, for the financial year 1927-28, in such method as may be approved by the Honourable the President, of a Standing Finance Committee of the Assembly not exceeding fourteen in number to which shall be added a Member of the Assembly to be nominated by the Governor General. The Member so nominated shall be Chairman of the Committee."

The motion was adopted.

Mr. President: I may inform the Assembly that for the purposes of election to the Standing Finance Committee the Assembly office will be open to receive nominations up to 12 noon on Saturday, the 19th March, and the election, if necessary, will take place in this Chamber in accordance with the principle of proportional representation by means of the single transferable vote on Wednesday, the 23rd March.

THE CURRENCY BILL—*contd.*

Mr. President: The House will now resume further consideration of clause 2 of the Currency Bill. The question is:

"That clause 2 do stand part of the Bill."

Mr. Vidya Sagar Pandya (Madras: Indian Commerce): Sir, I rise to support the motion of my friend the Honourable Mr. Kelkar. Sir, in this land of plague and cholera a new epidemic . . . .

Mr. President: Order, order. Does the Honourable Member support the motion of Mr. Kelkar or does he wish to move his own?

Mr. Vidya Sagar Pandya: Well, Sir, in a way.

Mr. President: That is no reply. The House must know exactly whether the Honourable Member proposes to move his amendment or will content himself by supporting the amendment of Mr. Kelkar. If he wants to move his amendment he must say so.

Mr. Vidya Sagar Pandya: Then, Sir, I will move my amendment. I beg to move, Sir:

"That after clause 1 of the Bill the following new clause be inserted and the subsequent clauses be renumbered accordingly :—

' 2. (1) In the Indian Coinage Act, 1906, after section 3 the following new section be inserted and the subsequent sections be renumbered accordingly.

Gold Coinage.

' 4. (1) The following gold coins shall be coined at the Mint for issue under the authority of the Governor General in Council, namely :

(a) a gold mohur to be called the ' Sircar Mohur '.

(b) a half-mohur.'

(2) The standard weight of ' Sircar Mohurs ' shall be 123·27447 grains troy and its standard fineness shall be as follows, namely, eleven-twelfths or 113·0016 grains of fine gold and one-twelfth or 10·27317 grains of alloy.

(3) The other gold coins shall be of proportionate weight of the same fineness :

Provided that in the making of gold coins, a remedy shall be allowed of an amount not exceeding the following, namely :

	Remedy in weight.	Remedy in fineness.
Sircar Mohur	Five-thousandths.	Two-thousandths.
Half Mohur		

Dimensions and Designs.

(4) The Governor General in Council may, by notification in the Gazette of India,—

(a) direct the coining and issuing of all coins referred to in this section, and

(b) determine the dimensions of, and design for, such gold coins.

(5) Provisions regarding Diminished, Defaced and Counterfeit Coins referred to and contained in any of the sections numbers 16, 17, 18, 19 and 20 supplemental provisions referred to or contained in any of the sections 21, 22 and 23 for the silver or nickel coins shall apply in the same way to the Sircar Gold Mohurs and to the same extent as applicable to the coins referred to in those several and respective sections.

(6) Any person who tenders at any time to the Governor General in Council, at the office of the Master of the Mint or at the Imperial Bank of India at their Head Offices at Madras, Bombay and Calcutta or at any other place notified in this behalf by the Governor General in Council in the Gazette of India, fine gold and pays seigniorage to cover minting charges, according to a scale to be notified in the Government Gazette, shall be entitled to receive :

Sircar Mohurs or half-Mohurs proportionate to the gold tendered at the rate of 113·0016 grains of fine gold per Mohur and at the rate of 56·5008 grains of fine gold per half-Mohur respectively.

(7) The Sircar Mohur and half-Mohur shall be a full legal tender in payment or on account :

Provided that the coin—

(a) has not lost in weight so as to be more than ·05 per cent. below standard weight, and

(b) has not been defaced.

(8) The silver rupee specified in section 4 shall be a legal tender in payment or on account for any sum not exceeding one hundred rupees at the rate of (one-fifteenth) of a Sircar Mohur :

Provided that the above provisions shall not come into operation until such date as the Governor General in Council may direct in this behalf :

Provided also that such date shall not be later than 1st July, 1935.

(9) Notwithstanding anything contained in section 12 in the Indian Coinage Act, 1906, the Governor General in Council may, by notification in the Gazette of India, call in with effect from such date as may be specified in the notification, any silver coin of whatever date or denomination referred to in any of the sections 12 or sub-sections (*a*) and (*b*) of section 15 (*1*) of the Indian Coinage Act, 1906, *including the rupee and half-rupee* referred to in sub-section (*1*) of section 12, and on and from the date so specified such coin shall cease to be a legal tender save at a Government currency office :

Provided that such date shall not be later than 1st July, 1935 :

Provided also that such coin shall continue to be a legal tender also at Government treasuries until the expiring of such further period, not less than 24 months, as the Governor General in Council may fix by the notification '."

Sir, in this land of plague and cholera . . .

The Honourable Sir Basil Blackett (Finance Member): On a point of order, Sir. I desire to draw attention to two points in the amendment moved by the Honourable Member. The first is that in sub-section (2) (at the top of page 3 of the printed list), the total amount of fine gold *plus* the grains of alloy amounts to more than the total of the grains troy of the whole coin. I wish to know whether that is strictly in order. He will find that if the two are added together the alloy will make the coin larger than it is allowed to be by the rest of the clause. The second point is that it is proposed that the silver rupee shall be legal tender at the rate of one-fifteenth of the Sircar Mohur. That, Sir, I think is not in order in view of the decision that has been taken in clause 4 as regards the ratio.

Mr. President: With regard to the first point raised by the Honourable the Finance Member, all that I can say is that according to him the amendment is absurd. It is therefore not a point of order. It is for the Honourable Member to consider whether he should not make the necessary alteration in the amendment to meet the objection. With regard to the second point, the Honourable Member must substitute "three-fortieths" for "one-fifteenth" in his amendment.

Mr. Vidya Sagar Pandya: I accept that.

Mr. President: But what are the alterations?

Mr. Vidya Sagar Pandya: If I have made a mistake in the number of grains of alloy I will have the same amount of grains as there are in the sovereign.

Mr. President: But this must be done. The Honourable Member may, however, go on subject to correction later.

Mr. Vidya Sagar Pandya: Sir, the present Bill is the result of the last Royal Commission on Indian Exchange and Currency, though it is misnamed the Royal Commission on Indian Currency and Finance, for we know that under the terms of reference the Royal Commission was not asked to touch "finance". The object of the Bill under consideration is to give effect to certain recommendations which relate to the immediate stabilisation of the rupee in relation to gold and to the interim measures required during the transition period pending the bringing into operation of the proposals for the transfer of the control of the Indian note issue and other operations performed, at present, by the Secretary of State and the Government of India to another "East India Company" called the "Reserve Bank of India" under the major proprietorship and full partnership of the

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Imperial Bank of India. One of the Honourable Members in the discussion on this Bill congratulated the House that for the first time the octopus of the Secretary of State is going to release its hold on the finances and currency of this country, and as that matter will be dealt with in another Bill, I do not propose to dwell upon the subject of the Reserve Bank of India. The Commission in their Report, in paragraph 167, emphasise strongly that their recommendations in the Report should be regarded as a comprehensive whole and that "modifications of any of their integral parts involved danger of destroying their balance and so preventing the efficient and smooth working of the whole." If that is so, the Government should have brought all the three Bills together before this Legislative Assembly.

Before I proceed with the Bill, I may say a word regarding the appointment of the Royal Commission, for we can get some of the most mischievous proposals from such packed Royal Commissions only.

As has already been pointed out by the Honourable Pandit Madan Mohan Malaviya and the Honourable Mr. Jinnah, the Indian public had condemned the Royal Commission on account of its very unsatisfactory personnel. The question of constitution of the Commission was discussed in this House. Numerous protests were made throughout the country, and as the country's wishes were not complied with, the Commission was even boycotted on account of its very unsatisfactory composition. It was a fully packed Commission. But I must say that the Government made one mistake and deviated into sense and included Sir Purshotamdas Thakurdas and found a Tartar in him. But for him some of the disclosures now made in his masterly and valuable note of dissent would never have come to light. Though the authorities may regret their choice and the Government of India may have been warned to be more careful in selecting Indian members for packed Commissions in future, India must congratulate herself on having such a devoted, loyal, capable and true son to champion her cause. Sir Purshotamdas Thakurdas's valuable and masterly note will be ever green in the memory of his countrymen. He has rendered yeoman service to India, and we can never sufficiently thank him for it. But he should have laid equal stress on a Gold Standard and a Gold Currency.

Before I proceed to consider the recommendations of the packed Commission, I should say a word also about the evidences tendered before them. I do not know on what principles they proceeded to take evidence—I do not speak about the evidence having been taken in camera; no other Royal Commission has sat in Purdah—and on what grounds they have rejected half the evidence which is not even published. The Honourable the Finance Member told us that it was on the ground of economy. But several of the gentlemen whose evidence is not published have advocated a gold standard with gold coinage and currency. The gentlemen who took the trouble of submitting the statements were asked even to correct the proofs. Now we are told that the evidence was not published on the ground of economy, and the economy consists in saving only the striking charges and cost of paper!

Let us analyse the lists of those whose "selected" statements have been published and not published. Out of 70 witnesses whose evidence has been published by the Commission, no less than 20 were Professors of Economics, and the evidence of an equal number of Professors is not published.

The analysis of the list of those whose written statements have been published and who were orally examined is as under:

	Indians.	Europeans. In India.	Europeans. Abroad.
Professors of Economics	15	2	3
Barristers	2	...	...
Vakils	2	...	...
Brokers	3	1	...
Business men	4	...	1
Non-business man (a Member of this Assembly)	1	...	...
Bankers	2	1	6
Experts	...	...	2
Government officials	...	5	3
Chambers and Public Bodies	9	5	3
Total	38	14	18

An analysis of the list of those whose evidence has not been published is as under:

	European.	Indian.
Professors of Economics	1	18
Vakils	...	3
Brokers	1	1
Bankers	2	6
State official	...	1
Chambers and Public Bodies	2	10
Miscellaneous	4	14
Total	10	53

The evidence taken was neither full nor on any representative or intelligent basis. The few "selected" European and American witnesses have been given far too great an importance. The whole of India has only 91 Indian witnesses out of which the evidence of 53 is not published. Southern India went wholly unrepresented both on the Commission and consequently in the evidence. Owing to several unsatisfactory features both in the composition of the Commission and in the matter of selected evidence the packed Royal Commission has recommended what suits European interests best and the solid demand of almost all the Indians for a full gold standard with a gold currency and coinage and a free mint has been completely brushed aside. The packed Commission has not decided on the bulk of the evidence tendered but as they thought would suit European vested interests. Not only that, the practical scheme prepared by the Honourable the Finance Member, Sir Basil Blackett, and the Finance Department, with their knowledge and experience of India, as contained in the Finance Member's learned memoranda, has been adversely criticised and rejected. We appreciate the service of Sir Basil Blackett to India in putting the fundamental requirements of the currency system before this packed Commission. I am only sorry that he made such a complete somersault (Laughter) and gave

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up his scheme. After penning such a valuable memorandum, he went about the country to hoist up the Royal Commission's Report and acted as an official propagandist to support a so-called gold bullion standard. The scheme is only a perpetuation of the sterling exchange standard in a worse form. Under it, India would be committed to placing its resources to guarantee a gold currency or bullion to alien exploiters in the several countries called the gold standard countries. Though it is stated that they are gold standard countries, practically, I do not think either Italy or France or Belgium or Spain are such, and it would practically amount to only England and America. The hitherto unauthorised action of the Government in supplying gold remittances by Reverse Council Bills will be sanctioned by the Legislature if this Bill is passed in the present form.

The heated and somewhat acrimonious controversy on the ratio question has unfortunately tended to overshadow the main and important question of the establishment of a gold standard with gold currency. The other mischievous and even important recommendations and the interdependent proposals of the Royal Commission have not received the proper attention of the public. The controversy has degenerated into a somewhat personal duel between the Honourable the Finance Member on the left and Sir Purshotamadas and his friends. The Mahabharat of the ratio has raged furiously in the Press and on the platform and in the numerous pamphlets. The official Duryodhana had behind him only the European Chambers and the official hierarchy while Sir Purshotamdas Thakurdas and Sir Victor Sassoon have behind them the bulk of the Indian Chambers and the Indian community. The blind Dhritarastra of Whitehall in London espoused the cause of the official Duryodhana and blessed the scheme proposed by their packed Commission and announced with indecent haste the acceptance as a whole of the recommendations, of course with the official slogan " subject to such further consideration of details as might prove necessary ", and we know what it means. And we see actually how the proposal of the Commission to sell gold or gold exchange is altered to mere sale of gold exchange. The Viceroy pronounced his opinion in favour of 18*d*. to secure support, and as it always happens the Government make up their mind in such matters before consulting the Indian Legislature. The ratio battle was fought at the sittings of this Assembly in this new building in the precincts of Hastinapura. The official Duryodhana has won the battle. But I cannot congratulate the Honourable the Finance Member on the kind of victory he had. I must give the credit to Sir Purshotamdas that he has aroused the country from its deep slumber and made them think that monetary problems should receive their due attention. We know India is governed by England by its two important policies, the military and the fiscal policies. If fiscal and military reform is won we are not far from our goal in attaining our self-assertion. It is unfortunate that the Government taking advantage of the duel over the ratio have not first brought up the question of gold standard with a gold currency but introduced the Bill for fixing of the ratio only. The Assembly should have been first asked to decide the issue whether the country wants the gold bullion exchange standard without any gold currency as recommended by the packed Commission or they want a full and true gold standard with a gold unit coin as a standard measure of value and currency. By introducing the Bill the Government are merely trying to retain and stabilise a " bastard " and " false " silver rupee. The scheme means guaranteeing the full value of the rupee in gold to the foreign remitters only, without any statutory obligation on the part of the Government to give the holder of the rupee in India its gold value originally promised when the Gold Standard Reserve was created. They go a step further and offer 1*s*. 6*d*. for a rupee which they had issued for 1*s*. 4*d*., thus giving two pence more for every rupee to those foreigners only who wish to remit funds abroad and the Indians at home are cheated of their dues by not receiving its gold value, and whereas they were hitherto getting Rs. 15 for a sovereign they will get only Rs. 13⅓.

The Royal Commission was commanded by His Majesty the King Emperor to consider the best interests of India as stated in the terms of reference. But they take into account mostly instead the requirements of various Europeans and other countries. I would invite the attention of the House to paragraph 87 of the Report. Requirements of other countries for the purpose of their reconstruction are more important to this packed Commission. The modest and practical scheme of the Finance Department of the Government of India for a gold standard and gold currency for India has been rejected by them. They are haunted by the too much exaggerated fear that the absorption of gold in India will affect the supplies or credit and rates of interest and gold prices throughout the world and also the silver markets elsewhere and the reconstruction of Europe will be retarded. They are solicitous as to the value of the store of silver hoarded by the masses of the Indian population but they do not feel any compunction to demonetise the sovereign and do not care about some hundreds of crores worth of sovereigns in India. They consulted only the interested authorities in England and New York who view the modest and practical scheme of the Finance Department with alarm on the ground that the question of credits would retard the progress of monetary reconstruction in Europe, would upset their prices and would be fundamentally harmful to the rest of the world and consequently to India.

The Bill embodies the recommendations of the Royal Commission of a gold bullion standard without gold currency and without gold coin. The Bill proposes to demonetise the sovereign, a departure from the currency system of the civilised countries of the world. The Bill improves upon the recommendations of the Royal Commission. While the Royal Commission recommends the sale of gold and gold exchange on gold standard countries, the Bill omits the sale of gold, though the sale of gold was included in the Bill presented in August last. The Bill amounts to this that the Government of India should buy gold and make a reservoir of gold in India to be delivered in the form of gold exchange to the foreigners in the several countries. The country does not want a fraudulent gold bullion standard with a demonetised sovereign or any arrangement whereby only foreigners get the gold value for the rupee. From the evidence tendered before the Royal Commission and from the successive demands made throughout the country as expressed by Indian Chambers of Commerce and at the several public meetings throughout India, India wants a monometallic system with gold as the standard of value in order to avoid the embarrassing fluctuations in the rate of exchange with gold standard countries. The Mint should be thrown open for the free coinage of gold. The rupee should no longer be unlimited tender but only a token coin. The rupee should ultimately cease to be standard of value in all internal transactions. We must adopt the recommendations of the Fowler Committee made as early as 1898 in their Report. This recommendation was accepted by the Secretary of State and the Government of India and the effective establishment of a gold standard

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based on a gold currency became the recognised object of the Government of India and its advisers even according to the packed Commission. But the Government's first attempt even to introduce gold in circulation was made half-heartedly and the currency system was deliberately changed to lines quite different from those recommended by the Fowler Committee and accepted by the Secretary of State and the Government of India. The amendments placed before the House contain nothing new or revolutionary. It is practically carrying into effect the scheme of the Honourable the Finance Member for the introduction of a gold standard with gold coinage and currency within a period of ten years. The various clauses suggested in the amendments are to put that scheme for the approval of the House and adoption and I hope the Finance Member will accept the amendments. When we have a real gold standard as suggested on the lines of the amendment we shall have one and the same standard with the other countries wherefrom we import or to whom we export. There would be no question of exchange fluctuations or adjustment of losses in the Budget due to two different metallic currencies. We shall have the same gold standard as obtains in England and other advanced countries. There will be no losses to merchants as in the past due to wide and uncertain fluctuations. Sir Charles Addis in London has said that the Report of the Commission is too theoretical and Sir Felix Schuster thinks a return to the gold bullion standard such as is suggested in the Report would be rather a retrograde step than a step in advance. Let the House reject the Bill and establish an honest, full gold standard with gold currency and coin, the only firm and stable standard aimed at in practice by all who are so keen to condemn its being adopted for us.

Regarding the cost of introducing a gold standard in India the scheme involves the possibility of a recurring cost of Rs. 165 lakhs a year during the first five years and Rs. 112 lakhs a year thereafter. As has been stated by Sir Basil Blackett " these figures represent maxima. The assumptions throughout have been deliberately made to err on the side of safety. The actual charges would be considerably less as there are various possible methods of reducing the liabilities." This cost of securing a stable standard is nothing compared with the loss of Rs. 30 to Rs. 40 crores incurred recently and on one occasion only in maintaining unsuccessfully a bad standard. The total loss to India owing to a silver standard and sterling exchange will be appalling. A real gold standard will stand the stress of war and will be of immense help to England. It is to the interests of even England to have a standard in India which can be relied upon than having a silver standard which is a source of danger. A cost of Re. 1 crore is nothing compared to the military expenditure of Rs. 55 crores. We secure monetary fortification and safety at a sum of Re. 1 crore only. I would therefore earnestly request the House to accept these amendments and adopt the policy of a gold standard with gold coinage and currency and not to wait till the other two Bills are presented next Session. I hope the Government will accept these modest proposals which the Finance Department themselves had placed before the packed Commission. Let it not be said of England that she found India of gold and left her of inconvertible paper only.

Now, Sir, I will proceed to explain the difference between my amendment and the amendment of my friend the Honourable Mr. Kelkar. I may say that the first four clauses of Mr. Kelkar are practically the same as my clauses 1, 2, 3 and 6 and my other clauses are merely to complete what is suggested by Mr. Kelkar in his amendments and it is only for that purpose that I have put those clauses.

The only radical difference which we have is that Mr. Kelkar still values sovereigns in terms of rupees and treats them as additional coins in circulation. I wish to treat the rupee finally as a subsidiary or token coin only. The rupee should be valued as $\frac{1}{15}$th or $\frac{1}{13\frac{1}{3}}$ rd part of the gold Mohur or sovereign. Prices and accounts shall have finally to be maintained in Mohurs as in Pounds sterling in England and the rupee should be as a fraction of gold coin just as a silver shilling is in England. Nobody values the sovereign in terms of shillings. We teach in schools that 20 shillings make one sovereign, and not 1/20th sovereign makes a shilling. So also Rs. 15 must make a Gold Mohur . . . . .

Mr. President: Not Rs. 15.

Mr. Vidya Sagar Pandya: I beg your pardon, Sir, not Rs. 15, but Rs. 13⅓rd must make a gold sovereign. Mr. Kelkar has also not provided for the demonetisation of the rupee. The silver rupee should cease to be a coin of monetary unit in India and the gold Mohur should take its place, and when the silver rupee becomes a token coin in due course it should have only a restricted legal tender value. I therefore provide in clause 8 that the silver rupee shall after 1985 be a legal tender up to Rs. 50 only in payment or on account, and as we shall not need so many rupees as at present, I provide for the withdrawal of rupees and naturally the extra rupees in circulation will be withdrawn. The withdrawal may be gradual. I do not ask that the full legal tender quality of the rupee or rupee notes should be taken away in a short time, as I know it will not be practicable to do so. That is why I allow a period of 8 years for the Government to take the necessary steps to reduce the rupee to a token coin and at the end of ten years the goal must be reached. Though the scheme submitted by the Finance Department for a gold standard fixes a period of five years after which liability to give gold coin in exchange for rupee notes, I have altered it to eight years, and just as is suggested in the Government scheme, I make a silver rupee a token coin after ten years. The eventual position will be:

(a) Gold coin and gold notes to be unlimited legal tender and silver rupee up to Rs. 50 only.

