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MADRAS RECORD OFFICE.

Government of Madras.

DEPARTMENT.

G.O. No. 590	Press / Mis.
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Government {1868} of Madras.

FINANCIAL.

Recd. } 1868. *Enclosures*

Regd. *Spare copies*

G.O., No. 590, 30th December 1868.

DECEMBER.

Nos. 41–47.

Gold Currency.

Copies of Minutes recorded by His Excellency the Governor and the Hon'ble Mr. Arbuthnot, together with copies of letters containing the views of the Chamber of Commerce, Madras, and of certain gentlemen, on the subject of the introduction of a gold currency into India, transmitted to the Government of India.

GOVERNMENT OF MADRAS.

FINANCIAL DEPARTMENT.

Read—the following papers:—

No. 41. From Colonel J. CARPENDALE, R.E., Mint Master, to the Chief Secretary to Government, Fort Saint George, dated Madras, 16th September 1868.

1. I have the honor to acknowledge order of Government in the Financial Department, No. 367, of the 6th ultimo, communicating a despatch from the Government of India on the subject of the gold coinage. The questions for report are:—

I. At what rate, as an equivalent in Rupees, should English and Australian Sovereigns be taken at the public Treasuries?

II. Whether the standard value of the Gold Mohur, viz., Rs. 15, as fixed by Act XVII of 1835, is, or is not, perfectly applicable to the present time and to the immediate future, and whether the proclamation of 1852 prohibiting the receipt of Gold Mohurs into the Treasuries might not be repealed?

III. What should be the standard of ten-Rupee gold pieces, if the introduction of such a coin was resolved on?

2. Any one whose attention has been directed to this subject is aware that the chief obstacle to the introduction of a gold coinage in India, where the standard is silver, is because gold has a fixed value almost everywhere out of India, and silver a fluctuating one, and which varies, moreover, according to the demand rather than according to the supply; but it is not so generally known that another difficulty exists in Southern India in the circumstance that owing to the partiality of the people of the country for this metal, gold commands a price in some places in excess of its intrinsic value in Europe and Australia, *plus* all the attendant expenses of its importation, and until this demand is satisfied I should not expect any legislation to be effectual in keeping gold coins in circulation, whether they be Sovereigns, the Gold Mohurs, or new ten-Rupee pieces.

Again, although in England the Australian is rated on equality with the English Sovereign, in the town of Madras there is always a difference of one Anna in favor of the English Sovereign, and that although the Australian is really a trifle more valuable on account of the silver contained in it, the quantity of fine gold in both being the same, and this is not owing, as is sometimes thought, to the English Sovereign being a more marketable article for homeward-bound travellers, but simply because of the colour, a hint to be remembered in the event of gold being coined in India, that its fineness and composition should be what the people of the country are familiar with and appreciate, viz., $\frac{11}{12}$th fine gold and $\frac{1}{12}$th copper, being the same as the English Sovereign and the Gold Mohur.

Another peculiarity to be observed is that Sovereigns command a higher price than gold of equal purity in any other shape, probably because of the Mint Stamp being accepted as a guarantee of its value the cost of assaying is saved. It is also worthy of notice that in the provinces the price of gold varies with the caprice of the people, in one place the old St. George Sovereigns being in greater request than those of the present coinage, and in other Districts an Australian sells for two Annas more than a British Sovereign.

3. I now proceed to consider the Sovereign as a coin for India, first observing that I will omit for the present the cost of procuring the coin, such as freight, insurance, &c., and merely take account of the intrinsic value of the article which

alone affects the general question of gold and silver that are imported from the same place circulating together; and I will omit altogether the Mint Seigniorage which does not in any way affect the value of coins in circulation, for I think that some writers on the subject have complicated the question very much by insisting on the value of a coin being the cost of procuring it, and taking as their *datum* line the cost at which gold can be obtained by importation from London and Melbourne, including all expenses of transit, and the Seigniorage or Mint charge in India for coining, the latter having nothing to do with the absolute value of the coin, but simply affecting the question of importation, and enters into a Banker's and Merchant's calculations as to which is the most profitable means of remittance at any particular time, whether gold, silver, public or private bills, or "Government paper," but it in no way affects the relative value of the coins once they are put into circulation. For instance, when the Mint coins a hundred Rupees worth of standard silver into a hundred Rupee pieces, and gives back the importer only ninety-eight, keeping two for the Government as seigniorage, each of those ninety-eight are still worth sixteen Annas, and are in no way depreciated by the cost of obtaining them, or because the merchant found it was more profitable to obtain them by importing bullion, than by importing hardware, or piece goods, or by buying a bill on a bank. Or again, not long ago a profitable remittance on a particular occasion was made by a gentleman in Madras to London by means of Sovereigns bought at a considerable *premium*, so called, that is in excess of ten Rupees. The cost of each of those Sovereigns on reaching England was necessarily greatly in excess of twenty shillings, but the *value* of the Sovereigns remained the same.

