

*Friday,  
8th September, 1899*

ABSTRACT OF THE PROCEEDINGS  
OF THE  
Council of the Governor General of India,  
LAWS AND REGULATIONS

Vol. XXXVIII

Jan.-Dec., 1899

ABSTRACT OF THE PROCEEDINGS  
OF  
THE COUNCIL OF THE GOVERNOR GENERAL OF INDIA  
ASSEMBLED FOR THE PURPOSE OF MAKING  
LAWS AND REGULATIONS

1899

VOLUME XXXVIII



Published by Authority of the Governor General.



CALCUTTA  
PRINTED BY THE SUPERINTENDENT OF GOVERNMENT PRINTING, INDIA,  
1900

*Proceedings of the Council of the Governor General of India, assembled for the purpose of making Laws and Regulations under the provisions of the Indian Councils Acts, 1861 and 1892 (24 & 25 Vict., c. 67, and 55 & 56 Vict., c. 14).*

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The Council met at the Viceregal Lodge, Simla, on Friday, the 8th September, 1899.

P R E S E N T :

His Excellency Baron Curzon of Kedleston, P.C., G.M.S.I., G.M.I.E., Viceroy and Governor General of India, *presiding*.

His Honour Sir W. Mackworth Young, K.C.S.I., Lieutenant-Governor of the Punjab.

His Excellency General Sir W. S. A. Lockhart, G.C.B., K.C.S.I., Commander-in-Chief in India.

The Hon'ble Major-General Sir E. H. H. Collen, K.C.I.E., C.B.

The Hon'ble Mr. C. M. Rivaz, C.S.I.

The Hon'ble Mr. C. E. Dawkins.

The Hon'ble Mr. T. Raleigh.

The Hon'ble Lieutenant-Colonel R. Gardiner, R.E.

The Hon'ble Rai Bahadur Pandit Suraj Kaul, C.I.E.

The Hon'ble Mr. Gangadhar Rao Madhav Chitnavis, C.I.E.

The Hon'ble Rai Bahadur Protul Chandar Chatterjee.

TELEGRAPHIC PRESS MESSAGES BILL.

The Hon'ble MR. RIVAZ asked for leave to postpone the presentation of the Report of the Select Committee on the Bill to provide for the protection of certain telegraphic press messages. He said :—" I beg leave of Your Excellency to make a short statement on behalf of the Select Committee which was appointed to consider this Bill. We wish to express our entire approval of the general principle of the Bill in question, and we have noticed that since its introduction the Special Committee of the House of Lords which has been dealing with the English Copyright Bill has proposed a protection of eighteen hours for newspaper intelligence received from foreign countries. At the same time, we have seen that our Bill has evoked a considerable amount of comment, and, in some cases, adverse criticism in the English and Vernacular Press of this country and in other quarters. We think that, in these circumstances, it is desirable to defer further consideration of the details of the Bill until Your

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*TELEGRAPHIC PRESS MESSAGES; AMENDMENT OF  
CENTRAL PROVINCES TENANCY ACT, 1898; INDIAN  
COINAGE AND PAPER CURRENCY.*

[*The President; Mr. Rivas; Mr. Dawkins.*] [8TH SEPTEMBER, 1899.]

Excellency's Council meets in Calcutta, and I beg, therefore, to ask for leave to postpone the presentation of the Report of our Committee."

His Excellency THE PRESIDENT said :—" I will only add, with reference to what my Hon'ble friend, Mr. Rivaz, has just said, that I entirely agree with him in thinking that, for the reasons which he has explained, this Bill falls into the category of those which would be more properly discussed when we are in session in Calcutta than when we are in Simla."

Leave was granted.

CENTRAL PROVINCES TENANCY (AMENDMENT) BILL.

The Hon'ble MR. RIVAZ moved that the Bill to amend the Central Provinces Tenancy Act, 1898, be taken into consideration. He said :—" I obtained leave, at the last meeting of the Council, to postpone the consideration of this Bill, because the Hon'ble Mr. Chitnavis had received certain criticisms on the wording of the clause in question, which he requested might be taken into consideration. These criticisms have been duly considered by the Hon'ble Legal Member and myself, and we think that the Bill as introduced needs no alteration."

The motion was put and agreed to.

The Hon'ble MR. RIVAZ moved that the Bill be passed.

The motion was put and agreed to.