(b) A statutory obligation on Government to give gold coins in exchange for gold bullion.

(c) Similarly a statutory obligation on the Government to buy gold, and

(d) Government notes to be payable on demand in gold coin.

The question of details of composition and location of Reserves may be decided in the House after we have decided to adopt a Gold standard with gold currency. Now is the time to decide about it.

The packed Commission says that this may be done in the future if necessary. We have been promised so many things in the future, but that future never comes under the present British Raj, and though the recommendation for a gold standard with gold currency was made over a quarter of a century ago and the Secretary of State and the Government of India had accepted these recommendations, nothing practical or

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substantial has been done in that direction. On the other hand, we have now been offered a Gold Bullion Exchange standard which, as I have shown, is a retrograde step and leaves us worse than before. I therefore request the House to adopt my amendments.

Mr. T. Prakasam (East Godavari and West Godavari *cum* Kistna: Non-Muhammadan Rural): Sir, I have also tabled certain amendments on the same subject. The amendments of Mr. Kelkar and of Mr. Pandya are covered by the amendments I have proposed; but in addition there is one other point which I raise separately in a separate amendment about gold note which is not dealt with by them. I shall therefore confine myself now to only those items which are covered by my amendments. Sir, all the trouble that India has been passing through is due to the system of currency that has been prevailing in the country. Prior to 1893, we were having a silver standard, we had a Mint which was coining silver coin free of charge. Whenever silver bullion was taken to the Mint it was received and converted into silver rupees and given back to the tenderer. Before 1893 and at the time of the International Economic Conference at Brussels in 1892, there was a great financial crisis in India and the people of India were looking up to the decision of that International Conference. Their hope was that bimetallism would be adopted by the International Conference and that might solve all the troubles; but it was the English people that opposed then the adoption of bimetallism. Owing to their hostility, all hope of securing an agreement for international bimetallism was gone. Having so opposed in 1892 in that conference, the British Government introduced bimetallism in India making both the gold coin and silver rupee legal tender. Bimetallism adopted here was a thing which was rejected by the International Conference; it was a thing which was not prevailing in their own country or any other country nor was it a complete standard. If it had been a gold standard corresponding to the one that had been prevailing in Great Britain, there would have been no trouble at all. All our present troubles here are due to this. Sir, although Sir Basil Blackett is now backing up this Bill which is based entirely on the recommendations of the Currency Commission, he had done a great service to this country so far by placing a scheme of gold standard and gold currency before the Currency Commission as the scheme of the Finance Department of this Government. That was turned down by the Currency Commission, and a new thing has been evolved by them which is neither a gold standard nor a gold bullion standard, nor even a gold exchange standard. That is the real grievance

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now. If only the scheme that had been propounded by Sir Basil Blackett and Mr. Denning, the Controller of the Currency Department, had been embodied in the present Bill, this country's troubles would have been at an end. That is the real position so far as this Bill is concerned. In the words of Sir Basil Blackett used in the written memorandum presented before the Currency Commission, it is the silver rupee that has been a stumbling-block in the way of having an ideal system of gold currency in India and that should be removed. The amendment of my friend, Mr. Kelkar, the amendment of Mr. Vidya Sagar Pandya, and the amendment that I have proposed, all these place before this House only the scheme, the essence of the scheme proposed by Sir Basil Blackett and also Mr. Denning.

Sir, when the silver standard was abandoned in 1893, there was a definite declaration that the object of the Government was to introduce the gold standard. That is recorded in the Report of the last Currency Commission itself, page 1, as follows:

"Before 1893 India had a mono-metallic system with silver as the standard of value. In order to avoid the embarrassing fluctuations in the rate of exchange with gold standard countries, which were caused by the fall in the price of silver, it was decided in 1893, in accordance with the recommendations of the Herschell Committee, to close the mints to the free coinage of silver. The stoppage of the silver coinage was followed by an appreciation of the rupee and by 1898 it had reached the level of 1*s*. 4*d*. The policy adopted in 1893, by the closing of the mints to the free coinage of silver, *had for its declared object the establishment of a gold standard for India*, and the Fowler Committee (appointed in 1898) was invited to consider how this object could best be secured. The relevant recommendation of the Fowler Committee was as follows:

'Paragraph 54. We are in favour of making the British sovereign a legal tender and a current coin in India. We also consider that, at the same time, the Indian Mints should be thrown open to the unrestricted coinage of gold on terms and conditions such as govern the three Australian Branches of the Royal Mint':"

I request your special attention, Sir, to this paragraph 54 of the Report of the Fowler Committee on this point. This is exactly what is desired in these amendments. The Currency Commission itself says that this recommendation was accepted by the Secretary of State and the Government of India. Coming next to what was stated by Mr. Denning before the Commission. In paragraph 8, page 45, of Appendix in Volume II of the last Currency Commission's Report, he stated:

"It is impossible, however, to hope that conditions in India will for generations be such that a full legal tender metallic currency will be no longer necessary. If, therefore, a gold currency is not introduced, defects in the Indian currency and exchange system must remain indefinitely. There is, moreover, reason to suppose that the introduction of a gold currency would hasten the attainment of the ideal system, as the fact that notes were convertible into gold and not merely into an overvalued silver coin would tend to increase confidence in the note issue and to decrease the demand for metallic currency. The conclusion is that the only way of remedying all the defects in the system within a reasonable period is by establishing a gold standard with a gold currency in circulation."

That is what he stated. Again the Honourable Sir Basil Blackett's words are these (page 63, same volume). Referring to the Gold Exchange Standard he said:

"It can hardly be regarded as a final solution since it has to my mind few advantages not possessed by the Sterling Exchange Standard, and *does not offer any prospect of getting rid of the unlimited legal tender character of the silver rupee which is the real stumbling-block in the way of an ideal system.* The Gold Standard system is expensive, and if it involves a large amount of gold in circulation, is not ideal. But this is the only alternative which points the way to an ideal solution. The expense of this alternative can, I think, be justified, if it is likely to lead on fairly quickly to what I regard as the ideal system, an International Exchange Standard on the lines laid down by the Genoa Conference of 1922."

I wish to lay stress on the words in italics. Now, Sir, what is proposed in this Bill now? Instead of achieving a gold standard by removing the unlimited legal tender character of the rupee, what is proposed is that the unlimited legal tender character of the rupee be made permanent and on the other hand the legal tender character of the gold coin be removed by demonetising the same. Quite the reverse of what the Honourable Member laid down as the only remedy for this country has been put into this Bill, and that is the disastrous part of the whole

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of this proposed legislation. Speaking in January 1922, Sir Malcolm Hailey, the then Finance Member, stated in the debate on this particular question:

"Sir, it was a cardinal feature in the policy of the Babington Smith Committee that the Indian Mints should be opened to the free coinage of gold. Indeed one of the intentions of the Committee in fixing the rupee on a gold basis was to permit of the free use of gold currency in India, and the opening of the Mints to the free coinage of gold is an end to such a process, though of course it is not in itself an essential condition. We, Sir, are prepared out here to coin gold as soon as the need for gold currency arises. Sir V. T. Thakersay suggested that the Royal Mint might on technical grounds refuse to allow us to do so. He need have no fear on that score. I can give him a guarantee that as soon as the demand for gold currency arises, the Mint will be ready for it."

That was the assurance given by Sir Malcolm Hailey. The need for it is established, as I have pointed out to the Honourable Members of this House, Sir, by the opinion and the scheme placed by the Honourable Sir Basil Blackett himself before the Commission. Referring to his own scheme the Honourable Sir Basil Blackett said:

"I am of opinion that the time has come when a final choice might well be made between the Sterling Exchange Standard and the Gold Standard, and, if the choice is in favour of the latter, I should prefer to advance to it at once, and believe that it can be introduced without further hesitation, if a reasonable transition period is allowed, and if India is prepared to face the extra cost involved."

Again he said:

"My conclusion is that it is reasonable to hope that the ultimate charge to annual revenues as the result of introducing the Gold Standard would be negligible, though we must be prepared to face a charge up to a maximum of two-thirds of a crore a year."

Now, Sir, I am placing this before the Honourable Members of this House in order to show that the guarantee and the promise made by Sir Malcolm Hailey in 1922 was that they would be ready to open the mints and to have the free coinage of gold here as soon as there is a necessity for it. I have quoted the words of the Honourable Sir Basil Blackett himself to show that the time has arrived to decide which one of these standards should be selected for this country and he did say that the best one is the gold standard and gold currency and removal of the legal tender character of the silver rupee after a particular period. It is now proposed in the amendments of Mr. Vidya Sagar Pandya and Mr. Kelkar that after a period of ten years the legal tender character of the rupee shall be limited to a sum of Rs. 100 or Rs. 50. That is to come into operation only 10 years later. That is exactly the proposal of the Finance Department. In the Babington-Smith Committee Report there was a minute of dissent by Mr. Dalal just like that of my Honourable friend Sir Purshotamdas Thakurdas, who has done a great service by rousing the people of this country, who have been rather indifferent, to the economic aspect of the currency of this country. Mr. Dalal in his minute of dissent stated these pregnant words. If Mr. Dalal were present here anywhere in India to-day, he would perhaps have been one of the foremost people to have urged the introduction of a gold standard and gold currency, exposing all the defects of the existing system. Referring to the proposed change of Rs. 15 ratio to Rs. 10 ratio he said in his dissenting minute:

"The fact that the maintenance of exchange was so readily abandoned and the sale of rupee bills continued, combined with the persistent flooding of India with silver token money, give ground for the theory that fixity of exchange was only the ostensible object of the policy, and that the real object was to compel India to take silver in place of gold money. Further it is a policy which is settled and managed in London and which necessarily operates in the markets of London and India. That the interests of London markets have not been without influence in shaping the policy may be gathered from the enormous sums of money or investments belonging to Indian currency which have been accumulated there."

In confirmation of what he said you will find in the Gold Standard Reserve to-day over 52 crores of rupees in England. They are either in Treasury Bills or in cash balances or bearer bonds, exchequer bonds or other bonds. The Paper Currency Reserve consists of two parts, the metallic reserve and the reserve of securities. The securities to-day, you will find, extend to over 55 crores of rupees. It is to these monies and investments that Mr. Dalal was referring when he said that the London market was dictating the currency policy of this country. All these monies are invested in Treasury Bills or rather bonds in the London market. The Currency Commission's Report on page 4 says that, the terms of reference to the Babington Smith Committee precluded that Committee from considering alternative standards of currency. This is wrong. The Babington-Smith Committee laid down in express terms that there should be a gold standard and a gold currency. The last Royal Currency Commission, while criticising the scheme for the introduction of a gold standard and a gold currency, wrote that the terms of reference to the Babington-Smith Committee precluded that Committee from considering alternative standards of currency, thereby meaning that they had had no opportunity to consider the introduction of a gold standard and a gold currency. Now, Sir, as I point out just now, the Committee in paragraph 67 distinctly considered the question of the introduction of a gold standard and a gold currency and the throwing open of the mints to the free coinage of gold, and recorded their verdict in clear terms. This is what they have said:

"In order that gold currency may be available when required it is important to provide facilities in India for the conversion of the gold bullion into legal tender coin. These facilities might be given by the establishment of an Indian gold mint which would mint Indian gold coins such as the gold Mohur or by the re-opening of the Branch of the Royal Mint in Bombay . . ."

(At this stage Mr. President vacated the Chair which was taken by Mr. M. A. Jinnah, one of the Panel of Chairmen.)

". . . After careful consideration we have come to the conclusion that it will be more advantageous to India to continue to use the form of gold currency to which she has become accustomed and which on account of its wide circulation is a universally recognized medium for the settlement of external obligations. We therefore recommend that the Branch of the Royal Mint which was opened in Bombay during the war for the coinage of sovereigns and half sovereigns and has since been temporarily closed, should be re-opened and that arrangements similar to those in force in the United Kingdom should be made for the receipt of gold bullion from the public, whether refined or not, and to issue gold coin in exchange at the rate of one sovereign for 113·0016 grains of fine gold subject to a small coinage charge. This undertaking would not, of course, require the constant operation of the gold mint, if the demand for the coinage of gold did not justify it. The issue of gold coin in exchange for unrefined gold makes a gold refinery necessary. If the need is not met by private enterprise we recommend that facilities should be given to the public by which they may be able to have gold refined at the Government refinery on payment of charges sufficient to cover the cost of the operation."

I have read, Sir, this paragraph which has stated everything in support of the scheme that has been placed before the Honourable Members

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of this House in both the amendments which have been moved by Mr. Vidya Sagar Pandya and Mr. Kelkar. It is for that reason that I troubled you with reading the whole of that paragraph. Not one word is superfluous there with regard to any one of the proposals made here. What are the reasons given in the last Currency Commission's Report for abandoning the gold standard scheme that was placed before them by the Finance Department of the Government of India and for proposing a new standard, calling it a gold bullion standard? They are really extraordinary. What have they stated? They say that in Europe they are just reverting to the pre-war gold standards of their own. They would require gold for that purpose. America is the only country that can supply gold, and the gold which it can supply is sufficient for the European countries only. For these reasons they say we should have a different standard altogether, a gold bullion standard. After this Report was published, commenting on it Sir Felix Schuster, who is one of the premier bankers of Great Britain, and once a member of the India Council, criticised the gold bullion standard scheme. His speech is reported in the *Manchester Guardian*. Referring to the gold bullion standard that is proposed now by the Royal Commission he said:

"A return to a gold bullion standard would be rather a retrograde step than a step in advance."

That is the considered opinion of a gentleman who is as great an expert as any of the members, perhaps, who sat on that Commission. The Honourable Sir Purshotamdas Thakurdas, as a member of the last Commission while he was examining Mr. Denning as a witness, put the following question, No. 1252:

Q. Do you think that the Indian public or the popular opinion that you refer to may be based on this, that in view of the experience after the outbreak of war, they feel that if they are on a gold standard in preference to the sterling exchange standard, they may be in better touch with the financial world in case of a serious dislocation and not be tied to what is happening to the pound sterling?

A. Yes, I think I have made it clear that it does more effectively maintain India's standard in the event of sterling being divorced from gold."

I submit that this is a case on which there could be no two opinions in the country and the amendments that we now propose are identical with the amendments that had been embodied in the Indian Coinage Act in 1918. Some Honourable friends have been led to believe by statements which the Honourable Sir Basil Blackett made at the outset that these amendments might be postponed and considered along with the Reserve Bank Bill. I submit to the House that the Reserve Bank Bill relates exclusively to the powers and the duties that would be vesting in a Reserve Bank in the same manner in which certain powers are vested in the Bank of England under the Bank of England Act, 1844. So far as these amendments are concerned, they have to be embodied in the Indian Coinage Act. This is just the time when this Act is sought to be revised that these amendments should be proposed and considered by the House. The Mohur Act of 1918 which I was referring to runs as follows:

"Whereas it is expedient to provide for the coinage of a gold coin at the Mints referred to in the Indian Coinage Act, 1906; It is hereby enacted as follows:—

1. (1) This Act may be called the Gold Coinage Act, 1918."

All those provisions with regard to the coining of gold mohurs in the Bombay Mint, their weight, fineness and all other details—all these were embodied in the Coinage Act, by an amending Act. And this is just the time for moving these amendments, and there should be no mistake on that account. The Honourable Sir Basil Blackett has addressed a letter to me and other friends suggesting that these should be postponed to the Reserve Bank Bill. I have considered that matter and my feeling is that if we allow these Acts to be amended in the maner in which the Government proposes to do now and if we take these points to the consideration of the Reserve Bank Bill, legal difficulties might be raised and it could be pointed out that we ought to have raised these questions now, and these amendments ought to have gone into the Coinage Act. It might be said that the Reserve Bank Bill relates solely to the special charter that should be given to the Reserve Bank and these things could not be taken up there.

The Honourable Sir Basil Blackett: I should like to give an assurance, if there is any doubt, that nothing whatever will be done or said by Government to prevent these questions being raised and fully discussed at the time when we think they are properly due for discussion, namely, in connection with the Reserve Bank Bill. If there is any doubt as to arguments being used that these matters ought to have been raised here, I should like to tell my Honourable friend at once that the Government will give full opportunities for the discussion of them at the right time in connection with that Bill.

Mr. T. Prakasam: May I ask the Honourable Member in charge of the Bill this question? I was examining the provisions of the Reserve Bank Bill and the Chapters that it contains rather closely. If this stage of legislation is over now, may I know whether all these provisions of the Coinage Act which embody these provisions would be kept open then for debate for introducing these amendments, and whether the Coinage Act would be open for discussion then?

The Honourable Sir Basil Blackett: That is the contention of the Government.

Mr. T. Prakasam: So far as I could see, if the legal officers of Government should tell them that the Indian Coinage Act ought to have been dealt with at the last time when it was before the Assembly and they could not go into it then, we would be in a hopeless position. And this has happened sometimes.

The Honourable Sir Basil Blackett: If such a contingency happens, which I cannot imagine, I will undertake personally to see that whatever legal difficulties there might be there would not be any kind of obstruction to prevent the matter being discussed then.

Mr. T. Prakasam: My submission is that there could be no two opinions on the question of our demand for a gold standard. We are not advancing anything new that has not been placed before the country and before the Currency Commission last time by the Honourable Member himself. I therefore support the amendment of my Honourable friends Messrs. Kelkar and Vidya Sagar Pandya.

Mr. M. S. Sesha Ayyangar (Madura and Ramnad *cum* Tinnevelly: Non-Muhammadan Rural): I rise to support the amendment of my Honourable friend Mr. Kelkar. I may at once inform the House that we

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cannot possibly accept the amendment of my Honourable friend, Mr. Vidya Sagar Pandya. He has got two provisos to clauses 7 and 8 which leave power to Government to put off this measure by at least ten years to come.

Mr. Vidya Sagar Pandya: Let me point out that there is a mistake in the printing of those clauses. If we separate clauses 7 and 8 as 7, 8 and 9, as read out by me, the Honourable Member's objection will be removed.

The Honourable Sir Basil Blackett: It does not really matter.

Mr. M. S. Sesha Ayyangar: I take it that the amendment of the Honourable Mr. Vidya Sagar Pandya does not contain any provisos giving power to Government to put this off for ten years.

Mr. Vidya Sagar Pandya: It gives Government the option to do it within ten years.

Mr. M. S. Sesha Ayyangar: If so I am afraid the amendment does virtually give the power. If the provisos are there I submit that will be a condemnation of that amendment. However, so far as the two amendments are otherwise concerned, they certainly agree in the essential, that we want a gold currency. Now my Honourable friend Mr. Kelkar has made out a very strong case for the immediate introduction of gold currency in this country; and the Honourable Sir Basil Blackett and the two members of the Finance Department also put forward before the Currency Commission a plea sketching out the possibility of gold currency in India; and they almost postulated the possibility of it, as we see in page 93 of the Currency Commission Report:

"It may be assumed that about £15 millions of gold would be required at the time of initiation of stage (i), a further £35 millions within a year and the remaining £53 millions over a period of 10 years. The cost of the scheme is estimated by its authors at about Rs. 1⅜ crores per annum during the first five years and thereafter from two-thirds of a crore to 1·12 crore."

So the scheme was cut and dried. The reasons adduced by the Commissioners for rejecting this proposal are rather interesting. In the first place they made up their minds as we see from paragraph 54 of their Report, that gold must not circulate in India at first and that it need not circulate ever. That is the conclusion which they reached; rather the determination they made. Having premised the conclusion they engaged themselves to find out the possible reasons which might be shown to underlie this conclusion. Since 1898, whenever any temporary or permanent measures of currency reform were introduced in this country, the English people had always exhibited a dread of the so-called hunger of Indians for gold and they also showed always a grim determination at every possible turn not to satisfy the so-called hunger. This is the genesis of the whole trouble. The English people do not perhaps want that the Indians should see this yellow coin as they may get jaundice if they sight this yellow metal. That sentiment seems to be the genesis for their uniformly resenting the idea of introducing a gold currency into India in spite of the persistent demand of the people. The reasons given by the Currency Commission are these. First we turn to an answer given by Mr. Montagu Norman, Governor of the Bank of England, to question No. 19676. He said that gold currency will result in a fall of prices. Now it is not definitely known whether this fall of prices contemplated is to be either in India or in England. If it is to be in India, I may at once say that only early last week we had a full discourse from the Treasury Benches about the advantages which India may obtain by an appreciating rupee which would result in a fall in prices; so that if there is a fall in prices, it would according to that line of reasoning, so far as the agricultural view point is concerned, be beneficial to the rural population; and I do not see therefore that any great weight can possibly be attached to the fall in prices in India which would follow the introduction of the gold currency. The answer given by the Governor of the Bank of England to question No. 18676 is this:

"A fall in gold prices would, on balance, be, I believe, unfavourable to India but as indicated in my previous answer I think the effect would be mitigated as compared with other countries by India's favourable balance of payments and the advantage she enjoys in the quasi-monopolistic nature of her exports."