4. Commencing the inquiry the nwith the Sovereign. The fixed price of standard gold in London, that is gold which is $\frac{11}{12}$th fine, or of which 440 grains out of each ounce is fine gold, is £3–17–9 an ounce, or 933 pence.

The price of English standard silver is now and has for some time been in London $60\frac{3}{8}d.$ an ounce. English standard being 444 grains of pure silver in each 480 of standard metal, while the Rupee standard is 440 grains of pure silver in each 480. To find then the relative value of the two metals we have:—

As 440 *grs.*: 933*d.* : : 480 *grs.* : 1017·81*d.* the price of an oz. of fine gold.
As 444 *grs.* : 60·375*d.* : : 480 *grs.* : 65·27*d.* the price of an oz. of fine silver.

Whence, as 65·27*d.* : 1017 81*d.* : : 1 : 15·593; that is the relative value of gold to silver, when the price of silver is $60\frac{3}{8}d.$ an ounce is as 15·593 : 1; consequently, to find the value of a Sovereign expressed in Rupees, we have, as the Sovereign contains 113·001605 *grs.* of pure gold and the Rupee 165 grains of pure silver, $\frac{113 \cdot 001605 \times 15 \cdot 593}{165} =$ Rs. 10·678 or Rs. 10–10–10. But gold bought in England at £3–17–9 an ounce is circulated in the form of Sovereigns at £3–17–$10\frac{1}{2}$ an ounce, which makes the value of the Sovereign in Rupees, when silver is $60\frac{3}{8}$ pence an ounce, exactly Rs. 10–11–0, the current price in the town of Madras being Rs. 10–12–0 and in some Districts in the Provinces Rs. 11 and Rs. 11–2–0, while the cost of procuring them from London at $1\frac{1}{2}$ per cent. would *only* raise the value from Rs. 10–11–0 to Rs. 10–13–4, for the freight and insurance on Sovereigns from London at the present time barely exceeds $1\frac{1}{2}$ per cent.

It has been proposed to declare the Sovereign a legal tender for ten Rupees, and to encourage their importation by means of largely increasing the seigniorage on silver, whereby it is hoped that the Sovereign might eventually fall in value to be worth exactly 10 Rupees. It would, of course, be possible to raise the seigniorage on silver so much that gold only would be imported; but I do not understand on what grounds it is expected that Sovereigns, the importation of which is thus forced, will be paid into Government Treasuries for less than their value, or that other gold will be tendered to the Mint for a less price than is procurable elsewhere. The relative value cannot alter until gold becomes cheaper all over the world or until the price of silver rises, and as an English Sovereign at the present price of gold can never be worth exactly 10 Rupees until English standard silver is $64\frac{1}{2}$ pence an ounce in London, I cannot see any grounds for the expectation. The present low price of silver, $60\frac{3}{8}$ pence an ounce, is undoubtedly owing to the diminished demand from India, the largest consumer in

the world. And it stands to reason that any further decrease in the demand, arising from the introduction of gold into the currency, must tend to still further lower, certainly not to enhance, the value of silver, so that a fall to 60 pence an ounce may I think be expected; while on the other hand any tendency to a fall in gold owing to increased production, which might otherwise be feared, will be retarded by the increased market of India, and with English standard silver at 60 pence an ounce the value of the Sovereign would be Rs. 10–12–2.

In 1798 the coinage of silver in England was altogether prohibited by law, and the price of standard silver at that time in London was 5*s.* an ounce; that it subsequently rose to 5*s.* 10½*d.* an ounce in 1810 must, I think, be attributed to the new demand, and that it has since gradually fallen is owing, I think, it must be admitted, to gold having in so large a degree taken the place of silver in the currency of France and other countries.

5. It will be observed that the above calculations are all based on the London price of gold, £3–17–9 an ounce, or £3–17–10½ an ounce the rateable value of a Sovereign, but it has been urged that as gold can be imported at a cheaper rate from Australia its *minimum* price should be the *data* for calculation, and that the price at which gold from Melbourne can be laid down in Calcutta is £3–18–4 an ounce. This argument appears to me to be assuming that because gold can be procured from Melbourne cheaper than from London, it necessarily will be. No doubt if the balance of trade between India and Australia required adjustment by a bullion remittance from the latter country, such importation of gold would be cheaper, provided it was not in the form of Sovereigns, than from other parts of the world; but if the bullion is required in adjustment of a balance against Europe, I question the fact of its being cheaper, as the transaction would entail charges of at least 4 to 6 per cent., though it is easy to understand that it may be more profitable to a merchant in London who has a debt to discharge in India, and has funds available in Australia, to effect an adjustment by means of gold from Australia sold below its actual cost, than to carry the gold to England before discharging the debt in India: at any rate the other fact remains, that India's annual receipt of gold from England and other parts of Europe is very large, and as gold would continue to be imported from both countries it is more probable that the Australian consignments would rise to the English rate, than that the latter would fall; but supposing the contrary to be the case, let us see what would then be the value of the Sovereign in Rupees.