INDIAN COINAGE AND PAPER CURRENCY BILL.

The Hon'ble MR. DAWKINS moved for leave to introduce a Bill further to amend the Indian Coinage Act, 1870, and the Indian Paper Currency Act, 1882. He said :—" On the 25th of August I asked permission to postpone the motion for leave to introduce a Bill further to amend the Indian Coinage Act, 1870, and the Indian Paper Currency Act, 1882. The object was to await the terms of a Proclamation, necessary under the English Coinage Act of 1870, for constituting an Indian Mint a branch of the Royal Mint. We had previously been led, as I then stated, to expect that this Proclamation would be communicated to us very shortly. But we have now been advised that there may be some further delay over the Proclamation owing to legal and technical questions.

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"We have, therefore, had to decide whether we would proceed at once with legislation to make the sovereign legal tender in India, or whether we should delay still longer, pending receipt of the Proclamation. There are certain obvious objections to splitting our currency legislation into two; but they are not very serious. The measure of transcendent importance before us is to place the currency of India on a gold basis, and to endow India with a gold currency and a stable exchange. To provide for the actual striking of gold coins at an Indian Mint is really a corollary, and no practical inconvenience will arise from a short delay. We could not proceed to strike coins until we receive the necessary machinery that has been ordered from England, and, meanwhile, we shall continue to receive gold bullion at our Mints under the executive notification in force.

"The question of delaying legislation to make gold legal tender, and thereby to place our currency on an effective gold basis, is very different.

"Into the arguments for a gold standard and a gold currency, I think no one will expect me to enter. *Res judicata est*. The arguments for and against have been exhausted, and Government is proceeding in the conviction that no other measure would save India from disastrous embarrassment and repeated additions to the burden of taxation, and that no other measure is equally calculated to assist in the development of Indian resources and gradually to benefit the patient industry of the Indian people.

"There is one minor but important point, however, which, I think, I ought not to pass by.

"I am aware that the opinion has been expressed in certain quarters that it would be prudent to pause awhile before carrying our policy to a conclusion, before making the sovereign legal tender in India. It is urged that, when gold is legal tender, sovereigns will pass into circulation, that certain of them will disappear into hoards; that, therefore, the process of accumulating gold in the Government Reserve will be to some extent impeded, and that Government will less expeditiously accumulate a reserve from which to make gold available for foreign remittances when, and if, exchange tends to decline. It is, indeed, this apprehension that gold will not be sufficiently available for foreign remittance that chiefly inspires the plea for delay.

"We have given full weight to this consideration, but we cannot think that it would justify us in incurring delay and in engendering the suspicion that the Government of India has misgivings and hesitates to give immediate effect to a measure recommended by the Currency Committee, endorsed by Her Majesty's

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Government, adopted by the Secretary of State, and accepted by the Government of India as the crown and completion, indeed, of its own policy, deliberately pursued now for six years.

"No doubt, sovereigns will pass into circulation. This is not to be deprecated, though, in view of the nature of transactions in India, we believe that gold coins will never penetrate far into the country or constitute more than a marginal currency. Probably, some sovereigns will pass into hoards; but the number that will disappear is not likely to be appreciable. Gold may also be retained by the Banks to some extent, and for that reason also not reach the Government. But gold, so retained, will be available for foreign remittance and will *pro tanto* diminish resort for that purpose to Government. And, whenever exchange rises above one shilling and four pence, which it may be expected to do every busy season, sovereigns will be presented to Government by their holders for the profit to be made on them. There is indeed every expectation that they will be largely brought to us, even when exchange does not rise above one and four pence, because, for some time to come, at any rate, gold will be principally used to obtain that money in which the mass of Indian transactions must be discharged and with which the people are familiar. Moreover, as regards the future of exchange, the rise to above one and four pence is not likely to be confined to the busy season.

"Looking to the increasing contraction of the rupee currency under a system of Mints closed to silver, to the growing output of gold in the world, to the apparent decrease in the purchasing power of gold, and the consequent rise in the gold value of the rupee, I do not think that it is rash to look forward to the rupee gradually becoming fixed at the high, not the low, level of exchange rendered possible under the new conditions.