It comes to this—that so far as the fall in prices is concerned, that, on the whole, it does not adversely affect India seems to be the considered opinion of the Governor of the Bank of England. Now if that is not the standpoint which would possibly affect India, what then? The fall of prices which other countries may experience would perhaps be a serious block to the introduction of this gold currency. That is the next question. Probably they thought that it might result in a fall of gold prices in England. Now, we have that also in paragraph 87 of the Currency Commission's Report:

"In this connection it is necessary to take account of the requirements of various European and other countries whose financial equilibrium has been disturbed to a greater or less extent in consequence of the war. These countries are now trying to climb back gradually to the gold standard or the gold exchange standard. This aim requires for its fulfilment that there should be a certain amount of free gold available each year. Though signs are not wanting of a spirit of co-operation among the Central Banks towards effecting considerable economies in the international use of gold, there can be no doubt that a large extra demand from India would cause increased competition for gold among the countries of the world and lead to a substantial fall in gold prices and a curtailment of credit would on balance be unfavourable."

Now, why should we concern ourselves about all this if, as I just now pointed out, this thing was not going to affect India at all? Where does the philanthropy come in? We are being taught day after day to look to our own needs first. If the introduction of the gold currency in India is not going to affect adversely the prices in India and the prosperity of India, why should we concern ourselves to see in what way it will affect English prices and English prosperity? I submit, therefore, that the fact that this has been taken to be a ground by the Currency Commissioners shows that they were looking at the whole thing from the English standpoint or at any rate not from the Indian standpoint. Then, again, we have got another answer given by Dr. Sprague of America. In answer to question No. 15313 he said:

"I am opposed surely to a gold currency for India and indeed for any other country because I consider that that is a backward step in monetary practice and I do not believe that there is sufficient gold available in the world to provide a gold currency and maintain something like the present level of prices."

That really lets the cat out of the bag. They are alarmed at the prospect of the introduction of a gold currency into India and think that there would be a general fall of gold prices which might affect adversely England, the United States and other countries of the West. I put it plainly to the Finance Member—Is there any parallel in the world to what has

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happened here? We had a round table conference of world economists to settle an economic issue of a country and to fix the standard of value for India! There was a costly Commission arranged at the cost of this poor country and it was asked to find out what would suit India best. The expert witnesses are themselves naturally patriotic: and they would look at things first from the standpoint of their own countries and then only would turn to India, as being of secondary importance. Looking from their own standpoint and caring only for their own interests, they gave the advice that a gold currency is not suitable to India. Is it not therefore a statement that must be taken at a discount?

We find then that the whole body of Indian opinion is strenuously in favour of the introduction of a gold currency though it did not influence the Commission at all. But because the economists of other countries gave this gratuitous advice against the opinion of India, is that a reason for negativing the proposals of the Indian witnesses in this matter? They also took into account whether the required credits could be raised either in the United States or in England, and in paragraph 51 the Commissioners say:

"This is a matter in which Great Britain would not be able to act alone without the co-operation of America. Both parties view the proposal with alarm on the grounds that it would retard the progress of monetary reconstruction in Europe, would upset world prices and would be fundamentally harmful both to India and to the rest of the world."

I submit, Sir, that the fact is this, that when they were applied to to accommodate us in so far as the necessary credits were concerned, England and America were rather slow or unwilling to respond, and that we are told is the primary ground why this proposal ought to be rejected. I suggest to the Honourable the Finance Member that this course ought to be adopted. Where is our Gold Standard Reserve? Where is our Paper Currency Reserve? What were the primary purposes for which they were originally established? Where are they kept now? Is it not legitimate to ask that India's gold ought to be located in India as India's visible possession? Is it not legitimate to say that they should only be used for the purposes they were originally meant to serve? Why were they carried away from India and located in London? Why were they misused from time to time against the interests of India and in defiance of India's wishes? If even to-day they could only be brought over to India and placed here, there would be absolutely no difficulty at all in finding the necessary gold for the purpose of giving effect to our desire for this gold currency. I submit that the arguments of the Commissioners advanced in regard to their rejection of the gold currency in India do not bear examination; and surely India cannot wait any longer for the introduction of a gold standard currency.

Pandit Madan Mohan Malaviya (Allahabad and Jhansi Divisions: Non-Muhammadan Rural): Sir, the Honourable the Finance Member has twice told us during this debate that there will be a full opportunity afforded to Members of this House to discuss the question of the introduction of a gold standard and gold currency when the Gold Bullion Standard and Reserve Bank Bill will come up for discussion. In view of that it may seem strange that the discussion should be continued, but with every desire to respect the suggestion of the Honourable the Finance Member, and if, for no other reason, only to oblige him, I should have liked to accept the suggestion if I could. I feel, however, that this is the proper occasion when, this is the Bill in connection with which, the amendment which the Honourable Mr. Kelkar has put forward should be considered. It is because of that conviction that I rise to support that amendment. This Bill, Sir, is to amend the Indian Coinage Act. All the sections which relate to the coins current in the country are embodied in this Act. It provides for the coinage of a silver coin, a bronze coin, a nickel coin and so on. I submit with due deference to my Honourable friend that this is the proper place to discuss the amendment moved by my Honourable friend Mr. Kelkar.

The Honourable Sir Basil Blackett: May I point out to the Honourable Pandit that exactly the same clause as clause 2 of this Bill is repeated in the Gold Standard and Reserve Bank Bill, and the principle will therefore come up on exactly this same clause.

Pandit Madan Mohan Malaviya: It is true, Sir, but the question is when the opportunity first comes ought we not to show that we realise the gravity of the problem that it raises. It is from that point of view that I am addressing myself to this question. Undoubtedly the question can be discussed at a later stage, but what would the country which we have come here to represent, what would our electors, tell us if they found that when the opportunity first arose here we did not put forward the views we entertain on the subject—whatever the value of those views—before the Assembly and the country. It is that which compels me to take up the time of the House at this moment.

Sir, Mr. Kelkar's amendment involves two propositions, the establishment of a gold mohur as our standard coin, and secondly the necessary provision for opening a mint to the coinage of such mohur. Now, Sir, in order that the strength of Indian sentiment on this subject should be fully realised, it is necessary to go back to the history of this question, and I submit there is no question which has a longer history or a sadder history than the question of the introduction of a gold standard with a gold currency in India under the British Government. In Hindu India gold coins were current, as were also silver coins. During the Muhammadan rule also gold and silver coins were current. Since the time of Akbar a gold mohur and a rupee of the same weight used to be coined. When the English came to India they found both gold coins and silver coins current in the country. The number of these coins was inconveniently large because the country was divided into so many principalities. It is stated that there were as many as 172 gold coins in circulation at the time and 343 silver coins. Sir Richard Temple, once Finance Member of the Government of India, said at a later date:

> "It may be said in general terms that on our accession to power in India, we found a gold currency existing conjointly with the silver currency; it was reserved for us to accord silver the dominant and exclusive position which it now holds in the currency."

So that it is indisputable that when the British came to power in India they found both gold and silver coins in use in the country, and it was their action which installed silver in a dominant and exclusive position. The first step towards that end was taken in 1806, when the Court of Directors of the East India Company, in order to introduce a uniform system of coinage, laid down certain propositions in their despatch of the 25th April 1806. As Mr. C. N. Vakil points out in his very valuable book on Currency and Prices, the Directors pointed out the usual difficulty of maintaining a fixed ratio between gold and silver in a bi-metallic system because of the

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market fluctuations in the value of these metals. They therefore declared themselves in favour of mono-metallism as the ideal towards which the authorities in India should work. With reference to the question as to which of the two metals should be adopted for a mono-metallic system in India, they showed preference for silver and laid down that "silver should be the universal money of account" in this country. Now, Sir, that was the first step taken by the East India Company, and that tells us how the interests of vast millions of people in this country were left to be decided by one individual called the Secretary of State, or by a few individuals who constituted the Court of Directors, and how the system has affected the happiness of millions and millions of people in this land. They decided that silver should be the universal money of account, but they did not at that time decide to demonetize gold. They desired that gold coins should remain in circulation. The main object of the despatch of 1806, namely, the introduction of a uniform currency with the silver rupee as a unit, was gradually achieved. After many years, during which period both silver and gold coins continued in circulation, Act XVII of 1835 was passed, by which the various mints which existed in the different Presidencies at the time were abolished and one uniform system of silver coinage was instituted for the whole country. There was nothing, however, in that Act which could lead one to believe that they intended to remove gold coins from the currency of the country altogether. There was no doubt a section in the Act which laid down that "no gold coins shall henceforth be a legal tender of payment in any of the territories of the East India Company"; but another section of the same Act provided that a gold mohur, or 15-rupee piece—it is important to note that—of the weight of 180 grains troy and eleven-twelfths fine was to be coined. The desire of the people to use gold coins could not, however, be suppressed, and in 1841 a notification was issued by the Government of India authorising the receipt of the gold mohur which had been coined under the Act of 1835 at Government treasuries. But when the discoveries of gold in Australia and California led to a fall in the value of gold, the Government felt themsevles compelled to issue a notification in 1835 to the effect that no gold coin would be received on account of payment due to the Government at any public treasury. After a few years experience of the evil results of that notification, in 1859, the Bengal Chamber of Commerce, in co-operation with the native shroffs and merchants of Calcutta, made a representation to the Government in which they said "that they feel so satisfied of the benefits that will be sure to result from the admission of gold, even as a subsidiary currency, into India, that they will be thankful if the Governor General in Council will be pleased, as an experiment, to sanction gold as a legal tender to any smaller amount than 20 sovereigns down to two sovereigns as a minimum." About this time, however, the question of the introduction of a paper currency in India was taken up, and the first Finance Member, Mr. James Wilson, wrote in December 1859 a minute on the paper currency and another on a gold currency. Mr. Wilson made it very clear that in his opinion a gold standard and a gold currency would be the best for India. He said:

"No one will be inclined to deny that if we had to begin a system of currency *de novo*, the most convenient of the various systems now in practice would be found to be that used in England where gold is the standard, a gold coin the general money in circulation, and silver tokens of limited tender the subordinate coins."

But Mr. Wilson was opposed to the introduction of such a system at that moment because he thought that the circumstances were not quite favourable. The Secretary of State accepted Mr. Wilson's view that it was not advisable "at present" to take measures for the introduction of a gold currency into India, as he thought that the wants of the community would be met by means of a paper currency. Mr. Wilson's successor, Mr. Samuel Laing, was in favour of the introduction of a gold standard and a gold currency. When introducing the Paper Currency Bill, he said:

"I must confess that I feel very reluctant to base a great measure for reforming the circulation of India on the total exclusion for all time to come of that form of the precious metal which is indisputably the most convenient for many purposes, and which is the chief or sole standard of all the principal nations of the civilized world with which we have commercial intercourse."

He felt, however, that owing to the action which had been taken, the decision which had been arrived at, it was difficult to reopen the question of a gold currency at the time, and he therefore provided a loophole in the Paper Currency Act with a view to the introduction of a gold currency on a suitable occasion, which however was not of much effect. In 1864 the commercial communities of Bombay, Calcutta and Madras sent memorials to the Government urging the introduction of a gold currency. In that year, one Mr. Walter Cassells also wrote an important letter to the Governor of Bombay in which he wrote:

"It is likewise important that as much as possible a gold coinage should for the present be built upon the existing silver currency so as to introduce the change with as much regard to private interests as may be. I therefore venture to suggest the issue of gold coins similar to the sovereign and half sovereign, and respectively representing Rs. 10 and Rs. 5, with subsidiary silver token coins of limited tender rated at 7 to 8 per cent. above their real value. The existing silver coin might, for the present, be allowed, to continue legal tender, to the extent even of Rs. 500, and this limit might hereafter be reduced according to the circumstances."

Sir William Mansfield, who was then Commander-in-Chief of the Bombay Army, took a great interest in this question. He wrote a minute on the 8th March 1864 which he concluded with the following recommendations:

"I would propose therefore that the legal tender of gold should be enacted on the basis of equivalents submitted by Act XVII of 1835.

That the gold legal tender should not for the present be in substitution of the silver tender, but in aid of it.

That in accordance with the above, sovereigns should be allowed to run, and to be legal tender at their relative value, including seigniorage charge on the basis of equivalents established by the Act XVII of 1835, *viz.*, at Rs. 10·4. That the issue of notes should take place in exchange for gold and silver bullion alike, without any administrative distinction between the two metals.

That the mints in India should be directed to coin gold in the coins described in Act XVII of 1835, in large quantities, and to invite the public to offer it for the purpose."

Sir Charles Trevelyan was the Finance Member at the time. He reviewed the whole situation in a masterly minute and advocated the introduction of gold as legal tender in addition to silver, at a rate carefully calculated with reference to relative value of the two metals as the first step in the direction of gold currency. Sir Charles Trevelyan pointed out that other countries which were on a double standard had gradually gone over to a gold standard and gold currency, and he explained that by means of his proposals he expected that the currency and reserves of the country would be gradually filled with gold, and it would become possible for the Government to convert the silver coinage into a subsidiary token coinage.

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He therefore proposed that sovereigns and half sovereigns coined in England, Australia, or India should be declared legal tender in India at the rate of Rs. 10 to a sovereign and that Indian mints should be thrown open to the free coinage of gold at a charge merely to cover the cost of manufacture. The Secretary of State objected, however, to the proposed measure, but as an alternative, agreed to (1) gold coins being accepted in payment of public dues at a rate to be fixed and (2) the issue of notes in exchange for gold coin or bullion. The following notification was therefore issued in 1864:

"The Governor General of India in Council, considering it expedient that the circulation of British and Australian sovereigns in all parts of British India and its dependencies should be encouraged and facilitated, is pleased hereby to direct that, from and after the publication of this notification, sovereigns and half sovereigns coined at any authorised Royal Mint in England or Australia of current weight, shall until further notice be received in all the treasuries of British India and its dependencies in payment of sums due to the Government as the equivalents of ten and five rupees, respectively, and that such sovereigns and half sovereigns shall, whenever available at any Government treasury, be paid at the same rates to any person willing to receive them in payment of claims against the Government."

This was in 1864. The public again petitioned the Government in 1866; they asked that the currency question should be fully re-examined, and in response to this request from the public, a Commission was appointed in 1866, with Sir William Mansfield as President.

(At this stage Mr. M. A. Jinnah vacated the Chair which was resumed by Mr. President.)

This Commission of 1866 reported that gold coins of various descriptions of *mohurs*, and sovereigns, English and Australian, although not used as money by the State, are generally at par or above par in price, whether in the Presidency towns or in the cities of the mufassil; that the demand for a gold currency is unanimous throughout the country; that they are sought for in the provinces for trading purposes by merchants and bankers and as a medium of reserve of wealth by the people at large; that gold coins of 15, 10 and 5 rupees respectively would find more favour in the eyes of the people than notes of like value; and that the opinion is general, almost unanimous, that the currency should consist of gold, silver and paper. These, Sir, were the recommendations of the Mansfield Commission. It may be noted

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that this Commission pointed out that the price of the gold mohur or 15-rupee piece, as fixed by the Act of 1835, was in 1866 as nearly as possible the average market rate of the price of coined gold at the time. The report of this Commission was submitted to the Government on 4th October 1866. It was submitted to the Secretary of State in the beginning of 1867, but the Government of India did not communicate their views on the report to the Secretary of State till March 1868, when in answer to a question in the House of Commons the Secretary of State stated that he was still awaiting the opinion of the Government of India, and no action was taken on the report.

In 1868 Sir Richard Temple, the then Finance Member, took up the question. He pointed out that the notification requiring sovereigns to be accepted at public treasuries at the rate of Rs. 10 had become inoperative and a reconsideration of the standard value of the coin had become necessary. The Government of India consulted Local Governments on the points which were raised, and after such consultation, declared that sovereigns and half sovereigns should be accepted at

Government treasuries at the rates of Rs. 10-4-0 and Rs. 5-2-0 respectively. I wish to draw attention to the opinion of one Local Government, namely, that of Bombay. His Excellency the Governor in Council said:

"He would therefore recommend the introduction of an Indian gold coinage, consisting of pieces of 15, 10 and perhaps 5 rupees respectively, and of the standard value fixed by Act XVII of 1835, and that this coinage be declared, like silver, a legal tender without limitation."

This wise recommendation was unfortunately not accepted. But the Secretary of State decided, as I have submitted, that sovereigns and half-sovereigns should be accepted at Government treasuries at the rates specified. When forwarding their notification to the Secretary of State the Government of India said:

"In conclusion we hope it will be understood that we have steadily kept in view the advantage of ultimately making gold a legal tender. What is now being done is experimental and tentative, in order that we may become sure of the fact as to the relative value of gold and silver in India before we make the attempt to stereotype the results by a law and commit ourselves finally to the legal tender of gold. It is our belief, however, that the time is not far distant when such a law may be passed."

In 1870 the Indian Coinage Act was passed. It provided that certain gold coins shall be coined at the mint. One of these was a Gold Mohur or fifteen-rupee piece.

Sir Richard Temple again took up the question of a gold currency in 1872. He wrote a strong minute on it. He was convinced that a gold currency was needed for India. Referring to the doubt that had been expressed by some people, he said:

"I do not at all share such doubt; on the contrary I share the conviction expressed by my predecessors, Mr. S. Laing and Sir C. Trevelyan and Mr. Massey, to the effect that a gold currency is among the urgent wants of India. With the exception of Mr. Wilson, every Financial Member of the Government of India has advocated this view. In 1866 similar views were advocated by a special Commission in India appointed to examine the whole subject, and have been maintained at one time or other by every Chamber of Commerce in India."

He further pointed out that "in such matters there is such a thing as national prejudice and that the prejudice of the people of India is entirely in favour of gold." He urged that one other reason why the use of gold was desired was "because it tends to steady the price of that silver which is one of the necessaries of the national life." Sir Richard Temple concluded as follows:

"On the whole it seems clear that while, in all other branches and departments of administration, we endeavour to give to India the best of everything so far as we can, yet, in respect of metallic currency, we *deliberately* withhold from her the first rate article and afford her a second rate one."

This, Sir, is the language of a former Finance Member of the Government of India.

Mr. President: In what year?

Pandit Madan Mohan Malaviya: 1872, Sir. Nations live; they are not concerned with an hour or a day only. The history of the last 120 years forms one long page. And this history, Sir, is full of eloquent lessons for us. It shows to us how many were the efforts made during the last 120 years to give India a gold standard and currency and how those efforts were defeated. Unless the Assembly bears these facts in mind, I submit it cannot realise the full importance of the amendment which my Honourable

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friends Mr. Kelkar, Mr. Vidya Sagar Pandya and Mr. Prakasam have put before the House. But to continue that history, Sir Richard Temple recorded another minute dated the 8th July 1873, in which he reiterated his views set forth in his former minute and pressed for the adoption of the measures which he had recommended. Unfortunately, however, Sir Richard Temple resigned in April 1874 and we find that in May 1874 without giving any reasons the Government of India abandoned the proposal for a gold standard and currency. The short notification which gave the quietus to the question for the moment ran as follows:

"The expediency of introducing a gold currency having been considered, the Governor General in Council is not at present prepared to take any step for the recognition of gold as a legal standard of value in India."

That, Sir, was in 1874. I do not wish to go in detail into the history of the subsequent years. It is very fully given in the book to which I have already referred and to which I am indebted for having obtained all these passages with great ease, I mean Mr. Vakil's book on Currency and Prices. But, Sir, before I come to the period of 1893, let me point out that in the twenty years from 1872 to 1892 the rupee fell from 22·7*d.* to 14·9*d.* This exposed the Government of India to the gravest difficulties. They tried their best to persuade England to agree to the introduction of a gold standard in India, and when they failed, they urged the adoption of the bi-metallic system. But England would not agree to that either. Faced with enormous difficulties, in 1892 the Government of India again urged the introduction of the gold standard, and proposed that the rupee should be raised to 1*s.* 6*d.* The Herschell Committee was then appointed. That Committee considered the proposal and it recommended that the standard of the rupee should be fixed at 1*s.* 4*d.* That was in 1893. So the Herschell Committee also was in favour of the introduction of a gold standard. In fact the whole justification for their recommending the raising of the rupee to 1*s.* 4*d.* lay in this that the object was to introduce a gold standard. which was the only remedy that could solve India's currency troubles. In 1898, the Fowler Committee was appointed. The object of that Committee was, as has been pointed out more than once, to recommend what steps should be taken to give effect to "the policy which had been initiated in 1893 by the closing of the mints to the free coinage of silver and which policy had for its declared object the establishment of a gold standard in India." In putting forward the recommendations they made, they made it quite clear that they "looked forward . . . . to the effective establishment in India of a gold standard and currency based on the principles of the free inflow and outflow of gold." The Fowler Committee, Sir, after making a survey of the views which had been expressed on the principle of a gold standard, concluded as follows:

"For these reasons, we conclude that steps should be taken to avoid all possibility of doubt as to the determination not to revert to a silver standard, but to proceed with measures for the effective establishment of a gold standard."