The gold is supposed to be received direct from Australia at the minimum cost, including export duty, freight, and insurance, &c., and to be worth, or rather to have cost the importer, on arrival £3–18–4 an ounce.

To compare, we must suppose that silver is in like manner procured from the cheapest market, *viz.*, London, at 60*d.* an ounce. Add 1½ per cent. for freight, insurance, and other charges, brings it up to 60·9*d.* an ounce.

Then with silver at 60·9*d.* and gold 940*d.* an ounce, the relative value of the two metals is as 1 to 15·435 and the value of the Sovereign in Rupees would be 10–9–1, that is supposing it to be coined in India at the expense of the State. Sovereigns imported from Australia would cost pretty much the same, a little more than if imported from London.

I am somewhat doubtful, however, that gold can be always imported from Australia at so low rate as £3–18–4 an ounce including all charges. I know it sometimes costs £3–17–4 the standard ounce in Australlia, and that export duty, freight and insurance come to something more than 1½ per cent., making the price on arrival in Madras, £3–18–7½. The cost of obtaining Sovereign from England at the present time barely exceeds 1½ per cent., say £1–11–0 per £100, against £1–13–6 from Australia.

6. I do not think,then, that the par value of a Sovereign, or the equivalent quantity of gold, is ever likely to be ten Rupees. No doubt it would be a great advantage were it so, but the general idea of its being so is probably owing to the popular, but erroneous impression, that the par value of a Rupee is two shillings, as the tenth part of a pound sterling, whereas, the exact value of a Rupee in London at the present time, as nearly as it can be expressed in English currency, is 1*s.* 10¼*d.*; and the intrinsic

value of an English Florin or of two shilling pieces when silver is 60*d.* an ounce is 1*s.* 9½*d.* I do not think, therefore, that a smaller sum than Rupees 10–12–0 as the equivalent of a Sovereign would be effectual in getting them paid into Government Treasuries.

7. Further, I am of opinion that any tentative measure which simply brought Sovereigns into Government Treasuries, and ensured their issue at the same rate, could not be regarded as a success while the same coin was not a popular circulating medium among the community generally, and that I do not think any coin would be which was not a legal tender, and I would, therefore, advocate that whatever gold coin it may be decided as most desirable to introduce into India should be declared a legal tender. I cannot see any injustice to creditors that they might be paid in what there is every reason to expect will be at any time hereafter the most valuable metal, seeing that the price of silver has been for a long time gradually falling, and that there is no ground for expecting its relative value to gold to increase.

8. It may seem strange considering that Rupees 10, Rupees 10–2–0, and Rupees 10–4–0, have so long been talked of and written of as the equivalent of a Sovereign, that any one should now propose Rs. 10–12–0 should be regarded as its proper value, and especially as it appears from the tables at the end of the second volume of the Currency Commission Report, that the price of Sovereigns in Calcutta, from 1861 to 1866 varied from Rupees 9–15–0 to Rupees 10–7–0; but the question is one of fact, not of opinion, and I beg attention to the circumstance that these tables simply give the selling price, and not the value of the article with reference to the price of silver at the time, and that the only just way of estimating the value of the article is by comparing it with the standard value according to the rates of each precious metal in the chief market of the world.

In Appendix XL, page LIII of the Commissioner's Report, it is shown that the average price of standard silver in London from 1819 to 1843 was 4*s.* 11$\frac{13}{16}$*d.* and from 1844 to 1865 it was 5*s.* 0¾*d.* the mean of which is 60½*d.* the present price being 60⅜*d.*, and I think we have, therefore, strong reasons for expecting that if gold became a legal tender in India the price of silver must fall to 60*d.* an ounce The relative value of gold to silver deduced on the same page does not appear strictly correct. For the period from 1844 to 1865, the average price of silver is shown to be 5*s.* 0¾*d.* and of gold £3–17–9 an ounce, and then the relative proportional value, is said to be as 1 to 15·358.

This would be so, if an ounce of standard gold and an ounce of standard silver contained each the same number of grains of pure precious metal, which they do not do: there being 444 grains of fine silver in an ounce of standard silver, and 440 grains of fine gold in an ounce of standard gold. Hence, the relative value from 1844 to 1865 was very nearly as 1 to 15·5 which would give Rupees 10–9–10 as the value of the Sovereign; but even at the ratio shown in the Commissioner's Report, viz., 15·358, its value would be Rupees 10–8–3.

I beg it may be understood that I put this view forward as what I believe to be a matter of fact, not of opinion; and as the proof of it would be practically determined by the choice of bullion for remittance to England, let us reverse the operation previously performed and see what the result would be.

I have taken Rupees 10–12–0 as the value of the Sovereign in the expectation of silver which is now 60⅜*d.* an ounce falling to 60*d.*

Suppose then a merchant requires to remit £10,000 to London, and that his choice of means lies between Sovereigns and Rupees.