"I contend, therefore, that there is no valid reason for deferring legislation for some indefinite period, because the gold that now flows into our treasuries may be, to some extent, arrested in, or deflected from, its channel. It is time to terminate the unrest and uncertainty which has hung over India in a heavy cloud for nearly a quarter of a century. It is time to terminate it finally, and to lay down a policy which will be distinguished by finality. We must show that we are confident in our policy, or else how can we expect confidence in others? We believe that the success of that policy will be assured by the ordinary operations of trade. If there should be any temporary check in its success, which we do not anticipate, we have been assured by the Secretary of State that it will be supported by all the means in the power of Government. But no check, I repeat, is anticipated. The policy to which we now propose to give effect is not only the most simple and economical but the most certain that can be devised.

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[*Mr. Dawkins.*]

"I might conclude these remarks here, but, perhaps, it may not be amiss to dwell on some of the principal features of the new system we are now creating. Gold at the ratio of Rupees 15 for one, sovereign will be legal tender, that is to say, gold coins of full weight coined at the English or Australian Mints, to which we propose before long to add gold coins struck at an Indian Mint.

"Anybody will have the right to discharge obligations of all kinds in gold, and the Government will continue to give rupees in exchange for gold under executive notification.

"We accept no obligation to give gold for rupees which would entail, if we accepted it, the acquisition by borrowing of an immense and indefinite sum. But Government will keep before its eyes the attainment of practical convertibility at the earliest possible moment, of practical as against legal convertibility such as exists in France. Gold, as every traveller knows, circulates under this system readily in France and can be obtained for ordinary purposes without difficulty. Indeed, it requires an effort of the imagination to realize that from the beginning of the century down to 1850 there was no gold in general circulation in France, and that the full and ample convertibility now existing in that country has been of gradual growth.

"Silver will be left as unlimited legal tender by the side of gold. It would be unnecessary, and it would be misunderstood by the masses of the population, if we placed a legal tender limit on these coins in which the great proportion of transactions are carried on. And we have no desire to do anything hostile to silver. Essential as it was to close the Mints to the free coinage of silver, yet that measure necessarily exerted a depressing effect upon silver, and we would avoid any semblance of hostility to that metal in which the Indian people so largely invest their savings.

"Except, therefore, for fractional purposes, and for replacing coins no longer current, and possibly also for replacing coins of Native States, if they so desire, silver will cease to be coined until such time in the future as it may be necessary to augment the rupee currency by coining.

"In the meantime the rupee currency will expand automatically in response to the demands of trade, as anybody wishing for rupees can obtain them from Government by the tender of a sovereign. In this way, gold will impart an element of elasticity to the total currency, and whatever stringency of loanable capital may arise in the future, no stringency of currency can occur."

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His Excellency THE PRESIDENT said:—"The situation in which we are placed to-day, and the circumstances in which the Finance Member has just spoken in introducing this Bill, are not without an element of surprise. If any one had prophesied two years ago, or even one year ago, that, in response to the unanimous finding of a composite but singularly competent body of experts at home, in accordance with the recommendations of the Secretary of State, and, so far as I can judge, with the almost unbroken concurrence of public opinion, both in India and England, the Government of India would to-day be introducing a Bill to establish a gold standard with a gold currency in this country, he would have been laughed at as a dreamer of dreams. The bimetallists would have scouted him as a bigoted doctrinaire, and the champions of free silver would, possibly, have denounced him as a traitor. Even when the Committee was launched and was already fairly under way, I venture to think that the likelihood of a unanimous report exceeded the expectations even of the most sanguine. Indeed, I remember the charge being brought against the Committee that so evenly had the rival interests been balanced, and of such a motley of opinions was it composed, that its deliberations could have no other result than to add to the already existing confusion, and once again to throw the future of Indian currency into the crucible. We have been saved from any such catastrophe by the sagacity and common sense which characterized the proceedings of the Committee, by the ability with which its counsels were guided by its Chairman; but most of all, I think, by the convincing and overwhelming strength of the case for a gold standard which was submitted to its consideration. Hence it is that we have arrived at the remarkable result of a consensus of opinion upon a matter hitherto so fiercely disputed, and that we are engaged this morning in giving to it legislative effect.

"I should like to point out that, in taking this final step, the Government of India are acting in logical accord with a policy which they have pursued ever since, more than twenty years ago, the fall in the gold value of silver first became acute. Throughout this period the underlying principle of their action has been the defence of India from the inevitable consequences of an unarrested decline in the sterling value of the rupee, namely, the necessity of imposing fresh taxation upon the Indian people; at the same time that the capital, upon whose introduction and proper application their future prosperity so largely depended, was being driven away by the insecurity arising from a constantly fluctuating exchange.