The Committee pointed out that though the Government of India "did not definitely propose to make gold coins a legal tender, but they did not hesitate to express the opinion that 'the only state of things which can be called a thoroughly satisfactory attainment of a gold standard, (which was the aim) was the one in which the gold coins which represent our standard are those also which are good for payments in England." As a matter of principle, therefore, the Government of India favoured the gold standard *with* a gold currency."

Then, Sir, dealing with the objections which had been raised, and one of which was that people here were in the habit of hoarding gold and that that constituted a difficulty in the way of introducing a gold currency, the Committee said as follows: "Consequently, we are of opinion that the habit of hoarding does not present such practical difficulties as to justify a permanent refusal to allow India to possess the normal accompaniment of a gold standard, namely, a gold currency." In paragraph 54 they said:

"We are in favour of making the British sovereign a legal tender and a current coin in India. We also consider that at the same time, the Indian Mints should be thrown open to the unrestricted coinage of gold on terms and conditions such as govern the three Australian Branches of the Royal Mint. The result would be that, under identical conditions, the sovereign would be coined and would circulate both at home and in India. Looking forward as we do to the effective establishment in India of a gold standard and currency based on the principles of the free inflow and outflow of gold, we recommend these measures for adoption."

Finally, the Committee said:

"In conclusion, we desire to record our opinion that the effective establishment of a gold standard is of paramount importance to the material interests of India."

Could language be clearer, Sir, could language be more emphatic in expressing strong convictions than the words of the Committee which I have just now read out to the House? This was the opinion expressed by the Fowler Committee in 1899.

I will next invite the attention of the House to the recommendations of the Chamberlain Commission which was appointed in 1913. It reported in February 1914. The Honourable the Finance Member was the Secretary of that Commission. Now, Sir, that Commission said as follows:

"From time immemorial India has continually absorbed the precious metals, but in recent years gold has been imported into India in the form of bullion or of sovereign, in greatly increased quantities. Apart from imports of gold bullion, the absorption of sovereigns by the public for all purposes (hoards, circulation and the melting pot) during the 12 years ending the 31st of March, 1913,—that is the excess of the net amount imported over the amount retained in the hands of the Government, somewhat exceeded 60 million pounds, an amount little less in value than the new coinage of rupees during the same period. Between the 1st April 1909 and the 31st of March 1913, the absorption of sovereigns by the public was close on 30 million pounds."

They went on to say:

"To what extent and how widely the sovereign has established itself as an actual medium of circulation, it is difficult to determine with any degree of certainty. On the one hand, it is quite certain that a large portion of these 601,000,000 million sovereigns is not in active circulation, and that in many parts of the country the public have shown a preference in currency uses for rupees (or notes). But there is undoubted evidence that in the last four years there has been a distinct increase in the use of the sovereign for purposes of currency in certain provinces and districts such as parts of the Bombay Presidency and of the United Provinces, the Punjab and Cochin in the Madras Presidency."

That is the opinion which the Commission expressed. Mr. B. F. Madon, who has rendered a distinct service to the motherland in connection with this currency question, for which the whole country will be indebted to him, has

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stated that the value of the sovereigns and half sovereigns which are still in circulation in India may roughly be estimated to be about 200 crores. But whatever the exact figure may be, Sir, it is clear that the Government is aware that there is a very large quantity of gold coins in circulation in the country as the result of the measures which they have adopted. And it is of great importance, Sir, with regard to the recommendations of the Chamberlain Commission to note that they did not think it necessary to discuss the question that the ultimate goal of India was a gold standard. They assumed it, and on that basis, they recommended that "the time has now arrived for a reconsideration of the ultimate goal of the Indian currency system"—ultimate goal being the establishment of a gold standard. "The belief of the Committee of 1898 was that a gold currency in active circulation is an essential condition of the maintenance of the gold standard in India", on which they were unanimous. But in their opinion the history of the 15 years preceding their report showed that the gold standard had been firmly secured without that condition. On that point, Sir, we joined issue with them, but the fact remains that they were unanimous that the establishment of a gold standard was the ultimate goal. They also recommended, Sir, holding the view that they did, that it would not be to India's advantage to encourage an increased use of gold in internal circulation. But they were not opposed to the use of gold in internal circulation. They only recommended that there should be no special encouragement to the increased use of gold in internal circulation. They also said,—and this is important, Sir,—that in their view, which we contest, "the people of India neither desire nor need any considerable amount of gold for circulation as currency, and the currency most suitable consists of rupees and notes", and that in their opinion "a Mint for the coinage of gold is not needed for purposes of currency and exchange", "but if the Indian sentiment genuinely demands it and the Government of India are prepared to incur the expense, there is no objection in principle to its establishment either from the Indian or from the Imperial standpoint, provided that the coin minted is the sovereign or half sovereign, and it is pre-eminently a question in which Indian sentiment should prevail." In another recommendation they said:

"the Government should continue to aim at giving the people the form of currency which they demand, whether rupees, notes or gold, but the use of notes should be encouraged."

These, Sir, were the recommendations of the Chamberlain Commission made early in 1914. We know, Sir, what happened a few years later when the Babington-Smith Committee was appointed. That Committee made its recommendations, and attention has been drawn to them before. They were also in favour of a gold standard for India and of the re-opening of a branch of the Royal Mint at Bombay for the coinage of sovereigns and half-sovereigns and for giving facilities to the public for the coinage of gold bullion. Mr. Dadiba Dalal also urged in his minute of dissent that a gold mohur of the value of 15 rupees should be coined and that the Mint should be thrown open to the free coinage of gold. That, Sir, was in 1919.

We then come to the period when the rupee began to rise and went up from 1*s*. 4*d*. to 2*s*. 4*d*., when the Government established the rupee, on the recommendation of the Babington Smith Committee, at 2 shillings and that the sovereign should be of the value of Rs. 10. Legislation to this effect was undertaken in 1920, and the rupee was installed at 2 shillings in the Act of 1920. But we know the sad history of that legislation. Like the

Rowlatt Bill it proved ineffectual from the beginning to the end. While the Government endeavoured to keep up the rupee, the rupee went down below 1*s*. 4*d*., in fact below 1*s*. 3*d*., and the Government had to adopt measures to bring the rupee up to the standard of 1*s*. 4*d*. By the measures which the Government adopted, the rupee was brought to the rate of 1*s*. 4*d*. in January, 1923. About that time, *i.e.*, in 1924, our Honourable friend, Sir Purshotamdas Thakurdas recommended that legislation should be passed to establish the rupee at 1*s*. 4*d*., and we know the subsequent history. His Excellency the Viceroy cabled to the Secretary of State that pressure was thus being brought to bear upon the Government of India, and it was time they defined for themselves the policy which they would adopt. The policy which they recommended was of having the rupee stabilised at 1*s*. 6*d*., but even at that time it was not said that the Government had abandoned its pledge of establishing a gold standard in India. The Currency Commission was appointed so that in appearance a matter of such great importance should not be decided on the basis merely of the decision arrived at by the Finance Member of the Government of India, first by himself and then with the concurrence of his colleagues in the Executive Council. The Viceroy suggested that there should be a formal inquiry by some kind of Committee, and we have had that formal inquiry. When we come to that stage, what do we find? When the Commission was appointed, the Government of India prepared themselves to lay their views on the questions which it had to discuss. The Government of India, as represented by the Honourable the Finance Member and experienced officers of the Finance Department prepared a very carefully considered memorandum and submitted it to the Commission. That memorandum, prepared by three of the most important officials of the Government of India, the Finance Member, Mr. Denning and Mr. McWatters, was placed before the Royal Commission. The Honourable the Finance Member himself put in a memorandum of his own. In that memorandum, the Finance Member said:

"The gold standard system is expensive and, if it involves a large amount of gold in circulation, is not ideal . . ."

The Honourable Sir Basil Blackett: May I remind the Honourable Member that that has already been read out twice in the course of this debate? It might save us some time.

Pandit Madan Mohan Malaviya: I read, Sir, in Fielding that some Englishmen are very dense. When they hear a thing for the first time . . .

Mr. President: That does not matter. The quotation bears repetition and the Honourable Member will please proceed.

Pandit Madan Mohan Malaviya: But perhaps my friend will feel less hurt if I remind him of what Fielding said. He said: If you say a thing for the first time to an Englishman, he doesn't care for it. If you repeat it to him a second time, he looks at you but is not convinced. But if you repeat it to him for the third time, he begins to think that there is something in it. And I hope by this being repeated for the third time, my Honourable friend will begin to think that what is being repeated is something worth considering. The Honourable the Finance Member, Sir, said—I don't mean to hurt his feelings. It is a matter of very great importance to my country and my people, and it is my duty to use the utmost power that God has given me to place the facts before the Assembly in the hope that may be the Government will yet rise to the occasion and do their

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duty by the people who have been entrusted to their care. The Honourable the Finance Member said, Sir:

"The Gold Standard system is expensive, and if it involves a large amount of gold in circulation, is not ideal. But this is the only alternative which points the way to an ideal solution. The expense of this alternative can, I think, be justified, if it is likely to lead on fairly quickly to what I regard as the ideal system, an International Exchange Standard on the lines laid down by the Genoa Conference of 1922."

And speaking under the head the gold standard the Honourable the Finance Member said further:—

"My personal view is that the cost involved in an immediate advance to the Gold Standard is worth incurring on two conditions. The first is that the extent of that cost is fully realised in advance and the decision that it is worth facing is arrived at with reasonable unanimity by the Government and the people of India, and the Government are not put in the position of appearing to force India to incur the charge without due consideration of such public opinion as exists on so technical a subject."

Then, after saying that the scheme involved the possibility of a recurring cost of about Rs. 165 lakhs a year during the first five years and about Rs. 112 lakhs a year thereafter, he said:

"It is, however, important to stress the fact that these figures represent maxima. The assumptions throughout have been deliberately made to err on the side of safety. There are reasons for thinking that the actual charges would be considerably less, and there are various possible methods, some of which are mentioned or indicated in the memorandum, of reducing the liabilities."

Then, Sir, in the end the Finance Member said:

"My conclusion is that it is reasonable to hope that the ultimate charge to annual revenue as the result of introducing the Gold Standard would be negligible, though we must be prepared to face a charge up to a maximum of two-thirds of a crore a year."

There was only one consideration which weighed against the scheme in the mind of the Finance Member as is shown by the following question and answer:

"Can the transition be effected without such a disturbance in the gold and silver markets of the world as will threaten or destroy the utility of gold as a standard of value? If the effect of a decision to attempt the change to gold in India is going to be to upset the gold standard in the United States of America or in Europe, India has clearly nothing to gain by making the attempt."

Now, I submit, Sir, this last is a consideration which should not have been given the weight which it was given by my Honourable friend the Finance Member. India's interest should not be subordinated to those of Europe or America.

Now, Sir, the scheme which had been prepared by the Finance Member, Mr. Denning, and Mr. McWatters was submitted to the Commission. They examined the scheme. They pointed out in paragraph 33 of the Report, that under the scheme, the silver rupee would cease to be legal tender, except for small amounts, after a period during which it would have been convertible into gold currency. It would involve also the attraction to India of a large additional amount of gold, required for currency and the conversion of hoards. And they went on to give their reasons why the scheme should not be accepted.

Now, Sir, I regret to think that the Government of India were not able to persuade the Commission to give up their objections. They were not able to satisfy the Commission that there were alternative proposals by reasons of which the losses, the risks, the dangers which they apprehended, could be avoided. Now, Sir, there were two points which they were much concerned about. One was that £103 million of gold would be required for carrying out the scheme. The second was that certain countries outside India might be adversely affected by it. I submit, Sir, that the 103 millions was not to be required all at once. It is distinctly stated in the scheme of the Finance Department that

"it may be assumed that about £15 millions of gold would be required at the time of initiation of stage (i), a further £35 millions within a year, and the remaining £13 millions over a period of 10 years."

Now, Sir, this was a matter in which the difficulties which the Commission felt could easily have been removed, but unfortunately they did not do so. Many of us feel that if we accept the recommendations, a true gold standard with a gold currency will not be introduced in India. We think that that will be the result of the recommendations. And yet the Commission have expressed themselves in favour of the introduction of a true gold standard! That being the situation, the question before this House is what this House ought to do. The history of 120 years tells us that except for a short period the Government of India have been committed to a policy of a gold standard and a gold currency, that from 1854 Finance Member after Finance Member of India with the exception of Mr. James Wilson recommended the adoption of a gold standard and a gold currency as the right solution of the currency troubles of this country. We find, Sir, a very distressing state of things in connection with this question. The Government of India make their recommendation for the adoption of a gold standard and a gold currency. It goes to the Secretary of State. He turns it down. The Government of India appointed a Committee in 1866. It made recommendations for the adoption of a gold standard and the introduction of a gold currency. They sent the Report up to the Secretary of State, but they did not send their own recommendations to him. We find that a Finance Member of the Government of India, Sir Richard Temple, proposes measures for the introduction of a gold currency and a gold standard and almost gets them accepted. He resigns in April 1874, and in May 1874, his successor turns down the proposition and declares that the Government of India have abandoned the policy of having a gold standard for India. We find that between 1874 and 1892 the Government of India urge the adoption of a gold standard and alternatively of a system of bi-metallism. But they are not heard. Then, Sir, we come on to 1892, and we find that the Government of India still urge that a gold standard and a gold currency are the right solution of India's currency troubles. They take a very important step. They close the mints to the free coinage of silver and under the scheme they adopted, they put aside all the coinage charges, amounting to six annas in the rupee, with the deliberate object of building up a gold reserve to introduce a gold currency into India. This goes on for 20 years and after 20 years the exchange difficulty still endures. During all this period, Sir, India has suffered between 200 to 300 crores of loss, roughly speaking, over this exchange trouble.

Mr. President: The question is very important and the Honourable Pandit may take his own time after the recess. The House stands adjourned till a Quarter to Three.

The Assembly then adjourned for Lunch till a Quarter to Three of the Clock.

The Assembly re-assembled after Lunch at a Quarter to Three of the Clock, Mr. President in the Chair.

Pandit Madan Mohan Malaviya: Sir, I referred to the report of the Chamberlain Commission. I should like to go back to a little earlier period, with reference both to an opinion expressed by the Chamberlain Commission which I have quoted and also to an opinion expressed before the Commission the report of which we are discussing. I would invite the attention of the House to the situation, the predicament in which India is placed. So long as a question of this importance, such as the one before us, is considered and decided solely with an eye to India's interests, there is less danger of an error being committed than there is when interests other than those of India are given prominence. We know that the action taken by France, Germany and many other countries of Europe in the seventies of the last century created a situation from which the Government of India suffered enormously. During the years after 1872 up to 1893 they struggled with many proposals and put forward many suggestions and schemes for the consideration of the Secretary of State. But unfortunately the matter did not receive that attention which it deserved. Sir Louis Mallet and Lord Reay, who were delegates for India to the conference of 1881, observed in their report:

"A common standard of value, at least between India and England, appears to be the only complete and permanent remedy for the inconveniences caused to India by the present state of things. The adoption of a silver standard being impossible, this, in theory, can only be attained by the introduction of the gold standard in India. The practical objections to this course are of a very serious kind, but it is worthy of remark that they derive their force rather from the interests of England and other gold using countries than from those of India itself."

Similar was the complaint made by Sir David Barbour in the note which he attached to the report of the Gold and Silver Commission which reported in 1888. Sir David Barbour referred to the financial difficulties of the Government of India and made the following important observations:

"Nor can Great Britain divest herself of her responsibility in this matter by allowing the Indian Government to act as it may think best. The Government of India is only another name for the agency whereby the administration of the Indian Empire is carried on by this country; the gold obligations which now constitute the difficulty of the Indian Government were incurred with the knowledge and approval of the English Government, and are very largely due to the connection between the two countries; the original impulse towards the mono-metallic gold standard from which have sprung the existing currency difficulties, was given by England in 1816; it was strengthened by her suggestion, in connection with the International Monetary Conference of 1867, that France should adopt the single gold standard; and the interests of England and India are now so intimately connected that they cannot be separated in a question of this kind.

If Great Britain cannot, with reference to her own position and interests, take such steps as will relieve India from the existing currency difficulties, justice requires that in deciding on any measure which India may be in a position to adopt in connection with the settlement of the question the interests of India alone should be considered, but this course will neither relieve Great Britain from her responsibility in the matter, nor protect her from the consequences, direct and indirect, of further currency changes, or of changes in policy on the part of the Indian Government rendered necessary by existing financial difficulties."

They therefore pleaded, but pleaded in vain, that the Government of India should let them introduce a gold standard and a gold currency. In a despatch of 1892 Sir David Barbour, who was then the Finance Member, reviewed the whole currency situation and said:

"It may, then, be taken for granted that with a gold standard the great bulk of the Indian currency must continue to be silver rupees, and that, for monetary purposes, there would ordinarily be no considerable demand for gold coins in exchange for silver. On the contrary, the demand for monetary purposes would rather be for silver coins in exchange for gold coins. Gold coins would only, as a rule, be required in exchange for silver coins, when gold was required for hoarding, for export, or to be melted down for ornaments."

The practical measures proposed by him were:

"(1) The first measure would be the stoppage of the free coinage of silver:

(2) The next measure would be to open the mints to the free coinage of gold. Any man bringing gold to the mints would be entitled to have it coined into gold coins, which would be legal tender to any amount. It would be desirable to stop the free coinage of silver some time before opening the mints to the free coinage of gold.

The new gold coins might be a 10-rupee piece and a 20-rupee piece."

I submit, the words of the despatch in which the Government of India concluded their presentation of the case on the 2nd August 1892 are worth reproducing here:

"It would, we submit, be wholly unreasonable if, in face of the calamities which are likely to come upon us in the future, and of the fact that our difficulties must continue until England and India have the same standard of value, Her Majesty's Government were to prevent the Government of India from making an attempt to introduce a gold standard into this country on the ground of the actual or possible appreciation of gold, and were at the same time to refuse to support the proposal for a general system of double legal tender, on the ground that there had been no appreciation of gold in the past and that there was no likelihood of any such appreciation in the future. If Her Majesty's Government are not prepared to accept the proposals which we have advocated for more than ten years as the best remedy for our difficulties, we consider that they ought not now to refuse to let us adopt the only other remedy open to us, namely, the adoption of the same monetary standard as that of the country with which we have our most intimate financial and commercial relations, that standard being, as we understand, considered by Her Majesty's Government to have worked so satisfactorily in England that they are not prepared to encourage any hope of a departure from its being approved by them."

This was the attitude of the Government of India in 1892, and having considered the whole of their representation the Government in England decided in 1893 that the mints should be closed to the free coinage of silver and that their aim should be to introduce a gold standard with a gold currency in India. I have stated that the Government of India have from time to time consistently advocated the adoption of such a scheme, namely, a gold standard with a gold currency, and I submit that the objections which were pointed out to that scheme were such that they could be got over. Those objections I have partly dealt with but I shall now place before the House the definite concrete proposals which were put forward by some witnesses before the Royal Commission in this connection. Two of these witnesses, Professors Wadia and G. N. Joshi, both of Bombay, suggested an alternative scheme and that scheme would have obviated the objection which has been raised against this scheme by the Commission and to the scheme proposed by the Government of India. They advocated that there should be no further additions made in rupees or rupee notes. They advocated that—

"No fresh additions to the currency to be made in rupees or rupee notes; all such additions to be in the form of gold notes or gold certificates. Thus no immediate

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addition to the currency in the shape of gold coins will be necessary nor will it be necessary to convert the existing stock of rupees into gold.

So long as this country has not built up adequate gold reserves though we have already substantial reserves to which additions can be made from year to year with the balance of trade in our favour—it is not necessary to make the existing token currency convertible into gold for internal purposes.

A gold coin to be called the Mohur of the same fineness and weight as the sovereign be made the sole standard coin of this country and a mint for the free coinage of gold to be established immediately.

The relation of the rupee to the standard coin to be defined by law, preferably as 15 to 1."