The 10,000 Sovereigns would cost Rupees 1,07,500 and be worth in London £10,000, 1,07,671 Rupees remitted to London would be worth at 60*d.* an ounce English Standard £10,000, so that even at Rupees 10–12–0 the Sovereign is somewhat under-rated, and it seems to me clear that if its relative value was fixed at any lower price it could not be expected to remain in circulation at all, and that if not wanted for hoarding it would be remitted to other countries *whenever a specie remittance was necessary* The cost of remitting 10,000 Sovereigns to England would be 1½ per cent. The charge for silver would only be a trifle more than 1½ per cent. an inappreciable difference.

9. The Gold Mohur next comes under consideration. It weighs 180 grains, of which 165 are pure gold, whence its touch is the same as that of the Sovereign; then taking English standard silver at 60*d.* an ounce, and gold at £3–17–9, the relative value is as 1 to 15·691 and the value of the Gold Mohur expressed in Rupees would be Rupees 15–11–6 as it contains 165 grains of fine gold, while a Sovereign and a half Sovereign together contain 169½ grains of fine gold and would be worth Rupees 16–1–9. The Gold Mohur then being now worth Rupees 15–11–6, a "ten Rupee piece" as a part of it and weighing 120 grains would be worth Rupees 10–7–8; which is a closer approximation to ten Rupees than the value of a Sovereign is but not close enough.

10. A special gold coin, being the exact equivalent of ten Rupees with silver at 60*d.* an ounce, and which it has been suggested might be called the "Victoria," would, therefore, appear the most appropriate medium for introducing gold into the Indian currency. Of the same touch as the Gold Mohur and the Sovereign, its weight would be 114·54545 grains, of which 105 grains would be fine gold, and the exact equivalent is ten Rupees. For with Sovereign gold at £3–17–10½ and silver 60*d.* an ounce, the proportionate value of gold to silver is as 1 to 15·715 and $\frac{105 \times 15{\cdot}715}{165}$ is equal to 10 Rupees.

11. Let us now see what encouragement should be afforded for the introduction of gold what advantage there must be in its importation in preference to silver. If a Banker or a Merchant wishes to import £1,000 in bullion 1,000 Sovereigns plus 1½ per cent. freight, insurance, &c., will cost him on arrival at Madras £1,015, and the outturn will be $\frac{113{\cdot}001605 \times 1000}{105} = 1076{\cdot}205$ "Victorias" of 10 Rupees each, or Rupees 10,762 less one per cent. Seigniorage equal to Rupees 10,654–6–2.

If he imports silver:—

£1,000 worth at 60*d.* an ounce is 4,000 oz. and the outturn will be 10,765 Rupees
less 2 per cent. 215·2 "

or Rupees 10,549–13–0

being a difference of only 105 Rupees on a parcel of bullion valued at £1,000. This would certainly be an insufficient inducement to import gold in preference to silver, and I am inclined to recommend that seigniorage on gold should be abandoned altogether, which would give it as advantage of 2 per cent. over silver; or if Government is unwilling to do this the seigniorage might be retained at 1 per cent. or reduced to a half on gold; and increased to 3 or 4 per cent. on silver, but it must be remembered that if Sovereigns are admitted into the currency, all seigniorage on gold must necessarily be abandoned, and it would be requisite to authorize the coinage of Sovereigns at all the Indian Mints.

12. Summing up the above remarks to answer concisely the order of Government.

I think Rupees 10–12–0 should be fixed as the value of a Sovereign.

I think the prohibition to receive Gold Mohurs into Government Treasuries might safely be withdrawn and that a smaller price than Rupees 15–11–0 would not ensure their payment into and Treasuries.

I think that a ten Rupees gold coin of the same fineness and colour as the English Sovereign and weighing 114·54545 grains, of which 105 grains should be pure gold, would be the coin best calculated to meet with general acceptance and to remain in circulation.

No. 42. From J. D. SIM, Esq., to the Chief Secretary to Government, Fort Saint George, dated Madras, 22nd September 1868.

I have the honor to acknowledge the receipt of the Order of Government, dated 6th ultimo, No. 367, Financial Department (confidential), on the subject of the introduction of gold into the currency of British India.

2. My remarks necessarily apply only to the Madras Presidency.

3. The first question proposed by the Government of India is, "at what rate, as equivalent in Rupees, should English and Australian Sovereigns be taken at the public Treasuries?"

4. The present official equivalent of a Sovereign, whether English or Australian, is 10 Rupees; but as the Sovereign is really worth much more, the receipt of these coins at the public treasuries has ceased. No one, of course, will sell a Sovereign, to Government for ten Rupees when he can get more for it elsewhere.