"The continuity of policy of which I speak has not been impaired by the fact that other remedies than that finally adopted have before now been sought; or that



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[*The President.*]

even when the desirability of a gold standard became generally recognized, proposals were put forward for attaining it which have since been abandoned. For instance, as long as there was hope of an international bimetallic agreement, the Government of India looked favourably to such a solution. But when the Brussels Conference broke down, and it became obvious that we could not count upon co-operation with others, but must depend upon ourselves, the gold standard then rose into prominence. Since then it has been a question, not of principle, but of method. The Government of India have never lost sight of the ultimate goal which they had in view. With that object they closed the Mints to the free coinage of silver; with that object they made definite proposals to the Secretary of State; and with that object they now accept the recommendations of the Committee and are introducing this Bill.

"We do not tie our hands by taking this step. For whilst the adoption of a gold standard renders us independent of the caprice or hostility of foreign countries for the time being, it will not prevent us, at any date in the future, from embarking upon a discussion with foreign Powers as to an international agreement, should such an idea be again put forward; but will, on the contrary, enable us to enter the field upon equal terms, if, indeed, we may not claim a positive advantage in the possession of a stable system.

"My Hon'ble Colleague has explained in his speech the reasons for immediate legislation. They rest in the main upon the desirability of acquainting the public at the earliest moment with our resolve, and of inspiring them with the confidence which we are not conscious of rashness in admitting ourselves. We are not very much afraid of the danger with which we have been threatened, namely, that we may lose some of the gold which is on its way to our reserves. If this risk were a serious one, I would ask how it comes about that since the report of the Committee, since its acceptance by the Home Government, and its recommendation to us—when all the world, so to speak, has been anticipating the action that we are now about to take, gold has, nevertheless, continued to flow into our treasuries—not in diminishing, but in increasing volume. In June we only received £77,000, and in July £23,000. But in August, after all these events had taken place, the inflow rose to £223,000; whilst for the week that ended on Monday last the additional amount of gold received in our treasuries and Mints amounted to £18,060. This does not look as though we were frightening away gold, or driving it into channels from which it would be incapable of recovery. Since sovereigns began to enter India last year, the amount of gold retained in our treasuries amounts to £2,620,000; and in future, as the

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announcements that have been made will show, we look to receiving and coining gold of Indian production, in addition to that which enters the country in the ordinary operations of trade from the outside,

"I do not wish to dilate upon what to some may appear the sentimental advantage of a single gold coin, uniform and incapable of depreciation, circulating throughout the British Empire, although to me it seems that that fact has a very practical and an Imperial application. But I will put it in another way, and will say that, in the unimpeded and steady flow of the sovereign in circulation in and out of India, appears to me to exist a very potent guarantee for the extension of our mercantile relations both with the United Kingdom and with other parts of the British Empire. Every merchant who trades with India, every capitalist who invests in this country, will know in future that his sovereign is worth 15 rupees. The lender and the borrower will be dealing in the same money, with a fixed and unalterable denomination. For my part I cannot doubt that such a security must lend stability and confidence, not merely to our trade with foreign countries—and the London Committee has reminded us that four-fifths of our foreign trade is with countries possessing a gold standard also—but also to commercial and industrial development within our own shores. I do not desire to indulge in any chimerical dreams of the future; I do not expect any sudden or frantic rush of capital to India; I do not pretend that we are opening an Asiatic Klondyke to the investing world; least of all, am I anxious to import the speculative element into Indian business or finance; but I do firmly believe and hope that, subject to chances which none can foresee, but against which we are already on the watch, we shall, by taking these measures, invest the financial horoscope of India with a security which it has hitherto lacked, and which it will be our duty to utilize in the interests of our own clients, who are the Indian people."

The motion was put and agreed to.

The Hon'ble MR. DAWKINS introduced the Bill.

The Hon'ble MR. DAWKINS moved that the Bill and Statement of Objects and Reasons be published in the Gazette of India and in the local official Gazettes in English.

The motion was put and agreed to.

The Council adjourned to Friday, the 15th September, 1899.

J. M. MACPHERSON,

*Secretary to the Government of India,*

*Legislative Department.*

SIMLA;

*The 8th September, 1899.*