Now, these very definite proposals got rid of the objections which were raised by the Commission and they were proposals which have received wide support in this country. Professors Shaw, Wadia, Joshi and Mr. Vakil have all laboured to press this upon the attention of the public and of the Government and of the Honourable Member. The Indian Currency League organised in Bombay has also definitely put forward the same suggestions and it seems to me that the volume of evidence given before the Royal Commission in support of this scheme is considerable. In view of these facts it seems to me to be a matter of very great regret that the Government have not seen their way to adopt the proposal of a gold standard and gold currency. We are now face to face with this situation. As Sir Richard Temple pointed out, every Finance Member from the fifties except the first Finance Member, Mr. James, has been in favour of a gold standard and gold currency. The Government of India have several times advocated this scheme and even put this forward before the last Royal Commission. They put forward a definite scheme for the introduction of a gold standard and gold currency. As against that we have the opinions of the members of the Commission whose report we are discussing. I submit that however able some of these members may be, their qualifications were not such that their opinions should be given preference over the opinions of so many of the Finance Members of the Government of India and of so many other eminent members of the Government who have written or spoken during the last 60 or 70 years on this question. I do not wish to discuss personalities but I only wish to point out with due respect that the members of the Royal Commission are not entitled to greater weight than the Finance Members of the Government of India extending over 6 to 7 decades. I submit when this matter comes up before the Assembly the Government ought to take that fact into account. The expressions of opinion of previous Finance Members up to the present Finance Member ought to have greater weight. Alongside of this we ought also to remember that the expressions of opinion of the Indian Currency League and the numerous petitions that have come before the Assembly also express the deep desire of the people to have a gold standard and a gold currency. Many members of the Government have said that in the matter of currency it is the duty of the Government to carry public opinion along with them, particularly commercial public opinion. The Government ought therefore to agree to introduce a gold standard with a gold currency in India.

Now, Sir, I hope that the matter will still receive the consideration of the Honourable the Finance Member and his colleagues on the Executive Council. It has been said by the Honourable Finance Member that a more suitable opportunity for discussing this would be the other Bill which has to come before the House in August.

3 P.M.

Because of the importance of the question and because of the seriousness with which the proposal has been made, I beg to point out that we are dealing with the Indian Coinage Act and that the question of what the coin should be and whether a new coin should be framed should find its proper place in the Coinage Act. I wish here to draw attention to the provision of the Coinage Acts which have been passed in this country. Act XXIII of 1870 is the Indian Coinage Act. We find this provision there:

"The undermentioned gold coins only shall be coined at the Mint:

(1) A gold mohur or fifteen-rupee piece

(2) A five-rupee piece equal to a third of a gold mohur

(3) A ten-rupee piece equal to two-thirds of a gold mohur

(4) A thirty-rupee piece or a double gold Mohur.

The standard weight of the said gold mohur shall be one hundred and eighty grains Troy, and its standard fineness shall be as follows: Eleven-twelfths, or one hundred and sixty-five grains, of fine gold, and one-twelfth, or fifteen grains, of alloy.

The other gold coins shall be of proportionate weight and of the same fineness:

Provided that, in the making of gold coins a remedy shall be allowed of an amount not exceeding two thousandths in weight and two thousandths in fineness."

That was in 1870. In the subsequent Act, the Act of 1906, I find that provisions relating to gold coin are embodied there and we come to the Act of 1918 and we find that the provision for coining gold mohurs was introduced again in the Indian Coinage Act. We come next to the Indian Coinage Act of 1920, No. XXXVI of 1920, where we find that the word 10 was to be substituted for 15. The gold ordinance was also repealed by that Act. I therefore submit that the present Act is the proper Act in which the amendments which have been moved by my friend Mr. Kelkar, Mr. Vidya Sagar Pandya and Mr. Prakasam should be considered. I hope the Honourable the Finance Member will be good enough to accept this view or to reconcile himself to it and help us in placing on the Statute-book a provision for the coining of a gold mohur and for the opening of a gold mint. Only one other remark I wish to make in this connection. I have referred to the provisions in various enactments for the acceptance of sovereigns and half-sovereigns at Government treasuries in payment of public dues. That makes it clear that the Government of India has by numerous of its Acts invited the people and encouraged them to adopt sovereigns and half-sovereigns as legal tender in the currency of the country. I have mentioned, Sir, that it is calculated that coins of the value of 200 crores—I am open to correction—are still in the possession of the people of this country. Now I ask, Sir, whether it is at all fair, whether it is just, whether it is honourable, on the part of the Government to propose to demonetize sovereigns and half-sovereigns after they have, by their policy, pursued for at least 60 or 70 years, if not longer, invited the people and encouraged them to accept gold sovereigns and half-sovereigns in the country. I submit it is not. I therefore say that the honourable course for the Government to pursue is to adhere by what they have done, to stand firmly by what their predecessors have done, to stand by the pledges which their predecessors have given, to stand by the pledge which they gave to the people when they attempted to put aside the charges on the coinage of rupees in 1893 with the view definitely to introduce a gold standard with a gold currency. For these reasons, I support the amendment which my Honourable friend Mr. Kelkar has placed before this House.

The Honourable Sir Basil Blackett: Sir, I hope the House after the hours and hours of long speeches that we have had will come to a conclusion on this matter quickly. I desire to make it perfectly plain at the outset that it is entirely impossible at this stage for the Government to accept any of these amendments. In the second place, the rejection of them at this stage will not be and cannot be taken as an expression of the view of this House that it does not want or ought not to have a gold currency. Full opportunity will arise for the discussion of that important question in connection with the Gold Standard and Reserve Bank Bill. Full opportunity will be given for the discussion of the question then and a decision not to incorporate these amendments in this Bill now will simply be a decision that the House does not desire to wreck this Bill by the incorporation of amendments which cannot find a place in it. There is a common feature in all these amendments and that is that the mints in India are thrown open to the coinage of gold, that is a mint has to coin any gold that is brought to it by the people. Now, I cannot understand how anybody in his senses can think that the putting of a clause of this sort on the Statute-book can hasten the securing by India of a gold currency. The Finance Department of the Government of India put before the Currency Commission a very carefully thought out scheme for the introduction by stages with full precautions at each stage of a gold standard, with eventually a gold currency. That scheme received the fullest examination at the hands of the Currency Commission, and the Currency Commission have unanimously expressed the view that the risks involved in that scheme are so great that it would not be in India's interest to adopt it at the moment. In the place of that scheme the Currency Commission have recommended a gold bullion standard and I believe that I have already said more than once in this House, but can say again, that if this House wants to proceed to the goal of a gold currency in circulation in India the quickest method of arriving at that goal is to adopt the gold bullion standard. However, that question will come up for consideration on the Gold Standard and Reserve Bank Bill. Let us just see what would be involved in the adoption of this half-baked scheme before us to-day. The Bill before us imposes on the Government the obligation to give sterling exchange in return for any rupees or any currency notes that may be presented to it in order that the stability of exchange at the fixed ratio of 1*s*. 6*d*. may be maintained. Now these amendments propose that anybody who has gold may bring it to the Indian mint and have it coined into gold mohurs; that is to say, that anybody who likes to do so can present currency notes or rupees to the Government of India and get sterling in exchange; with that sterling gold will be bought and brought to India and coined into gold mohurs. The Government, that is to say, undertake the liability to convert an unlimited amount of the existing currency notes and rupees in India into gold at the fixed ratio of 1*s*. 6*d*. Any attempt to adopt that system without the most careful preparation and without some agreement for credits in case of necessity in England and America would immediately lead to a complete breakdown of the Indian currency system altogether, and within a year or more after wasting a great deal of money we should find ourselves back on the mono-metallic silver standard. If it is possible to arrive at a gold currency for India it is obviously only possible by the most carefully graduated stages with enormous precautions taken at each stage that the Government shall not be saddled with an obligation so great as to smash the Indian currency system altogether. And yet, in spite of the unanimous Report of the Currency Commission, we are asked to adopt in this Bill at this stage an amendment which will impose on the Government all these obligations, in one case within one year and in another case within, I think, 8 years, but without any of the precautions necessary to secure that the effort shall be a success. The result could only be a further disaster to Indian currency and a great loss of money for the time being. If we are to consider the question of the introduction of a gold currency, I submit to this House that it must be considered carefully in connection with the Gold Standard and Reserve Bank Bill, when full opportunities will arise for considering that question. To press the matter to a decision now is merely another method of wrecking this Bill and nothing else. So far from hastening the adoption of a gold standard, with or without a gold currency, in this country, it jeopardises the progress of the very carefully thought out schemes for the reform of the currency system which have been put before us by the Currency Commission which are already under the consideration of this House in the Gold Standard and Reserve Bank Bill. I submit, therefore, that to press these amendments at this moment cannot possibly be in the interests of the currency system of India and is a sure method of postponing even further the day on which the possibility of introducing a gold currency will arise in this country. Now, last Friday, before Mr. Kelkar or Mr. Vidya Sagar Pandya or Mr. Prakasam moved these amendments, I wrote to them all a letter which I will read:

"I write to you with reference to your amendments which raise the question of the coinage of a gold mohur and the introduction of gold currency in circulation. The Bill as it stands is intended to be a purely interim measure. The sovereign is at present nominally legal tender at two shillings but it has not in fact been in effective circulation since 1920. Clause 2 of the Bill proposes that it should be demonetised. The only alternative would be to monetise it at the new ratio. If this is done now, the whole question of the introduction of a gold bullion standard as proposed in the Gold Standard and Reserve Bank Bill is prejudiced. It would obviously be undesirable to monetise the sovereign at the new ratio now and then to demonetise it a few months hence in order to enable the gold bullion standard to be introduced. The Government propose therefore to demonetise the sovereign. This does not in any way prejudice the question whether the future currency system of India should contain the gold sovereign or a gold mohur as part of the legal tender circulation of the country either as an element in the circulation, as it was before the war, or as a major factor in the circulation as is desired by those who want to see a gold currency introduced at once. All these questions will come up for consideration on the Gold Standard and Reserve Bank Bill. The proposals of the Currency Commission and of the Government do not, it is true, contemplate a gold coin in circulation at present. But it is the desire of the Government that all the possible alternatives should be fully discussed in the Committee on the Gold Standard and Reserve Bank Bill and by the Legislature when the Committee has reported."

I then went on to ask them, in order to shorten the debate, whether they would not agree not to press those amendments, with the result that the House has listened to or not listened to. I do submit to the House that we should understand where we are. This Bill is meant to be a purely interim measure. (*Mr. T. Prakasam*: "Will the Honourable Member read the reply given?") The reply, the one I got from Mr. Prakasam, was to the effect that he did not feel able to agree to my proposal. The Bill is a purely interim measure. It is so drafted that it shall not in any way prejudice any of the questions that will come up for discussion on the Gold Standard and Reserve Bank Bill. Our object is to leave a perfectly clear field for discussion of those proposals on that Bill. The

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main features of this Bill are one to fix the ratio, as has already been done in clause 4, and the other is to provide for the receipt of gold by the Government in the interim period. Clause 2 deals with the sovereign. As I have said, since the sovereign was made legal tender at two shillings in 1920, it has not been effectively in circulation as coin, though no doubt there are a large number of sovereigns in India held as bullion. If we were to make the sovereign legal tender now at 1*s*. 6*d*., we should prejudice the discussion of the gold bullion standard, because the Commission say quite definitely that if the gold bullion standard is to be introduced, the sovereign cannot be in circulation during the period of introduction. My friend, Sir Purshotamdas Thakurdas, has told us that while he does not altogether appreciate the reasons why the sovereign should be demonetised in order to introduce a gold bullion standard, he is prepared to defer to the views of his colleagues. I do not ask that we should at this moment decide that question at all: what we propose is that, for the moment, the sovereign should be demonetised. The question will arise later whether it should be monetised or not at 1*s*. 6*d*., or whether we should have a gold mohur, which after all would be a more convenient gold coin at 1*s*. 6*d*.; a gold mohur slightly differing from the sovereign equal to say Rs. 15 or Rs. 20 or thereabouts would be a more convenient coin than the sovereign at Rs. 13-5-4. Any question whether that gold coin should or should not be introduced is one which can come up for discussion on the Gold Standard and Reserve Bank Bill. If we make it legal tender at 1*s*. 6*d*. now, we definitely prejudice the discussion of a gold bullion standard on that Bill. I was prepared, in order to assist debate, to adopt another alternative, and that is simply to omit clause 2 altogether at this stage and leave the sovereign still nominally legal tender at Rs. 10. The position would be rather absurd, considering that the rupee is worth 1*s*. 6*d*., but I was given to understand that the view of Members of this House was that the demonetisation of the sovereign now was prejudicing the issue. If we left it exactly as it stands, the issue would from that point of view not be prejudiced at all, but I now understand that the proposal to leave out clause 2 is not entirely acceptable. If that is so, I should much prefer to see the clause adopted as it stands, because it will actually have the advantage that the Currency Offices will be able to accept the sovereign as bullion at the equivalent of 1*s*. 6*d*. If the offer is not accepted, therefore, we must get back to the clause: and as I say, the object of this Bill as it stands, the whole Bill is to provide for the interim period pending the discussion and carrying into effect of the Gold Standard and Reserve Bank Bill. Nothing in the Bill as it stands to-day prejudices that discussion. These amendments which are actually under consideration at the moment would simply wreck the Bill. (*An Honourable Member*: "How?") I have already explained; I cannot give the Honourable Member the intelligence to understand; I have already explained that the effect would be to destroy the whole of our currency system altogether.

Mr. Ram Narayan Singh (Chota Nagpur Division: Non-Muhammadan): I protest against those remarks, Sir.

Mr. President: I think it is not right for one Member of this House to suggest that any other Member has no intelligence.

The Honourable Sir Basil Blackett: Sir, I readily withdraw, if I have given any offence. I did not know which Honourable Member it was that made the remark at the time. But I have already explained fully that we cannot accept these amendments at the present stage without completely destroying this Bill. The Currency Commission have, after carefully considering a very carefully thought out scheme of introducing a gold currency with safeguards at every stage, come to the conclusion that the risks involved are too great to make it desirable for India to adopt that scheme. We can discuss whether or not that is the case when we come to the Gold Standard Bill. But if at this stage we adopted a scheme for a gold currency with no safeguards, after the Report of the Currency Commission, we should, I venture to suggest, be doing a thing which is not intelligent. I do appeal to the House to shorten the discussion on this matter and to allow the questions that do arise in this very important matter of the reform of our currency system to arise at a moment when they can be effectively discussed. We have had a long controversy over a particular question in connection with the reform of our currency. I have always regretted that controversy because it obscured the issues—and in this I entirely agree with Mr. Kelkar—the more important issues, in connection with the reform of the Indian currency system. If we are to succeed in arriving at a reform of the Indian currency system that will be for the benefit of India all round, good will is required, and I do ask that, now that our major controversy is finished, we should set ourselves now to work together to arrive at that reform of the currency system which will best save India's interests: and I do submit that an attempt to force on the Government a clause adopting a gold currency at this stage cannot assist the reform of Indian currency. Sir, I oppose these amendments.

(Several Honourable Members moved that the question be put.)

Mr. President: Does the Honourable Member (Mr. Kelkar) wish to say anything?

Mr. N. C. Kelkar (Bombay Central Division: Non-Muhammadan Rural): I wish to make a personal explanation, Sir. I am one of the three persons to whom the letter just read out to the House was addressed. I did not directly reply to that letter then, but since then I have been discussing this question and even receiving enlightenment . . . . .

Mr. President: I am afraid I cannot allow the Honourable Member to make another speech.

Mr. N. C. Kelkar: I am going to read the answer. Is that not an explanation, Sir?

Mr. President: The Finance Member made no suggestion against the Honourable Member.

The Honourable Sir Basil Blackett: I have not made any charge against anybody at all.

Mr. J. M. Dunnett (Home Department: Nominated Official): I move that the question be now put.

Mr. C. Duraiswamy Aiyangar (Madras ceded districts and Chittoor: Non-Muhammadan Rural): Sir, whatever may be the authority of the Honourable the Finance Member on financial questions, I certainly can not accept him as an authority as to which question is relevant to which Bill. Sir, in the form in which the present Bill has been framed, I do consider that the amendment which has been brought before this House by my Honourable friend Mr. Kelkar and similar amendments which are also tabled by my Honourable friends Mr. Vidya Sagar Pandya and Mr. Prakasam are sufficiently relevant to this Bill and less relevant to the other Bill which he

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proposes. Sir, it will be arguing in a vicious circle if he were to say that this provision will not be in place so far as the present Bill is concerned and it may be considered better with reference to the Reserve Bank Bill; and when we come to that, he could very easily say that the Preamble that is made to that Bill would not permit of any such motion being put forward for minting of coins. I do therefore consider, Sir, that the amendment which has now been placed before this House by my Honourable friend is certainly in order and we are bound to consider it only on this occasion.

Mr. President: Is that the Honourable Member's ruling?

Mr. C. Duraiswamy Aiyangar: I am stating my opinion, Sir. A ruling has been given by you. The Honourable the Finance Member tried to raise this question even in the beginning and the Chair itself has given a ruling, but the Finance Member was trying now to question that ruling, and I am therefore submitting to you . . . .

Mr. President: The Honourable Member has suggested nothing of the kind.

Mr. C. Duraiswamy Aiyangar: Then, Sir, I proceed only to place before this House a little message which I, on behalf of the laymen in this country, a man in the street, has to place before this House. The Honourable the Finance Member can certainly keep away from this House at present because he will not be troubled with any technical questions to which he will have to devote any part of his mind and therefore he is justly absent from this House.

Sir, in this country, as ancient history and the still surviving relics prove, gold currency was the normal feature under the Indian rulers. We are told that under the Indian rulers there were no less than 172 kinds of gold coins. Relics of them are now valued not by the gold contents thereof but by many times the same by numismatologists. The Rawatanki—the genuine type of it is worshipped in many a Hindu house and its sanctity is so great that its counterfeits have become very numerous. Shavar Kasi is valued for the purity of its gold contents. About fifty years ago, in the temple of Sri Balaji, of my place, coins known as Umamaheswara Mada, of the value of three lakhs, were discovered underneath a very ancient building when a repair of it was taken up. The gold coin of Akbar is still valued as a charm. It is needless to multiply instances. With all this tradition of a gold currency, it was reserved for the East India Company in 1806 to declare that India was fit only for a mono-metallic silver currency. The Company evidently discovered that when civilization was dawning upon their motherland, the ancient civilization of India must be driven into a stage of senility and ought to put on silvery hairs. Conquest is after all a slow and deceptive process. So the Court of Directors said in their Despatch of 1806:

> "Although we are fully satisfied of the propriety of the silver rupee being the principal measure of value and the money of account, yet we are by no means desirous of checking the circulation of gold, but of establishing a gold coin on a principle fitted for general use."

But this sympathy for the gold currency contemporaneously with their pet child the silver mono-metallic currency was so enthusiastically and honestly translated into action that it became quite easy in 1835 to introduce a statutory provision to the effect:

> "No gold coin shall henceforth be a legal tender of payment in any of the territories of the East India Company."

Still there was some lingering life in the obstinate gold coins until in 1852 a proclamation was issued for the total suppression of this species of currency in this country. There ended the last chapter of India's ancient history. But the ghost of gold coins continued to haunt the commercial world as we find that in 1859 the Bengal Chamber of Commerce and the "Native shroffs and merchants of Calcutta" desired to have the gold coin being admitted at least as a subsidiary coin. But between James Wilson, the then Finance Member, the then ancestor of Sir Basil Blackett and the Secretary of State, the matter was easily disposed of with a few words of praise to gold in appreciation of its past services to India and the then services to England. Leaving alone the various stages of the struggle, we find that after the advocacy of Sir Charles Trevelyan, we had a recruitment of sovereigns from England and Australia by the notifications of 1864. In spite of the successive recommendations of the Finance Members, the currents and cross-currents between India and Great Britain gave a deathblow to gold currency in 1874. Thereafter we find that gold was found to be a good tonic to all other countries except India.

(At this stage Mr. President vacated the Chair which was taken by Mr. Deputy President, Maulvi Muhammad Yakub.)

It is profitless to pursue the currency policy of the Government any further. It may be relegated to the sphere of professors and students of colleges. There was no ghost of a chance for the gold coin to raise its head against the rupee in this country. Professor Shirras says:

"India is a land of surprises, specially in the domain of finance. With the best intention in the world no Government could have carried out the Fowler Committee's recommendations in view of the invaluable experience of 1900. The rupee could not be dethroned by gold: it had been coined for 380 years, and had been looked on not only as a suitable circulating medium but also an excellent store of value."