5. Of late years, there has been a very great increase in the imports of siver and gold into this Presidency; but the exceptional circumstances which led to this are passing away, and the imports of the precious metals are reverting to their normal standard. There has been, however, this peculiarity in the bullion trade, viz., that while a very large portion of the silver has been again exported, the bulk of the gold has remained in the Presidency. It will be seen, from the enclosed Statement, *A*, that, in the ten years, from 1858–59 to 1867–68, the imports of silver by sea have been equivalent to fourteen millions sterling; but in the same period ten millions have been exported, four millions being thus the balance left in the Presidency. In the case of gold, however, while 8½ millions have been imported during the same period, only £260,000 have been exported, more than 8 millions being left in the country. As gold is not a legal tender, and is but partially used as a circulating medium, this large retention of gold in the country must be for its greater convenience for hoarding, for conversion into ornaments, and other similar purposes. If, in addition to the value which its peculiar fitness for these purposes gives it, gold be now constituted a legal tender, so far as the State is concerned, and the receipt of it at a fair price be assured to the possessor at all times, a rise in its value, consequent on this new use to which it can always be applied, must naturally be expected.

6. I enclose a Statement (*B*), extracted from the Price Currents of the Madras Chamber of Commerce, showing the prices of Sovereigns at Madras from 1860. The mean of the annual rates, I give in the margin. It will be seen from these how impossible it is to fix an equivalent for the Sovereign, which, in the words of the Government of India, while not prohibiting their presentation, as seems to be the case at present, should induce the public to look to the superior convenience of gold as a measure of value when realizing dues from the public treasuries." For the years 1862–66, probably Rupees 10–4–0 would have been considered a fair and safe equivalent, but the result in the two next years would have been that every Sovereign in the public treasuries would have been withdrawn, and none paid in. Considering the present ruling price of Sovereigns,* and the probable rise in consequence of their being received at the public treasuries at a rate approximating to their real value, I do not think a lower equivalent than Rupees 10–12–0 would meet the object which the Supreme Government seem still to have in view, that "the circulation of British and Australian Sovereigns in all parts of British India should be encouraged and facilitated."

	English.			Australian.		
	Rs.	A.	P.	Rs.	A.	P.
1860	10	7	0	No quctations.		
1861	10	6	7	10	4	10
1862	10	5	8	10	3	9
1863	10	4	5	10	2	8
1864	10	4	2	10	2	9
1865	10	3	6	10	1	11
1866	10	5	10	10	3	5
1867	10	9	4	10	6	10
1868	10	11	2	10	10	9

* Large quantities are sent into the Provinces and the price there must be still higher of course.

7. I am not, however, in favour of receiving Sovereigns at the public treasuries at a fixed value, believing that such a measure will be either futile or injurious—the former when the fixed value is below, the latter when it is above, their market value —while, as a rule, it will be either one or the other.

8. Further, looking at the abnormal condition of the trade of India of late years, I do not think the value of the Sovereign can yet be safely predicated. But, if the Government do not make Sovereigns generally a legal tender—if they only issue Sovereigns at their official equivalent so long as they have them in their treasuries,

and reserve the right, at any time, of declining to issue them and of altering the equivalent—the present rate of 10 Rupees might be raised to Rupees 10-8-0 with perfect safety; but this would not, at present, encourage the introduction of Sovereigns. This, in my opinion, could not be anticipated from any rate lower than Rupees 10-12-0; but, on the other hand, it must be considered that the latter rate might soon prove so much too high as to enforce a reduction, and that alterations in the equivalent cannot but be mischievous. As already stated, I am opposed to the contemplated measure, and would leave gold simply as a marketable commodity.

9. The second question is, "at what standard value should ten Rupee gold pieces be coined, supposing such coinage were resolved upon?" It is added in connexion with this question that, "at present the Government of India is hardly prepared to recommend the declaration of any gold coins as legal tender." From the above it would appear that the object is to coin a gold piece which shall so precisely represent the value of ten silver Rupees, that, as regards relative value, the creditor will receive and the debtor pay indifferently in silver or gold.

10. I do not see how this equalization is to be effected or maintained. Silver is falling, and gold rising in value, and fluctuations must in the nature of things be expected. I cannot see any middle course between making gold the legal standard with a subsidiary silver coinage, or retaining silver as it is. Considering the fact of all obligations in this country, public as well as private, having been contracted in silver, and having regard to the present condition of the great mass of the people, I am of opinion that the time has not arrived for changing the standard of currency. I have no doubt gold coins would be acceptable to the people as enhancing the utility and value of the metal they find most convenient for remittances and reserves; but I do not believe that in this Presidency they would materially displace silver as a circulating medium. One effect of a gold currency would certainly be to drive the Paper Currency out of circulation, and confine the use of Bank Notes to purposes of remittance as a substitute for Bills of Exchange.

11. In paragraph 9 of his letter, the Secretary to the Government of India further inquires whether any objection exists to the withdrawal of the Notification of 1852, prohibiting the receipt of Gold Mohurs at the public treasuries. The coinage of gold in this Presidency ceased twenty years ago, and Gold Mohurs are not often seen now-a-days. There can be no objection to receiving them now at the legal value of 15 Rupees each, but many are not likely to be received, as they bear a higher value in the market, and those that are in existence are in the possession of persons not likely to part with them.