Our foreign trade has all been with gold using countries. Still India had to take goods and for the balance silver in return for her exports. Naturally the ratio war has become a normal feature in the subsequent history of India. Leaving aside the various struggles which the Rupee has had to undergo in its trade relations with the happy countries of India's foreign markets, let us consider the present attempt at the resurrection of India's gold coin by its protagonists and the opposition they have to encounter. If the desire and power to settle a suitable form of currency were both centred in those whose sole interest is the welfare of this country the problem will not be beset with serious difficulties. The best minds of the country can sit together and decide one way or the other. But unfortunately for this country the power is in the hands of those whose interests are wedded to a far distant land and the manipulation of that power is so dexterously effected as to entrap those whose interests ought otherwise to be solely guided by the welfare of this country. The legal will of India submerges the moral will and still passes for its real will as we have seen in the fate of the ratio question. With the aid of the "ancient household troops" and their "new recruits," as Edmund Burke would call the official and nominated votes of the House, the voice of the people through their elected representatives is drowned to death. If one studies the currency policy of the British in India alongside of their tariff policy it will be clear how the silver came to be pinned to this country and all the gold was transported to Great Britain. The vigour with which the manufactured articles were forced on this country and the import of Indian

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goods into Great Britain was penalised and prohibited too in certain cases from the year 1802 when the currency of India began to be tampered with, accounts for all the calamities of our gold currency. During those stages when the balance of trade was in favour of Britain, India had to pay in *gold* over and above the raw materials she contributed. British Mercantilism more than Imperialism has always been ruling our country. Thus in 1800, the import of merchandise from Great Britain to India was £1,428,659 which rapidly rose to £6,023,192 within a period of forty years (1800—1840). In 1854-59 the exports to the United Kingdom came to Rs. 8,78,23,998 whereas the imports from the United Kingdom amounted to:

Up to 1844, the balance was in favour of India ...	Rs.	12,09,06,513
In 1844-49—Trade was at par	,,	8,78,23,998
Excess in favour of the United Kingdom ...	,,	3,30,82,515

Thereafter it turned against India from 1852, until the raw products had their demand.

Note, it was in 1852 that the proclamation against the acceptance of gold coins was promulgated and that it was in 1859 the Bengal Chamber of Commerce and other merchants alarmed at the transportation of gold to United Kingdom clamoured for the gold coins being retained for subsidiary purposes at least. All that clamour was of no avail. Although, therefore, there has been year after year a large net import of gold partly in the shape of bullion and partly in the shape of foreign coins as trade returns, India could not use them for conversion into currency. Then, what follows? The imported gold is absorbed by the Government in a large measure and what goes into the country's absorption is all in the shape of gold bullion in the hands of the bullion-broker and if such gold is used for non-monetary purposes, it is the Government that forces it and is the chief abettor of the much condemned hoarding habit.

Let us now turn to our present situation. The Royal Commission on Currency recommends to us what is known as the gold bullion standard which is in their view an *effective gold standard* without gold currency. In rejecting the scheme for a gold currency presented to them by the Finance Department of the Government of India, the Commissioners are obsessed by a super-ethical ultra-altruistic standard when they refer to the disastrous effects on other countries by India's absorption of gold. Charity begins abroad—not at home. Other countries have to recoup their pre-war gold conditions and let us not compete with them. This is their argument.

Then they begin to discredit the estimate of requirements carefully prepared by the Finance Department and anticipate untold fears even to the extent of expecting very bad years for Indian exports. It is said that there will be a sudden rush for gold coins to replace both the rupees and the notes. The Commissioners apprehend the danger of reducing the due proportion of gold and sterling securities in the Reserve to gross note circulation during the transitional period. They cannot reconcile themselves to the view that the gold in currency might promote greater confidence in the people, might bring out even the hoarded gold into a system of banking and investment. Their next attention is towards the patronage of silver and the avoidance of the depreciation of silver and would not trust to the safeguards provided against it by the scheme itself. Here comes their plea for the poorer classes who hoard silver in the shape of jewels. Then a plea for China and her international trade, then a word for the silver market of the United States and so on dispose of the scheme for the gold currency with a fatal blow. But the greatest crime of India is supposed to be in the habit of hoarding and non-monetary use of gold—an argument which applies equally to silver. Say the Royal Commissioners:

"The habit of hoarding the precious metals became ingrained in India through centuries of war and rapine, and has persisted under British rule in spite of security of property and the introduction of improved currency and banking facilities."

They finish the theme by the emphatic sentence:

"It *must* not circulate at first and it *need* not circulate ever."

Considering the vicissitudes through which India has been passing for over a century and a half and more particularly under the very British domination on whose behalf a claim is made for improved currency and banking facilities. I feel that the habit of hoarding has far from being a crime been an act of prudence. A country which passed through a rapid succession of foreign conquests, a country which has been subjected to foreign domination which has for over a century not been able either to entertain or create a trust, but which on the other hand has in all its phases, civil and military alike, been propping up feeling of continuous distrust cannot be expected to do otherwise than hoard up a part of its wealth, such part as cannot be invested in immovable property. Under the revenue system of this Government there is no sense of security created even in an investment in lands. What with the never-to-be-forgotten-and-ever-to-be remembered scandal of the Arbuthnot fraud in the Madras Presidency, what with the frauds and failures of several Banks, everything has been contributing only to demonstrate the wisdom of the hoarding habit. The eccentricities and the frivolities of the currency policy, the location of and the tampering with the gold reserve have only added to the stability of the habit. After all the known and unknown, visible and invisible processes of depletion of India's wealth, if India can still boast of some wealth the credit must be laid only at the door of the hoarding habit. The gold in jewels has been the domestic reserve of families which came to rescue when the families came to ruins. What is known in Hindu Law as "the Stridhanam jewels" has been the saving angel of many a ruined family. The almost forced custom of presenting protected jewels or mohur to the bride helped her to protect her children when the husband died in an impoverished condition. This domestic reserve has also helped the enhanced efforts of the male members of a family to make further earnings to keep the family going without touching the reserve. Even this habit is now dying out in relation to gold, as in the richer families the precious stones and pearls which promote circulation of coins are superseding the large portion of domestic gold reserve as I call it and bringing gold to its irreducible minimum requisite for keeping the stones or pearls together in some shape.

But let us take leave of the Indian women and their partiality for jewels and ask of the wide world which is the country that does not hoard

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some fraction of its coinage or precious metal in some shape or other inclusive of jewels. What is the value of gold locked up in the Crown Jewels to start at the tops?

Then, again, are not European ladies running after jewels in forms even cruder than those adopted by the Indian women?

Mr. P. B. Haigh (Bombay: Nominated Official): Sir, is the Honourable Member in order in discussing this extremely interesting question about jewels?

Mr. Deputy President: Well, of course he is in order.

Mr. C. Duraiswamy Aiyangar: The making and remaking of jewels have been employing the goldsmiths of this country. But what about the freely discharged crores of India which have left our shores leaving huge buildings on our heritage, as in this New City?

I have it from the authority of my Honourable friend Mr. Kelkar that in some quarters we are accused of the grave crime of using gold for medicinal purposes. I am not aware if it is seriously urged by any one with his head on his shoulders. I know that gold plays an important part as the best tonic in the Ayurvedic system. But the quality absorbed by the medicine is so small both as to its requirements as well as to its inaccessibility to the common folk that no serious argument can be built on it. But to the extent that the medicinal requirements do demand a quantum of gold that cannot be denied to a country whose medical science has proved its efficacy and has not been impeached even by those who consider it their sacred duty to supply opium for medicinal and scientific purposes.

I maintain that the Royal Commissioners erred egregiously in arrogating to themselves a superior wisdom when they condemn the witnesses before them in the following terms:

> "The widespread desire for it which was expressed to us by so many witnesses in India appeared to be induced to some extent by the idea that gold was the most advanced form of currency and that other nations had long denied to India a privilege which they enjoyed and highly valued themselves."

The establishment of a gold standard in Great Britain commenced a few years after the demonetization of gold coin in this country and for over a century, right up to the War, the other countries have been indulging in gold currency and if after the ravages of war they have not gone back to the old order of things, it is certainly not because of any change in the angle of their monetary vision but because the recoupment has not fully taken place yet. The Royal Commissioners after citing the examples of Great Britain and the United States as they are to-day proceed to remark:

> "Some high authorities have expressed the view that the circulation of gold is beginning to be regarded as a sign of a backward civilization."

It is evidently some fox of Great Britain which after losing its tail has come out to preach the bliss of being without a tail. But let me make it a text for a crude theory which I sometimes try to formulate in my own mind in moments of inanition. Let me make my proposals on this text:

(1) The League of Nations must take up the question of establishing a fiat system of currency for all the countries that make up the League;

(2) The size, the fineness, and the value of the coins must be the same in all countries distinguished only by the name of the country and the insignia of its sovereign;

(3) The metal chosen must be the basest metal with safeguards against counterfeit—say cupro-nickel alloy;

(4) Let both the precious metals, gold and silver, be released from currency and grouped under the commercial commodities for non-monetary purposes like diamonds, rubies, emeralds, etc.

Will this system satisfy the advanced civilization? I hope it will, rather, it must.

Sir, let me return to the main road and not proceed further on this by-path. Is it correct to say, I ask, that after the War at least the United Kingdom has abandoned its love for gold in circulation as the Royal Commissioners assert? The Cunliffe Committee on Currency and Foreign Exchanges says:

"While the obligation to pay both Bank of England notes and currency notes in gold on demand should, in our judgment, be maintained, it is not necessary for the maintenance of an effective gold standard, nor do we think it desirable, that there should be an early resumption of the internal circulation of gold coin."

Mark the word "resumption." Is it the mentality of that advanced civilization which will spurn the gold coin in circulation?

Yet, our Royal Commissioners dictate to us: "It must not circulate at first and it *need not circulate ever.*"

To add to this the Commission says:

"The termination of the anomalous provision by which one form of note, the paper note, is convertible by law into another form, the silver note, is an essential step in Indian currency reform which must be taken sooner or later."

Compare with this the recommendation of the Cunliffe Committee:

"If necessary, however, the circulation of gold coin could be prevented by making the notes convertible at the discretion of the Bank of England *either into such coin* or into bar gold, though for our own part we should prefer to maintain the right of the noteholder to receive payment *in gold coin* and to trust to the informal steps, suggested above to prevent gold from flowing into internal circulation."

What then is the weakness in our currency that necessitates a provision for non-convertibility of notes into rupees? Let me quote the words of the Commission:

"It entails keeping in the currency reserve for purposes of internal convertibility a large stock of silver which for external purposes is of little value".

For the rest I consider paragraph 69 of the Report to be a bundle of inconsistencies or unstable views—I hope my friend Sir Purshotamdas Thakurdas will pardon me for saying it—as to what form of currency is best suited for this country. A careful perusal of the Report must lead to but one conclusion, namely, that gold currency is quite as suited to India as to any other country. Writing in 1921 Professor Shah said:

"It is more than a year since this chapter was written. The author still keeps to his main contention that the only true and effective remedy is to introduce a full, free, honest gold standard and gold currency and place it—by legislative sanction—beyond the tinkering of all amateur financiers".

[Mr. C. Duraiswamy Aiyangar.]

Another question that arises in a *de novo* introduction of gold currency is the one of resources of gold supply. That is a question which will arise not exactly under the scheme suggested by the present motion but under the scheme submitted to and rejected by the Royal Commission. Even there the Commission was not justified in rejecting the proposal on the ground of cost and resources. The annual output of gold from the hitherto discovered mines of India has been 2½ per cent. of the world's production. Even that enterprise was purely a foreign private concern and was confined to the Mysore territory—the Kolar Gold fields—and all that gold was transported to the London Mint:

> "In 1902 the Government of India informed the Secretary of State that the Chief Mining Companies had made arrangements to sell their gold in London and they were doubtful whether any terms that could be offered, with a due regard to the interests of Government, would induce them at an early date to alter those arrangements and to bring their gold to the Bombay Mint."

What a plausible plea for not getting Indian gold to an Indian Mint!

Has this Government made any research into the gold yielding mines of India? The Government of India has been a mere drone exploiting the surface gold of India and not the gold imbedded deep under the earth. In the pre-British days when gold currency prevailed in this country where was all the gold coming from?

On the whole, Sir, the objections of the Currency Commission to the introduction of gold currency are not convincing, at any rate to a layman like myself. It is to be regretted that Sir Purshotamdas Thakurdas in his anxiety to run up to the ratio question made but a summary disposal of the gold currency in his minute of dissent. . . . .

Mr. Deputy President: Order, order. We are not discussing the Report of the Currency Commission. The Honourable Member should confine himself to the issue.

Mr. C. Duraiswamy Aiyangar: I am only placing before this House the high authorities which prescribed a gold currency as the best standard in this country and how the Commissioners were not justified in throwing away that suggestion.

I am therefore unable to appreciate his agreement with the conclusion of the majority while disagreeing with their reasons. He says:

> "In the first place I do not believe that the introduction of a gold currency can jeopardise the note circulation, except perhaps at the outset, when popular curiosity may create a certain amount of demand for gold currency, such curiosity, however, would be only small in extent and temporary in duration. Instead of the replacement of notes by gold currency, as apprehended, the ready convertibility of notes into gold will, if anything, increase the confidence of the people in paper currency and to that extent promote its circulation further. In the second place, I cannot agree with the observation that the mere act of putting gold into circulation would not develop the banking and investment habit in India. I agree with Sir Basil Blackett when he said 'the introduction of gold into circulation, although it is a wasteful and expensive system, is necessary in Indian conditions to inspire confidence in the people and provide the stimulus which is badly needed for investment and the banking habit in India'."

After these observations on the main objections, it is difficult to understand how one can agree with the decision of the majority. If not *Indian conditions*, what other country's conditions are we concerned with? If the gold currency will promote the faith in the paper currency, will promote the banking and investment habits of the people, why is it discarded unless you do not want these benefits to accrue?

Sir, the Royal Commission has recommended in place of the gold currency a gold bullion standard with the virtues of which they are immensely enamoured. Let us see what that scheme means to the common man whatever it may convey to experts. There may be imposed a statutory obligation on the currency authority to buy and sell gold without limit and without regard to purposes in quantities of not less than 400 fine ounces. In other words the Currency Authority will be the wholesale marketwallah of gold bullion and the retail dealers will still be the shroff who with his middleman's profits will sell gold to those who want to purchase lesser quantities. To the shroff the value of one tola will be Rs. 21-3-10 but to the retail purchaser it is Rs. 23 odd. If a retail purchaser gets gold at an enhanced value and then finds no use for it, he will have to reconvert the same into current coins at a considerable loss as he will have to sell at Rs. 21-3-10 per tola what he purchased at Rs. 23 odd. This is the sense of security that the scheme of the Currency Commission creates in the value of silver or paper rupees under its blessed scheme. They add:

> "It is essential, therefore, that the conditions which are to govern the sale of gold should be so framed as to free it in normal circumstances from the task of supplying gold for non-monetary purposes."

Paragraph 64 of the Report begins with the defunction of a sound gold standard and ends with a half-sound doctrine for India:

> "A sound gold standard postulates a statutory obligation upon the currency authority to buy and sell gold at a price equivalent to the par value of the monetary unit. This obligation constitutes the cardinal condition and compelling force for the maintenance of monetary stability in relation to gold and through gold, in relation to all monetary systems similarly linked to gold or gold exchanges."

A half-sound doctrine of buying gold and selling gold exchange is applicable to India because India's demand for gold is not confined to monetary purposes. I wish I were armed with the authority to search the houses of the Members of the Commission and bring out all the gold hoarded for non-monetary purposes. There is no denying the fact that if only the people are guaranteed a free gold in currency the coins will not be absorbed, in any reckonable measure, by non-monetary uses. Experience even in this country shows how the people were freely passing from hand to hand the sovereigns in the place of fifteen rupees. Even in my own limited sphere I can bear personal testimony to having received my fees from clients in the shape of sovereigns.

(1) Gold currency will create greater confidence in the currency policy of the Government.

(2) Gold currency will create greater trading facilities both internally and externally.

(3) Gold currency will certainly improve the banking and investment habits of the people.

(4) Even if it be sentimental, gold currency will raise India in the estimate of the world's great nations.

(5) Gold currency will induce even the foreigners in India to retain their earnings of exploitation much longer in this country than at present.

[Mr. C. Duraiswamy Aiyangar.]

Sir, I am not a believer in the doctrine of popularity of currency so far as this country is concerned. It is all idle talk that one form of currency is popular and another is unpopular. The Indian currency system has been nothing but a show of a cinema film. A rupee note to-day and that disappears; A two and a half rupee note to-morrow and that goes out; Eight anna nickel and that retires; the 10 rupee sovereign; the 15 rupee sovereign—ever so many scenes come and pass. My countrymen, Sir, have become quite tame and docile. Anything is popular. Put a lion in a cage, starve it for a week, then it relishes grass. Grass then becomes popular with the lion, though its craving for its own appropriate food may still lurk. So also, Sir, your notes, your nickel are all popular though we have still a lurking desire for the restoration of our gold coins. Popularity in its true sense implies the existence of a free volition. A free will and a capacity to act up to it in a nation are necessary ingredients in the connotation of the term "popularity". Do we possess these? No, why then speak of popularity? Force anything on us and we are bound to take it. Take the case of our old friend, the one rupee note who is shortly to revisit us: Did not even a rural oil-monger receive it, tie it in his cloth, soak it in the oil and still love it? Did not a road repairing coolie receive it for his wages and besmear it with mud to make it fire-proof? Necessity or inevitability is the mother of popularity.

Sir, the motion of my Honourable friend Mr. Kelkar relieves the Government of the necessity of any programme expenditure for the introduction of gold currency as he aims at a gradual realization of gold currency which will keep good company with the gradual attainment of responsible self-government. He makes it the duty of the people to provide their own gold and wants only a little christening or *namakaranam* in a Royal Mint in Bombay, not even Poona. I will ask for a branch in Madras as Honourable Members may be informed that just as in Delhi there is a Parliament Street without a Parliament, there is a Mint Street in Madras without a Mint. People will take their gold to these mints, get them coined and these coins will flow into circulation. This scheme is in no way inconsistent with the sale and purchase of gold exchange and gold bullion and will be even a complement to it. Shall we then have a Mohur? Sir Basil Blackett says " No, not now.". He says:

4 P.M.

> " The place for gold in this system is in the reserves. When and if the time comes for the introduction of a gold currency in India and the conversion of the gold bullion standard into a gold currency standard, it will in any case probably prove preferable to mint a special gold coin, say, a gold mohur of twenty rupees rather than to retain as legal tender a coin which represents a very inconvenient fraction in terms of rupees ".

The inconvenient fraction is his own creation. However he will ask to depend on " when and if.". Sir, let us try and have a " now " by supporting Mr. Kelkar.

(*Several Honourable Members*: " Let the question be now put.").

Sir Purshotamdas Thakurdas (Indian Merchants Chamber: Indian Commerce): I did not expect to take part in this discussion, but the Honourable the Finance Member has referred to my opinion in the Commission's Report so far as demonetisation of the sovereign is concerned. In order to make it clear I will read the paragraph in which I recorded my views regarding the demonetisation of the sovereign in my minute of dissent,—which is a fairly short paragraph, and I hope in fairness to my view you will allow me to read out that paragraph to the House.

"My colleagues regard the demonetisation of the sovereign and the half sovereign as a necessary part of that standard (that is, the bullion standard). The sovereign and the half sovereign are the only gold coins legally current in India since 1893. I regret that I am unable to appreciate the necessity of this recommendation. I am not aware that any other countries, with a gold standard and a central bank as the currency authority, have found it necessary to demonetise their gold coin. Indeed, several witnesses in London have expressed doubts whether either England or America would be prepared even to consider the adoption of such a course. But as nine of my colleagues are convinced of the necessity of demonetising the sovereign and the half sovereign as essential to the establishment of a gold bullion standard, I am prepared to view with diffidence my inability to see eye to eye with them, and do not press my objection beyond recording my own opinion."

I do not think I need say anything more. I still stick to this opinion that I cannot appreciate the necessity of demonetization of the sovereign. And the way in which the Government have carried on their operations as regards the currency policy since I signed my minute of dissent makes me confirmed in my apprehension that the demonetisation of the sovereign is not only not necessary but that the Assembly would be badly advised if they agreed to the demonetisation of it.

The Honourable the Finance Member quoted, or rather read out to the House a letter addressed by him to three Members of this House. My Honourable friend Mr. Kelkar has put in my hands copy of a letter which he sent to the Finance Department, or rather to Mr. A. Ayyangar of the Finance Department. It is pertinent to the question before the House and I hope that as the Honourable the Finance Member has read his letter to these three Members, in fairness to Mr. Kelkar you will allow me to read the reply of Mr. Kelkar.

Mr. Deputy President: I am afraid I cannot allow the Honourable Member to read a letter written by another Member especially when the Honourable Member who wrote that letter is himself present in the House.

Sir Purshotamdas Thakurdas: I fully see that, Sir. But as my Honourable friend, Mr. Kelkar has no right of reply . . . .

Mr. Deputy President: I have already expressed my opinion on the point.

Sir Purshotamdas Thakurdas: The result, of course, would be that my Honourable friend Mr. Kelkar cannot have his reply on record, because the Honourable the Finance Member read his letter to Mr. Kelkar after Mr. Kelkar had spoken. But I bow to your decision. The Honourable the Finance Member said that he thought that the strength with which the question of a gold standard and gold currency was being pressed before the House betrayed an effort in the direction of wrecking the Bill. I do not know if this remark is justified and I do not wish to speak for any other Members in this House,—but I can assure the Finance Member and all the other Members on the Treasury Benches that there is nothing more remote from my mind than any question of wrecking the Bill. If the Finance Member wishes to pass it, I am sure that even my Honourable friends on this side of the House will agree with me that, if he submits the Bill with the ratio at 1*s*. 6*d*., he will not find any objection except that we are bound to record our own dissent.