P.S.—I return the Despatch and G.O., under acknowledgment.

A

Statement of Bullion and Specie imported into and exported from the Madras Presidency by Sea in Pounds sterling.

Years.	Imports.			Exports.		
	Silver.	Gold.	Total.	Silver.	Gold.	Total.
	£	£	£	£	£	£
1858-59	1,184,252	325,437	1,509,689	800,523	5,350	805,873
1859-60	1,223,464	523,607	1,747,071	405,619	355	409,974
1860-61	1,339,844	740,214	2,073,058	596,904	1,943	598,847
1861-62	1,283,251	945,498	2,228,749	354,885	12,123	367,008
1862-63	1,324,730	1,203,954	2,528,684	509,746	12,813	522,559
1863-64	2,288,573	1,318,220	3,606,793	2,199,718	34,209	2,233,927
1864-65	1,626,116	1,404,868	3,030,984	1,724,930	78,048	1,802,978
1865-66	2,553,457	1,111,423	3,664,880	1,239,676	20,640	1,260,316
1866-67	968,484	399,185	1,367,669	1,457,879	82,615	1,540,494
1867-68	537,170	590,984	1,128,154	994,995	20,517	1,015,512
Total ..	14,322,341	8,563,390	22,885,731	10,288,875	268,613	10,557,488
Deduct Exports ..	10,288,875	268,613	10,557,488			
	4,033,466	8,264,777	12,328,243			

B

Statement showing the Market value of the Sovereigns as taken from the *Madras Price Current*.

—	British sovereign.	Australian sovereign.
	Rs. A. P.	Rs. A. P.
1860.		
13th January	10 5 0	..
	10 6 0	..
	10 8 0	..
27th do.	10 9 0	..
	10 5 0	..
14th February	10 6 0	..
	10 8 0	..
27th do.		
13th March		
27th do.	10 7 0	..
3rd April	10 6 0	..
27th do.		
8th May	10 8 0	..
22nd do.		
8th June	10 7 0	..
22nd do.	10 6 0	..
7th July		
Mean of the rates ..	10 7 0	..
1861.		
12th January	10 9 0	..
26th do.	10 7 4	..
12th February	10 8 3	..
26th do.	10 6 6	..
	10 7 0	..
12th March	10 5 3	..
26th do.	10 5 6	..
13th April	10 6 0	..
27th do.	10 5 6	..
11th May		
25th do.		
13th June	10 5 0	..
26th do.		
13th July		
27th do.		
13th August	10 4 0	..
26th do.	10 4 9	..
12th September	10 6 3	10 5 6
	10 6 9	10 6 0
27th do.	10 7 9	10 6 9
12th October	10 8 0	10 7 0
26th do.	10 7 6	10 6 6
13th November	10 7 6	10 7 0
27th do.	10 7 0	10 5 0
13th December	10 6 6	10 5 0
21st do.		
Mean of the rates ..	10 6 7	10 4 10
1862.		
11th January	10 6 6	10 6 0
25th do.	10 6 0	10 4 0
13th February	10 5 6	10 4 3
27th do.	10 5 6	10 4 0
12th March	10 6 0	10 4 6
26th do.		
11th April	10 6 0	10 3 6
25th do.		
12th May	10 6 0	10 4 0
26th do.	10 5 0	10 3 0
12th June	10 7 0	10 4 0
26th do.	10 5 0	10 3 0
11th July	10 4 0	10 2 6
25th do.	10 4 0	10 2 0
Mean of the rates ..	10 5 8	10 3 9
1863.		
13th January		
27th do.		
13th February		
27th do.		
13th March	10 4 6	10 3 6
27th do.		
13th April		
27th do.		
13th May		
27th do.		

—	British sovereign.	Australian sovereign.
	Rs. A. P.	Rs. A. P.
1863—*cont.*		
13th June	10 3 0	10 2 6
27th do.	10 3 0	10 2 0
13th July	10 3 0	10 2 0
27th do.	10 3 0	10 2 0
13th August		
27th do.	10 5 5	10 2 0
12th September		
26th do.		
13th October		
27th do.		
13th November	10 4 9	10 3 6
27th do.		
12th December		
24th do.		
Mean of the rates ..	10 4 5	10 2 8
1864.		
13th January	10 4 9	10 3 6
27th do.	10 3 9	10 3 0
13th February	10 4 9	10 3 6
27th do.		
12th March	10 4 0	10 2 9
24th do.		
13th April		
27th do.		
13th May		
27th do.		
13th June		
27th do.		
13th July		
27th do.		
13th August	10 3 6	10 1 10 to 10 2 0
27th do.		
13th September		
27th do.		
19th October		
27th do.		
12th November		
26th do.		
13th December		
24th do.		
Mean of the rates ..	10 4 2	10 2 9
1865.		
13th January		
27th do.		
13th February		
27th do.		
13th March		
27th do.		
13th April		
27th do.		
13th May		
27th do.		
13th June	10 3 6	10 1 10 to 10 2 0
27th do.		
13th July		
27th do.		
14th August		
26th do.		
13th September		
27th do.		
13th October		
27th do.		
15th November		
27th do		
13th December		
23rd do.		
Mean of the rates ..	10 3 6	10 1 11

B—*cont.*

Statement showing the Market value of the Sovereigns, etc.—*cont.*

—	British sovereign.	Australian sovereign.
1866.	Rs. A. P.	Rs. A. P.
13th January		
27th do.		
13th February		
27th do.		
13th March		
27th do.		10 1 10 to 10 2 0
13th April	10 3 6	
27th do.		
12th May		
26th do.		
13th June		
27th do.		
13th July	10 5 0	10 1 3
27th do.	10 4 6	10 1 3
13th August		
27th do.	10 5 6	10 2 9
13th September	10 5 6	10 2 6
27th do.	10 6 0	10 2 6
13th October	10 8 6	10 3 0
27th do.	10 8 6	10 4 3
13th November	10 8 0	10 5 6
27th do.	10 8 0	10 7 0
13th December	10 8 0	10 7 0
22nd do.	10 8 0	10 4 0
Mean of the rates ..	10 5 10	10 3 5
1867.		
12th January	10 8 0	10 6 0
26th do.	10 7 0	10 4 0
13th February		
27th do.	10 7 0	10 3 6
13th March		
27th do.	10 8 0	10 4 6
13th April	10 8 6	10 6 8
27th do.	10 9 9	10 6 0
27th May	10 11 0	10 6 0
13th June	10 10 0	10 6 0
27th do.	10 11 0	10 6 0

—	British sovereign.	Australian sovereign.
1867—*cont.*	Rs. A. P.	Rs. A. P.
13th July		
27th do.	10 10 0	10 5 6
13th August	10 10 0	10 5 9
27th do.	10 10 6	10 5 6
13th September	10 9 0	10 7 0
27th do.	10 10 3	10 9 0 and 10 8 0
12th October		
26th do.	10 10 3	10 9 6
13th November	10 10 6	10 9 3
27th do.	10 10 3	10 9 6
13th December	10 9 0	10 10 0
21st do.	10 9 6	10 9 0
Mean of the rates ..	10 9 4	10 6 10
1868.		
13th January		
27th do.	10 9 6	10 9 0
13th February		
2nd March	10 9 0	10 7 0
16th do.		
30th do.		
20th April	10 10 6	10 9 6
2nd May	10 11 0	10 9 6
14th do.	10 11 0	10 10 6
28th do.	10 12 0	10 11 0
11th June	10 15 0	10 11 6 to 10 12 0
25th do.	11 0 0	10 13 6
8th July		
22nd do.	10 12 6	10 11 6
5th August		
19th do.	10 11 9	10 11 0
2nd September	10 11 6	0 11 0
19th do.	10 11 6	10 10 9
Mean of the rates ..	10 11 2	10 10 9

N.B.—The returns for the remaining months of 1860 and 1862 are not at my command.

J.D.S.

Statement of Bullion and Specie imported into the Madras Presidency by Sea from the official years 1858–59 to 1867–68, valued in Rupees.