But I cannot help being surprised at the way in which the Honourable the Finance Member has offered a compromise, as he put it, as far as

[Sir Purshotamdas Thakurdas.]

the demonetisation of the sovereign is concerned. He suggests that he would be prepared to withdraw clause 2 of the Bill which provides for demonetisation of the sovereign which would be considered at the Simla Session. The withdrawing of clause 2 of the Bill would mean this. In the Indian Coinage Act of 1906, section 11, the rate for the sovereign is Rs. 10 per sovereign. When the exchange is fixed or approved of by this House at 1*s.* 6*d.* to the rupee, if you leave Rs. 10 to the sovereign in the Statute, would it not mean that this Assembly for all practical purposes puts itself in an absolutely illogical position and approves of the practical demonetisation of the sovereign, because at the exchange rate of 1*s.* 6*d.* the value of the sovereign according to law must be Rs. 13-5-4? I feel that in offering such a compromise to the House the Honourable the Finance Member may be said to be trying to give the House an extraordinarily bad lead. Let him frankly say that he wants this House either directly or indirectly to approve of demonetisation, if not by Statute, at least in practice. But to say that here is a compromise which anybody who understands the subject could agree to, is something that I am very much surprised to hear.

(*Several Honourable Members*: "Let the question be now put.".)

Mr. Deputy President: The question is that the question be now put.

The Assembly divided:

(While the Division was proceeding, Mr. Deputy President vacated the Chair, which was resumed by Mr. President).

AYES—60.

Abdul Aziz, Khan Bahadur Mian.
Abdul Matin Chaudhury, Maulvi.
Abdul Qaiyum, Nawab Sir Sahibzada
Ahmed, Mr. K.
Akram Hussain Bahadur, Prince A. M. M.
Allison, Mr. F. W.
Anwar-ul-Azim, Mr.
Ariff, Mr. Yacoob C.
Ashrafuddin Ahmad, Khan Bahadur Nawabzada Sayid.
Ayyangar, Mr. V. K. A. Aravamudha.
Ayyangar, Rao Bahadur Narasimha Gopalaswami.
Bhore, Mr. J. W.
Blackett, The Honourable Sir Basil.
Chalmers, Mr. T. A
Coatman, Mr. J.
Cocke, Mr. H. G.
Dalal, Sir Bomanji.
Donovan, Mr. J. T.
Dunnett, Mr. J. M.
E'jaz Rasul Khan, Raja Muhammad.
Ghulam Kadir Khan Dakhan, Mr. W. M. P.
Gidney, Lieut.-Colonel H. A. J.
Graham, Mr. L.
Greenfield, Mr. H. C.
Haigh, Mr. P. B.
Hezlett, Mr. J.
Howell, Mr. E. B.
Hussain Shah, Sayyed.
Hyder, Dr. L. K.
Innes, The Honourable Sir Charles.
Ismail Khan, Mr.
Joshi, Mr. N. M.
Jowahir Singh, Sardar Bahadur Sardar.
Kabul Singh Bahadur, Risaldar-Major and Honorary Captain.
Keane, Mr. M.
Kikabhai Premchand, Mr.
Lindsay, Sir Darcy.
Macphail, The Rev. Dr. E. M.
Mitra, The Honourable Sir Bhupendra Nath.
Moore, Mr. Arthur.
Muddiman, The Honourable Sir Alexander.
Muhammad Nawaz Khan, Lieut.-Sardar.
Nasir-ud-din Ahmad, Khan Bahadur.
Neogy, Mr. K. C.
Paddison, Sir George.
Parsons, Mr. A. A. L.
Rajah, Rao Bahadur M. C.
Rajan Bakhsh Shah, Khan Bahadur Makhdum Syed.
Rao, Mr. G. Sarvotham.
Rau, Mr. H. Shankar.
Roy, Mr. K. C.
Roy, Sir Ganen.
Ruthnaswamy, Mr. M.
Shah Nawaz, Mian Mohammad.
Singh, Rai Bahadur S. N.
Suhrawardy, Dr. A.
Sykes, Mr. E. F.
Tonkinson, Mr. H.
Willson, Sir Walter.
Young, Mr. G. M.

NOES—50.

Abdul Latif Saheb Farookhi, Mr.
Acharya, Mr. M. K.
Aiyangar, Mr. C. Duraiswamy.
Aney, Mr. M. S.
Ayyangar, Mr. K. V. Rangaswami.
Ayyangar, Mr. M. S. Sesha.
Bhargava, Pandit Thakur Das.
Chetty, Mr. R. K. Shanmukham.
Das, Pandit Nilakantha.
Dutt, Mr. Amar Nath.
Dutta, Mr. Srish Chandra.
Goswami, Mr. T. C.
Gour, Sir Hari Singh.
Gulab Singh, Sardar.
Haji, Mr. Sarabhai Nemchand.
Iyengar, Mr. A. Rangaswami.
Iyengar, Mr. S. Srinivasa.
Jayakar, Mr. M. R.
Jogiah, Mr. Varahagiri Venkata.
Kelkar, Mr. N. C.
Khin Maung, U.
Kidwai, Mr. Rafi Ahmad.
Kunzru, Pandit Hirday Nath.
Lahiri Chaudhury, Mr. Dhirendra Kanta.
Lajpat Rai, Lala.
Malaviya, Pandit Madan Mohan.
Mehta, Mr. Jamnadas M.
Misra, Mr. Dwarka Prasad.
Moonje, Dr. B. S.
Mukhtar Singh, Mr.
Murtuza Saheb Bahadur, Maulvi Sayyid.
Naidu, Mr. B. P.
Nehru, Pandit Motilal.
Pandya, Mr. Vidya Sagar.
Prakasam, Mr. T.
Purshotamdas Thakurdas, Sir.
Rahimtulla, Mr. Fazal Ibrahim.
Rananjaya Singh, Kumar.
Ranga Iyer, Mr. C. S.
Sarda, Rai Sahib Harbilas.
Sarfaraz Hussain Khan, Khan Bahadur.
Shafee, Maulvi Muhammad.
Shervani, Mr. T. A. K.
Singh, Mr. Gaya Prasad.
Singh, Mr Narayan Prasad.
Singh, Mr. Ram Narayan.
Sinha, Kumar Ganganand.
Sinha, Mr. Ambika Prasad.
Tok Kyi, U.
Vishindas, Mr. Harchandrai.

The motion was adopted.

Mr. President: The original question was:

"That clause 2 do stand part of the Bill."

Since which an amendment* has been moved by Mr. Vidya Sagar Pandya, with such alterations embodied therein as are necessitated by the decision of

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*"That after clause 1 of the Bill the following new clause be inserted and the subsequent clauses be renumbered accordingly:

'2. (1) In the Indian Coinage Act, 1906, after section 3 the following new section be inserted and the subsequent sections be renumbered accordingly:

'*Gold Coinage.*

4. (1) The following gold coins shall be coined at the Mint for issue under the authority of the Governor General in Council, namely:

(a) a gold mohur to be called the 'Sircar Mohur'.

(b) a half-mohur.

(2) The standard weight of 'Sircar Mohurs' shall be 123·27447 grains Troy and its standard fineness shall be as follows, namely, eleven-twelfths or 113·0016 grains of fine gold and one-twelfth or 10·27287 grains of alloy.

(3) The other gold coins shall be of proportionate weight of the same fineness:

Provided that in the making of gold coins, a remedy shall be allowed of an amount not exceeding the following, namely:

	Remedy in weight.	Remedy in fineness.
Sircar Mohur	Five-thousandths.	Two-thousandths.
Half-Mohur		

[Mr. President.]

the Assembly on the ratio question. The question I have to put is that that amendment be made.

Dimensions and Designs.

(4) The Governor General in Council may, by notification in the Gazette of India,

(a) direct the coining and issuing of all coins referred to in this section, and

(b) determine the dimensions of, and design for, such gold coins.

(5) Provisions regarding Diminished, Defaced and Counterfeit Coins referred to and contained in any of the sections numbers 16, 17, 18, 19 and 20 and supplemental Provisions referred to or contained in any of the sections 21, 22 and 23 for the silver or nickel coins shall apply in the same way to the Sircar Gold Mohurs and to the same extent as applicable to the coins referred to in those several and respective sections.

(6) Any person who tenders at any time to the Governor General in Council, at the office of the Master of the Mint or at the Imperial Bank of India at their Head Offices at Madras, Bombay and Calcutta or at any other place notified in this behalf by the Governor General in Council in the Gazette of India, fine gold and pays seigniorage to cover minting charges, according to a scale to be notified in the Government Gazette, shall be entitled to receive :

Sircar Mohurs or half-Mohurs proportionate to the gold tendered at the rate of 113·0016 grains of fine gold per Mohur and at the rate of 56·5008 grains of fine gold per half-Mohur respectively.

(7) The Sircar Mohur and half-Mohur shall be a full legal tender in payment or on account :

Provided that the coin—

(a) has not lost in weight so as to be more than ·05 per cent. below standard weight, and

(b) has not been defaced.

(8). The silver rupee specified in section 4 shall be a legal tender in payment or on accounts for any sum not exceeding one hundred rupees at the rate of (three-fortieths) of a Sircar Mohur :

Provided that the above provisions shall not come into operation until such date as the Governor General in Council may direct in this behalf :

Provided also that such date shall not be later than 1st July, 1935.

(9) Notwithstanding anything contained in section 12 in the Indian Coinage Act, 1906, the Governor General in Council may, by notification in the Gazette of India, call in with effect from such date as may be specified in the notification, any silver coin of whatever date or denomination referred to in any of the sections 12 or sub-sections (a) and (b) of section 15 (1) of the Indian Coinage Act, 1906, *including the rupee and half-rupee* referred to in sub-section (1) of section 12, and on and from the date so specified such coin shall cease to be a legal tender save at a Government currency office :

Provided that such date shall not be later than 1st July, 1935 :

Provided also that such coin shall continue to be a legal tender also at Government treasuries until the expiring of such further period, not less than 24 months, as the Governor General in Council may fix by the notification '."

The Assembly divided:

AYES—50.

Abdul Latif Saheb Farookhi, Mr.
Acharya, Mr. M. K.
Aiyangar, Mr. C. Duraiswamy.
Aney, Mr. M. S.
Ayyangar, Mr. K. V. Rangaswami.
Ayyangar, Mr. M. S. Sesha.
Bhargava, Pandit Thakur Das.
Chetty, Mr. R. K. Shanmukham.
Das, Pandit Nilakantha.
Dutt, Mr. Amar Nath.
Dutta, Mr. Srish Chandra.
Goswami, Mr. T. C.
Gour, Sir Hari Singh.
Gulab Singh, Sardar.
Haji, Mr. Sarabhai Nemchand.
Iyengar, Mr. A. Rangaswami.
Iyengar, Mr. S. Srinivasa.
Jayakar, Mr. M. R.
Jogiah, Mr. Varahagiri Venkata.
Kelkar, Mr. N. C.
Kidwai, Mr. Rafi Ahmad.
Kunzru, Pandit Hirday Nath.
Lahiri Chaudhury, Mr. Dhirendra Kanta.
Lajpat Rai, Lala.
Malaviya, Pandit Madan Mohan.
Mehta, Mr. Jamnadas M.
Misra, Mr. Dwarka Prasad.
Moonje, Dr. B. S.
Mukhtar Singh, Mr.
Murtuza Saheb Bahadur, Maulvi Sayyid.
Naidu, Mr. B. P.
Nehru, Pandit Motilal.
Neogy, Mr. K. C.
Pandya, Mr. Vidya Sagar.
Prakasam, Mr. T.
Purshotamdas Thakurdas, Sir.
Rahimtulla, Mr. Fazal Ibrahim.
Rananjaya Singh, Kumar.
Ranga Iyer, Mr. C. S.
Sarda, Rai Sahib Harbilas.
Sarfaraz Hussain Khan, Khan Bahadur.
Shafee, Maulvi Muhammad.
Shervani, Mr. T. A. K.
Singh, Mr. Gaya Prasad.
Singh, Mr. Narayan Prasad.
Singh, Mr. Ram Narayan.
Sinha, Kumar Ganganand
Sinha, Mr. Ambika Prasad.
Tok Kyi, U.
Vishindas, Mr. Harchandrai.

NOES—60.

Abdul Aziz, Khan Bahadur Mian.
Abdul Matin Chaudhury, Maulvi.
Abdul Qaiyum, Nawab Sir Sahibzada.
Ahmed, Mr. K.
Akram Hussain Bahadur, Prince A. M. M.
Allison, Mr. F. W.
Anwar-ul-Azim, Mr.
Ariff, Mr. Yacoob C.
Ashrafuddin Ahmad, Khan Bahadur Nawabzada Sayid.
Ayyangar, Mr. V. K. A. Aravamudha.
Ayyangar, Rao Bahadur Narasimha Gopalaswami.
Bhore, Mr. J. W.
Blackett, The Honourable Sir Basil.
Chalmers, Mr. T. A.
Coatman, Mr. J.
Cocke, Mr. H. G.
Dalal, Sir Bomanji.
Donovan, Mr. J. T.
Dunnett, Mr. J. M.
E'jaz Rasul Khan, Raja Muhammad.
Ghazanfar Ali Khan, Raja.
Ghulam Kadir Khan Dakhan, Mr. W. M. P.
Gidney, Lieut.-Colonel H. A. J.
Graham, Mr. L.
Greenfield, Mr. H. C.
Haigh, Mr. P. B.
Hezlett, Mr. J.
Howell, Mr. E. B.
Hussain Shah, Sayyed.
Hyder, Dr. L. K.
Innes, The Honourable Sir Charles.
Ismail Khan, Mr.
Jowahir Singh, Sardar Bahadur Sardar.
Kabul Singh Bahadur, Risaldar-Major and Honorary Captain.
Keane, Mr. M.
Khin Maung, U.
Kikabhai Premchand, Mr.
Lindsay, Sir Darcy.
Macphail, The Rev. Dr. E. M.
Mitra, The Honourable Sir Bhupendra Nath.
Moore, Mr. Arthur.
Muddiman, The Honourable Sir Alexander.
Muhammad Nawaz Khan, Lieut.-Sardar.
Nasir-ud-din Ahmad, Khan Bahadur.
Paddison, Sir George.
Parsons, Mr. A. A. L.
Rajah, Rao Bahadur M. C.
Rajan Bakhsh Shah, Khan Bahadur Makhdum Syed.
Rao, Mr. G. Sarvotham.
Rau, Mr. H. Shankar.
Roy, Mr. K. C.
Roy, Sir Ganen.
Ruthnaswamy, Mr. M.
Shah Nawaz, Mian Mohammad.
Singh, Rai Bahadur S. N.
Suhrawardy, Dr. A.
Sykes, Mr. E. F.
Tonkinson, Mr. H.
Willson, Sir Walter.
Young, Mr. G. M.

The motion was negatived.

Mr. President: Order, order. The original question was:

"That clause 2 do stand part of the Bill."

Since which an amendment* has been moved by Mr. N. C. Kelkar, which stands as amendment No. 14 on the paper with alterations embodying the decision of the Assembly on the ratio question.

The question I have to put is that that amendment be made.

The Assembly divided:

AYES—49.

Acharya, Mr. M. K.
Aiyangar, Mr. C. Duraiswamy.
Aney, Mr. M. S.
Ayyangar, Mr. K. V. Rangaswami.
Ayyangar, Mr. M. S. Sesha.
Bhargava, Pandit Thakur Das.
Chetty, Mr. R. K. Shanmukham.
Das, Pandit Nilakantha.
Dutt, Mr. Amar Nath.
Dutta, Mr. Srish Chandra.
Goswami, Mr. T. C.
Gour, Sir Hari Singh.
Gulab Singh, Sardar.
Haji, Mr. Sarabhai Nemchand.
Iyengar, Mr. A. Rangaswami.
Iyengar, Mr. S. Srinivasa.
Jayakar, Mr. M. R.
Jogiah, Mr. Varahagiri Venkata.
Kelkar, Mr. N. C.
Kidwai, Mr. Rafi Ahmad.
Kunzru, Pandit Hirday Nath.
Lahiri Chaudhury, Mr. Dhirendra Kanta.
Lajpat Rai, Lala.
Malaviya, Pandit Madan Mohan.
Mehta, Mr. Jamnadas M.
Misra, Mr. Dwarka Prasad.
Moonje, Dr. B. S.
Mukhtar Singh, Mr.
Murtuza Saheb Bahadur, Maulvi Sayyid.
Naidu, Mr. B. P.
Nehru, Pandit Motilal.
Neogy, Mr. K. C.
Pandya, Mr. Vidya Sagar.
Prakasam, Mr. T.
Purshotamdas Thakurdas, Sir.
Rahimtulla, Mr. Fazal Ibrahim.
Rananjaya Singh, Kumar.
Ranga Iyer, Mr. C. S.
Sarda, Rai Sahib Harbilas.
Sarfaraz Hussain Khan, Khan Bahadur.
Shafee, Maulvi Muhammad.
Shervani, Mr. T. A. K.
Singh, Mr. Gaya Prasad.
Singh, Mr. Narayan Prasad.
Singh, Mr. Ram Narayan.
Sinha, Kumar Ganganand.
Sinha, Mr. Ambika Prasad.
Tok Kyi, U.
Vishindas, Mr. Harchandrai.

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*"That after clause 1 of the Bill the following new clause be inserted and the subsequent clauses be renumbered accordingly:

'2. In the Indian Coinage Act, 1906, after section 3 the following new section shall be inserted and the subsequent sections shall be renumbered accordingly:

'*Gold Coinage.*

(*1*) The mint shall coin a gold Mohur containing 123·27447 grains troy of gold 11-12ths fine.

(*2*) Any person who tenders at any time to the Governor General in Council, at the Office of the Master of the Mint or at any Government Treasury or the Imperial Bank or any of its branches or at any other place notified in this behalf by the Governor General in Council in the Gazette of India, fine gold and pays seigniorage to cover minting charges, according to a scale to be notified in the Government Gazette, shall be entitled to receive gold Mohurs proportionate to the amount of gold tendered, at the rate of $13{\cdot}22 \times 8{\cdot}47512 = 113{\cdot}0016$ grains of fine gold per Mohur.

(*3*) The gold Mohur shall be a full legal tender in payment or on account, provided that the coin (*a*) has not lost in weight so as to be more than ·05 per cent. below the standard weight and has not been defaced.

(*4*) In the making of the gold Mohur, a remedy shall be allowed of an amount not exceeding 5,000ths in weight and 2,000ths in fineness:

Provided that the above provisions shall not come into operation until such date as the Governor General in Council may direct in this behalf.

Provided also that such date shall not be later than 1st March, 1928'."

NOES—60.

Abdul Aziz, Khan Bahadur Mian.
Abdul Qaiyum, Nawab Sir Sahibzada.
Ahmed, Mr. K.
Akram Hussain Bahadur, Prince A. M. M.
Allison, Mr. F. W.
Anwar-ul-Azim, Mr.
Ariff, Mr. Yacoob C.
Ashrafuddin Ahmad, Khan Bahadur Nawabzada Sayid.
Ayyangar, Mr. V. K. A. Aravamudha.
Ayyangar, Rao Bahadur Narasimha Gopalaswami.
Bhore, Mr. J. W.
Blackett, The Honourable Sir Basil.
Chalmers, Mr. T. A.
Coatman, Mr. J.
Cocke, Mr. H. G.
Dalal, Sir Bomanji.
Donovan, Mr. J. T.
Dunnett, Mr. J. M.
E'jaz Rasul Khan, Raja Muhammad.
Ghazanfar Ali Khan, Raja.
Ghulam Kadir Khan Dakhan, Mr. W. M. P.
Gidney, Lieut.-Colonel H. A. J.
Graham, Mr. L.
Greenfield, Mr. H. C.
Haigh, Mr. P. B.
Hezlett, Mr. J.
Howell, Mr. E. B
Hussain Shah, Sayyed.
Hyder, Dr. L. K.
Innes, The Honourable Sir Charles.
Ismail Khan, Mr.
Jowahir Singh, Sardar Bahadur Sardar.
Kabul Singh Bahadur, Risaldar-Major and Honorary Captain.
Keane, Mr. M.
Khin Maung, U.
Kikabhai Premchand, Mr.
Lindsay, Sir Darcy.
Macphail, The Revd. Dr. E. M.
Mitra, The Honourable Sir Bhupendra Nath.
Moore, Mr. Arthur.
Muddiman, The Honourable Sir Alexander.
Muhammad Nawaz Khan, Lieut.-Sardar.
Nasir-ud-din Ahmad, Khan Bahadur.
Natique, Maulvi A. H.
Paddison, Sir George.
Parsons, Mr. A. A. L.
Rajah, Rao Bahadur M. C.
Rajan Bakhsh Shah, Khan Bahadur Makhdum Syed.
Rao, Mr. G. Sarvotham.
Rau, Mr. H. Shankar.
Roy, Mr. K. C.
Roy, Sir Ganen.
Ruthnaswamy, Mr. M.
Shah Nawaz, Mian Mohammad.
Singh, Rai Bahadur S. N.
Suhrawardy, Dr. A.
Sykes, Mr. E. F.
Tonkinson, Mr. H.
Willson, Sir Walter.
Young, Mr. G. M.

The motion was negatived.

Pandit Madan Mohan Malaviya: Sir, may I make a request in connection with the meeting of the Assembly on Saturday. As you know, Sir, there are two holidays for the Holi . . . .

Mr. President: The Honourable Pandit might make the suggestion when the Chair is about to adjourn the House.

Pandit Madan Mohan Malaviya: Thank you, Sir.

Mr. President: The next amendment that I propose to take up is amendment No. 17 on the paper, which is the same as amendments Nos. 18, 19, 20 and 21.

Mr. R. K. Shanmukham Chetty (Salem and Coimbatore *cum* North Arcot: Non-Muhammadan Rural): Sir, I move:

> "That for clause 2 of the Bill, the following be substituted, namely:
>
> '2. In the Indian Coinage Act, 1906, section 11, for the word 'ten' the word 'fifteen' be substituted'."

Mr. President: The Honourable Member cannot substitute the word "fifteen".

Mr. R. K. Shanmukham Chetty: I beg your pardon, Sir—"that the words 'Rupees thirteen, annas five, pies four' be substituted."

Clause 2 of the Bill seeks to amend clause 11 of the Indian Coinage Act. Under clause 11 of the Indian Coinage Act sovereigns and half

[Mr. R. K. Shanmukham Chetty.]

sovereigns are legal tender at the rate of Rs. 10 per sovereign. Now that we have changed the ratio to 1*s*. 6*d*. per rupee, the logical sequence of that would be that sovereigns and half sovereigns will be legal tender at the rate of Rs. 13-5-4 per sovereign. Having reduced the value of the sovereign from Rs. 15 to Rs. 13-5-4, Government want to demonetise this coin altogether and enact that the sovereigns and half sovereigns cannot circulate as legal tender money. The provision of the Bill is based upon the recommendation of the Royal Commission contained in paragraph 65 of their Report. The Report contains many bald, dogmatic statements (Hear, hear), and the baldest and the most dogmatic of all the statements is contained in paragraph 65 of the Report. The Commissioners observe:

"The obligation to sell gold bars for all purposes makes it impossible to have any gold coin as legal tender."

This statement is not substantiated by any arguments. The position of the Currency Authority will no doubt be jeopardised if they are asked to give gold coins or if the mints are asked to coin the gold that the public might bring. But I cannot understand how the position of the Currency Authority will be jeopardised if the gold coins which the people have got already in their hands are allowed to circulate as legal tender money. In the Statement of Objects and Reasons appended to the Bill, Sir Basil Blackett says:

"These gold coins must be demonetised in order to enable a real gold bullion standard to be established."

There again you search in vain for any argument to substantiate the statement. "These gold coins," he says, "must be demonetised in order to enable a real gold bullion standard to be established." How the circulation of these coins as legal tender money in the hands of the public will jeopardise the gold bullion standard has not been mentioned in support of the statement that has been made. I maintain that to allow the gold coins which are already in the hands of the public to circulate as legal tender will not in the least jeopardise the gold bullion standard. If an obligation is imposed upon the Currency Authority to give gold coins in exchange for currency or if there is an obligation imposed upon the mint to coin the gold bullion that might be taken to the mint, then certainly the gold bullion standard will be jeopardised. The gold bullion standard that we are seeking to establish in our country is in effect a copy of the gold bullion standard which had been established in England in 1925. I carefully read the Gold Standard Act of 1925 which brought into existence this new system in England, and I do not find in that Act any provision to demonetise the sovereigns and half-sovereigns in England. Sir, if the circulation of sovereigns as legal tender money would jeopardise the gold bullion standard, may I ask why England when it went over to a gold bullion standard did not demonetise the sovereign and half-sovereigns circulating in that country?

I know the argument that might possibly be advanced from the other side. It might be something like this. When the gold bullion standard is established and when the obligation is imposed upon the Currency Authority to sell gold in exchange for currency, then to the extent that sovereigns might come out and circulate as legal tender money, other currency might go to the Treasury and there may be a demand for gold bullion. Even conceding for a moment that there is some force in this argument, I, cannot see, how this difficulty would arise at the present moment. In the Bill that is now before the House there is no obligation imposed upon the Currency Authority to sell gold at all; there is only the obligation to sell gold exchange. Even if the difficulty that is apprehended by the Government is real, the difficulty would arise only when the obligation to sell gold is imposed upon the Currency Authority. I therefore maintain that at this stage it is not necessary to demonetise the sovereigns. When the Reserve Bank Bill comes up, in which the obligation is imposed upon the Currency Authority to sell gold in exchange for currency, then it would be time enough for us to consider whether the existence of sovereigns as legal tender money will jeopardise the obligation imposed upon the Reserve Bank to sell gold. Until then I maintain, this question and this difficulty do not arise. Sir, the real object that underlies this proposal seems to me to be the desire on the part of the Government to make the people forget that the gold sovereigns in their hands which were worth Rs. 15 per sovereign have to-day been converted to a coin worth Rs. 13-5-4. By right given by Statute any person can tender the sovereign in payment of his debts. Having reduced the value of the sovereign in his hands, Government want now to take a further step and enact that even this sovereign in his hand cannot circulate as legal tender money. I maintain it is a most unwarranted and an unjust step. I would be told that this would not inflict any real hardship upon those who have got sovereigns in their hands, because sovereigns would under any circumstances be taken at their bullion value by the treasuries. But coins which must necessarily have lost a certain percentage of their weight while in circulation, may not as bullion fetch the same price as their legal tender value. It would be unjust and unfair to subject the holders of the sovereigns to this loss. It is estimated that about 200 crores worth of sovereigns are in this country at the present and it will be a great hardship on those who have these 200 crores worth of sovereigns to say that no more will these coins be legal tender and that they will have only their bullion value. Sir, I do not know whether the Honourable the Finance Member will again get up and confuse the issue and confuse the House by trotting out that this proposal will jeopardise the whole Bill, that it will wreck the whole Bill. I know that it is this threat that he gave that influenced some at least in the voting that took place in the last two divisions. I do appeal to Honourable Members not to be misled by this threat. I challenge the Honourable Member to prove intelligently, not by making any dogmatic statements, how demonetising sovereigns is an essential part of the Bill that is now before the House. When we attempted to introduce a gold standard and a gold currency, the Honourable Member got up in his place and said that the proper time to consider these proposals would be when the Reserve Bank Bill is considered. Now I put it to him, that the proper time to consider this proposal of his would be when the Reserve Bank Bill is taken into consideration. The present Bill attempts to fix the rupee ratio and it also contains provisions to enable the Government to maintain the ratio at 1*s*. 6*d*., and I ask him to convince us how demonetisation of the sovereign and half-sovereign is an essential step in that direction. I maintain that it is not, and I appeal to Honourable Members not to be led away by these dogmatic statements, but to realise that it is a most unwarranted and unjust step to tell the people who have got sovereigns in their hands that these coins will circulate no more as legal tender and that they would have only their bullion value. I do hope, Sir, that Honourable Members will realise the justice of my amendment and support the same.

The Honourable Sir Basil Blackett: Sir, we have already to a large extent anticipated the discussion on this amendment. I explained to the House that the object of the Bill now before us is to cover the interim period before the Gold Standard and Reserve Bank Bill comes into operation. The sovereign is at present legal tender at Rs. 10 to the sovereign. That is at the 2-shilling ratio. Mr. Chetty's proposal is that we should now make it legal tender at 1*s.* 6*d.* at Rs. 13-5-4. The effect of that would be not only to risk this Bill but to make it very doubtful if it was worth the while of the Government to go on with the Gold Standard and Reserve Bank Bill because it would definitely prejudice an issue which comes up again on the Reserve Bank Bill. (*An Honourable Member*: "How?") This actual clause reappears in the Reserve Bank Bill and that will be the time to decide finally whether or not is desirable that the sovereign should circulate as legal tender as part of our currency system. Mr. Chetty says: Why not make it legal tender now and decide on the Gold Standard Bill whether or not it is to remain legal tender? I put it to Mr. Chetty that that is an impossible proposal. If the House is to make all these sovereigns —the number that he speaks of—legal tender at the present moment at the new ratio, it is quite impossible that the House should after that suddenly take away the legal tender character from them. It is quite a different thing to take away the legal tender character from a coin which is not in fact in actual circulation at all, which has not circulated for seven years. It is quite another thing, after having given it a legal tender character now, to take away that legal tender character 5 or 6 months hence. The matter is perfectly open to the House to decide in connection with the Gold Standard and Reserve Bank Bill. If they leave it for decision then, the whole question is then open to them. If they pass this amendment now, they prejudice the whole discussion of that Gold Standard Bill. I shall be perfectly prepared to argue on the Gold Standard Bill the reasons for demonetisation of the sovereign. They are many, and Mr. Chetty, I observed, accused the Commission of not giving them, but they devoted a whole long paragraph to them. I do not however at present desire in any way to prejudice this question even by expressing an opinion on it, but I desire to keep the matter open for discussion and decision in connection with the Gold Standard and Reserve Bank Bill, and there are only two means of doing that. One is to accept the Government's proposal. The other is the suggestion that I put before that, if the House really thinks that it is prejudicing the issue by accepting the Government proposal, it should leave the clause in the Coinage Act as it stands at present. As I said, it is a compromise that I dislike because it makes the whole thing an absurdity, because it leaves the sovereign at two shillings when the effective value of the sovereign will be at the rate of 1*s.* 6*d.* to the rupee. I explained at the time that it is a compromise. I have no desire for it. I merely desire to show the House that my object was not to prejudice any discussion that may ensue on the Gold Standard Bill. I have no desire to suggest that compromise again. I should prefer the Government's proposal which has this great advantage that the House and the Government are both anxious that the Currency Authority should get as much gold into its possession as it can with a view to progress in our currency reform. And if the sovereign is still legal tender at two shillings it would be rather difficult for the Currency Authority to accept it. Under this proposal, sovereigns can be accepted by the Currency Authority and can be added to the gold reserve. I ask the House, in Mr. Chetty's words, not to be misled by his suggestion that this proposal of his will not damage the Government's Bill and I desire to point out what is still worse, that it will seriously jeopardise the reform of the Currency system which we all have at heart.

Mr. President: Mr. Kelkar. Is the Honourable Member going to take long?

Mr. N. C. Kelkar: No, about ten minutes. Sir, I will not repeat the arguments that have already been adduced by my friend, Mr. Chetty. The first argument that I wish to adduce on this point is this, that off and on the sovereign has been legal tender, that is, for the space of a century, and we are now out according to this proposal to demonetise it and, as I guess, permanently and for ever. To show that the sovereign has been, with us for the space of a century, I will just quote a few dates. In 1835, the first attempt was made to demonetise the sovereign but that remained inoperative. The sovereign still abided. In 1841 treasuries were again ordered to receive gold coins at Rs. 15. The sovereign and gold mohur were of the same weight, fineness, etc., and they remained two parallel coins. In 1855, gold coin was again demonetised as there were large discoveries of gold about that time. In 1864, treasuries were again allowed to receive gold sovereigns at Rs. 10-4 as. per sovereign. And now was the turn of silver to be cheap. In 1878, the Government of India proposed to make sovereigns legal tender, but the Secretary of State for India refused to do so. In 1893 the Government of India after the Herschell Commission made the sovereign legal tender at Rs. 15 for the limited purpose of payments to be made to Government. In 1898 the Fowler Commission recommended sovereigns to be made legal tender. From 1898 to 1920 the sovereign was at Rs. 15. From 1920 to 1926, the sovereign was legal tender, but only at Rs. 10. Of course, there was no obligation upon Government to sell sovereigns. And now for the first time there is a proposal to demonetise the sovereign. Then we are on the other hand asking for a gold standard and gold currency. This, I say, is to all appearances blasting the very hopes which we have been entertaining in our minds. I must make it clear that if I got my mohur, an Indian coin for India, then I would not necessarily have sovereigns; and even when we put different amendments, it should be observed, and it must have been observed, that the different amendments were put for both the gold mohur and the sovereign only for this purpose that, if one was lost, the other might be won. There was no intention at least on my part to ask Government to keep two parallel gold coins in India. But I would certainly insist, I would never cease to insist, that at least one gold coin do remain in India as a current coin and legal tender. Therefore, as I said, these hopes are being blasted; and if there is progress it is progress in the direction of the tail. It is reaction, not progress. The sovereigns have remained with us for the space of a century at least, in one of the three conditions, either as full legal tender, or as legal tender so far as payments due to Government were concerned, or at any rate at its bullion value. Now, the advantages of having a sovereign are these. In the first place it is a very popular coin. It is more convenient to export and import sovereigns than gold and to settle payments in sovereigns. Sovereigns again are cheaper to bring from Australia because India happens to be on the way from Australia to England, and therefore we can always depend upon the full supply of sovereigns for India. And again, the sovereign is—I say this on good authority—fast becoming an international gold coin *par excellence* far beyond the bounds of the British Empire; and we are here being deprived

[Mr. N. C. Kelkar.]

of a coin which a great Bombay merchant once described as the cement of the Empire. You are taking away the cement of the Empire.

Now, let us for a moment briefly consider the reasons that have been adduced by the Commission in their Report for demonetising the sovereign. What the Commission suggested was this. Obligation was to be imposed on Government to sell gold bars for all purposes internally or externally. That was the intention of the Commission. That was the argument. When the Commission proposed to demonetise the sovereign it should be remembered, and it is of great importance, that the Commission had in its mind this provision, namely, the obligation upon Government to sell gold both for external as well as internal purposes. What does the Bill do? It cuts at one of the options given by the Commission.

The Honourable Sir Basil Blackett: May I interrupt the Honourable Member? The Gold Standard and Reserve Bank Bill exactly fulfils the suggestion of the Currency Commission. If the Honourable Member is referring to the absence of the word "gold"—"gold or currency"—in clause 5, I may inform him here and now that if he desires to re-insert that, I should have no objection.

Mr. N. C. Kelkar: When we come to that.

The Honourable Sir Basil Blackett: Quite.

Mr. N. C. Kelkar: We are coming to that clause now. My point was that there has been a departure from the original conditions and the Finance Member was, in my opinion, not justified in cutting out the sovereign. Taking the gold bullion and sovereign together, I think it is obvious that from the point of view of convenience, gold coin is much better than gold bullion, I cannot really see how odds and ends of gold or chips that may be given to us by Government, say to-morrow or at the period of maturity, for gold certificates—will be very helpful to the people. People will certainly prefer coins in the place of these bits of gold. The Commission say that there is no inconvenience as the sovereign has been practically already demonetised as the legal value of the sovereign was only Rs. 10. We have raised it to Rs. 13-5-4. If its lower value was an argument against demonetisation that argument has now ceased. Then again, when it was at Rs. 10, you never demonetised it. Why did not do it? You saw for yourself that it was a useless coin. Nobody would do any transactions with the coin. That was obvious. That was apparent. And yet Government did not take any steps to demonetise the gold coin then. Now that it has risen in value from Rs. 10 to Rs. 13-5-4, you are proceeding to demonetise it. If it remained legal tender at a certain value when the exchange was 2*s*., certainly there is greater reason that it should be allowed to remain a legal tender when it has risen in value. It has been said again by the Commission that the sovereign is a mere shadow. What is the substance? The gold bullion standard and the gold standard that is coming. When gold convertibility, absolute and even for internal purposes, will be established, then only will the Indian people begin to realise the true basis of the stability of their currency. There is no stability at all for the present. In the meanwhile, the sovereign should be allowed to remain as it is. It will help and not hinder the possibility any more than before of the Indian people realising the true basis of the stability of currency. This basis is gold by admission. Admittedly it is gold. The sovereign whenever seen or handled will be a reminder of the idea of this basis. Why lose it then? When you want to remind people of the basis of the stability namely, gold, then you had better give them greater opportunities of handling a coin which will remind them now and then of the gold basis of our currency. I have already stated that the sovereign is regarded as something that will bind together the Empire. Also, it has a recognised place in the currency for a long time both in England and in India, and I might say this also, that we on this side, we in India, have tried to appreciate the sovereign while Government have tried to depreciate the sovereign. And now when they try to demonetise it, I warn them that it would be economic treason to eliminate the sovereign from the currency constitution.

(Several Honourable Members then moved that the question be put, and several other Honourable Members rose to speak.)

Mr. President: I think I had better adjourn the House if other Honourable Members wish to speak.

The Honourable Sir Basil Blackett: I do appeal to you, Sir, to finish this clause this evening.

Mr. President: I am willing to sit long.

Maulvi Muhammad Yakub (Rohilkund and Kumaon Divisions: Muhammadan Rural): I may say, Sir, that the Mussalmans who are now observing Ramzan cannot sit any longer after 5 P.M.

Mr. President: The Chair is in a very difficult position. There is the Finance Member on the one hand wanting to get through this clause. On the other hand, there are other Honourable Members who desire to speak, and there is also the closure moved.

Mr. T. Prakasam: Only two gentlemen have spoken till now. I would suggest that we should sit late.

Mr. President: If the House has no objection I am prepared to sit late.

The Honourable Sir Basil Blackett: I would suggest, Sir, that you should accept closure. This matter has been fully discussed.

Mr. President: I am afraid I cannot accept closure at this stage on an important question like this.

The Honourable Sir Alexander Muddiman (Home Member): If the Chair is not prepared to accept closure I think there is nothing else to do but to adjourn now.

Mr. President: I am prepared to adjourn the meeting now.

(Pandit Madan Mohan Malaviya then rose to speak.)

Mr. President: I understand the Honourable Member wants to make a suggestion that there should be no sitting on Saturday. I should like to have the views of the Government.

The Honourable Sir Alexander Muddiman: I should be very glad to speak on the matter. I thank you for giving me an opportunity to do so. The position is well known to the House. I myself notoriously do not like a sitting on Saturday. I may say I have a great antipathy to it. But I must confess that I feel some surprise that the suggestions should be made that this House should not sit on Saturday. We are now at least two days behind our time even with this Bill. Government business is in an extremely congested condition and I can see no prospect of this Session being brought to a close unless we sit continuously and steadily on Government business on all available days including Saturday. There are at least two days' Government business which are already behind time. This House has now been dealing with this Bill for 3 days. . . .

The Honourable Sir Basil Blackett: 4 days.

The Honourable Sir Alexander Muddiman: Four days and has not quite done two clauses. I therefore very earnestly request you, Sir, to order a sitting on Saturday.

Pandit Madan Mohan Malaviya: Sir, it is very unusual for any of us on this side to suggest that the Assembly should not sit on a particular day. As you are aware, Sir, the Assembly very seldom sits on Saturdays. This time it happens that there are two days, Holi holidays, and people have to go to their homes. It is a very special occasion with many people and they want to go to their homes. Therefore they have made engagements, partly of a religious character and partly of a social character . . . . . .

Mr. President: Which Members?

Pandit Madan Mohan Malaviya: I am speaking of the Hindu Members. This is a special occasion which occurs after a very long time and in view of the fact that we are willing to sit even during the night, if need be, I hope that you will kindly consider this as a very special occasion and I hope that my Honourable friend the Home Member will also very kindly agree to this request for the special reasons made on a special occasion.

The Honourable Sir Alexander Muddiman: Sir, I regret I cannot take the view of my Honourable friend. He refers to the fact that there are two gazetted holidays. I may point out to him that the House is not already sitting for two days. I believe I am correct in saying that the festival in question is one which carries only one holiday in the Punjab. This House is not sitting on two days already and in view of the state of Government business, very reluctantly I am unable to agree with my Honourable friend. It would give me great pleasure to agree with him. Though I have no religious duties, I should be very glad to have some rest from continuous attendance in this House which is a trial equally to official Members as it is to non-official Members. If I oppose this request it is merely in the interests of the disposal of public business.

Pandit Motilal Nehru: May I be allowed to make a statement? There is a general desire amongst the Hindu Members in my Party that there should be no sitting on Saturday on this important occasion. Whatever the gazetted holidays may be, Saturday having never been considered as a day on which this House sits, people have committed themselves to engagements and they will find it very inconvenient to cancel those engagements. Therefore I support my Honourable friend, Pandit Madan Mohan Malaviya, in his request that you may be pleased to have no sitting on Saturday next. (*Some Honourable Members*: "We can sit on Sunday.")

Mr. President: Honourable Members must be prepared to sit the whole of the next week, all the six days. (*Several Honourable Members*: "Yes.") And they must also be prepared to sit a day or two in the week after next (*Several Honourable Members*: "Yes"), if necessary. It is on that understanding that I adjourn this House till Monday morning, at 11 o'clock.

The Assembly then adjourned till Eleven of the Clock on Monday, the 21st March, 1927.