From	Silver.			Gold.			Total Silver and Gold.
	Rupees.	Dollars, etc.	Total.	Sovereigns.	Bullion, etc.	Total.	
Imports—1858–59.							
United Kingdom ..	4,272	47,26,864	47,31,136	5,69,659	21,921	5,91,580	53,22,716
Aden	..	..	..	..	..	..	..
Arabian Gulf	61,800	8,480	70,280	13,000	..	13,000	83,280
Bengal	11,80,995	..	11,80,995	6,106	3,42,000	3,48,106	15,29,101
Bombay	42,53,167	23,907	42,77,074	4,926	2,63,192	2,68,118	45,45,192
Bourbon	..	..	..	20,000	..	20,000	20,000
Burmah	26,165	4,400	30,565	..	..	..	30,565
Cape of Good Hope ..	27,083	..	27,083	..	..	..	27,083
Ceylon	8,52,333	97,479	9,49,812	11,72,210	4,88,627	16,60,837	26,10,649
China	..	..	..	..	..	..	..
France	..	1,09,065	1,09,065	..	..	..	1,09,065
Goa	27,387	..	27,387	..	2,240	2,240	29,627
Laccadives	..	..	..	..	..	..	..
Mauritius	201	4,503	4,704	2,66,125	..	2,66,125	2,70,829
New South Wales ..	..	..	..	..	..	..	..
Persian Gulf	17,500	176	17,676	..	..	..	17,676
Scinde	5,000	..	5,000	..	..	..	5,000
Straits	17,586	23,819	41,405	..	8,500	8,500	49,905
Sumatra	340	8,452	8,792	..	..	..	8,792
Turkish Ports	11,000	5,554	16,554	..	..	..	16,554
Karrikal	16,000	..	16,000	..	..	..	16,000
Mahé	..	..	..	..	..	..	..
Pondichery	2,30,586	98,410	3,28,996	62,800	13,064	75,864	4,04,860
Total Rs. ..	67,31,418	51,11,106	1,18,42,524	21,14,826	11,39,544	32,54,370	1,50,96,894
	£673,141	511,110	1,184,252	211,482	113,954	325,437	1,509,689
Imports—1859–60.							
United Kingdom ..	49,682	50,96,534	51,46,216	14,10,007	33,000	14,43,007	65,89,223
Aden	..	..	..	..	..	..	..
Arabian Gulf	1,01,700	4,360	1,06,060	..	..	..	1,06,060
Bengal	6,55,397	12,000	6,67,397	1,11,625	8,70,004	9,81,629	16,49,026
Bombay	39,64,614	17,286	39,81,900	1,24,495	8,06,587	9,31,089	49,12,982
Bourbon	98,000	..	98,000	..	..	..	98,000
Burmah	44,210	..	44,210	..	..	..	44,210
Cape of Good Hope ..	..	..	..	..	..	..	..
Ceylon	14,45,520	4,35,825	18,81,345	13,51,336	3 84,329	17,35,665	36,17,010
China	..	..	..	..	26,209	26,209	62,209
France	..	..	..	..	..	..	..
Goa	28,216	..	28,216	1,506	3,319	4,825	33,041
Laccadives	..	..	..	..	..	..	..
Mauritius	47,500	..	47,500	27,175	..	27,175	74,375
New South Wales ..	..	..	..	..	..	..	..
Persian Gulf	7,000	1,000	8,000	..	..	..	8,000
Scinde	6,000	..	6,000	..	..	..	6,000
Straits	18,693	5,735	24,428	80	3,250	3,330	27,758
Sumatra	11,187	6,878	18,065	..	135	135	18,200
Turkish Ports	22,700	5,310	2,80,910	..	..	..	28,010
Karrikal	4,510	..	4,510	3,000	..	3,000	7,510
Mahé	..	..	..	..	..	..	..
Pondicherry	1,18,787	26,000	1,44,787	80,015	..	80,015	2,24,802
Total Rs. ..	66,23,716	56,10,928	1,22,34,644	31,09,239	21,26,833	52,36,072	1,74,70,716
	£662,371	561,092	1,223,464	310,923	212,683	523,607	1,747,071
Imports—1860–61.							
United Kingdom ..	4,746	40,26,430	40,31,176	25,22,158	96,105	26,18,263	66,49,439
Aden	..	..	..	..	..	..	..
Arabian Gulf	45,300	26,317	71,617	..	4,500	4,500	76,117
Bengal	6,31,424	..	6,31,424	2,32,805	7,83,578	10,16,383	16,47,807
Bombay	50,81,337	26,000	51,07,337	79,578	13,56,839	14,35,417	65,42,754
Bourbon	..	..	..	41,000	..	41,000	41,000
Burmah	16,150	..	16,150	..	..	..	16,150
Cape of Good Hope ..	..	..	..	..	..	..	..
Ceylon	18,07,418	8,99,418	27,06,836	17,39,950	2,18,109	19,58,059	46,64,895
China	..	..	..	..	49,953	49,953	49,953
France	30,000	1,680	31,680	..	..	..	31,680
Goa	1,770	..	1,770	..	..	..	1,770
Laccadives	..	..	..	..	..	..	..
Mauritius	11,400	..	11,400	1,48,000	..	1,48,000	1,59,400
New South Wales ..	..	..	..	..	..	..	..
Persian Gulf	39,300	320	39,620	..	..	..	39,620
Scinde	7,000	..	7,000	..	..	..	7,000
Straits	10,700	9,000	19,700	..	12,850	12,850	32,550
Sumatra	..	16,779	16,779	..	..	..	16,779
Turkish Ports	36,500	1,000	37,500	..	..	..	37,500
Karrikal	11,850	..	11,850	10,010	..	10,010	21,860
Mahé	..	..	..	..	..	..	..
Pondicherry	5,86,609	..	5,86,609	1,07,712	..	1,07,712	6,94,321
Total Rs. ..	83,31,504	50,06,944	1,33,28,448	48,81,213	25,20,934	74,02,147	2,07,30,595
	£833,150	500,694	1,332,844	488,121	252,093	740,214	2,073,059

Statement of Bullion and Specie imported into the Madras Presidency, etc.—*cont.*

From	Silver.			Gold.			Total Silver and Gold.
	Rupees.	Dollars, etc.	Total.	Sovereigns.	Bullion, etc.	Total.	
Imports—1861-62.							
United Kingdom ..	20,316	28,46,170	28,66,486	22,59,440	9,58,489	32,17,929	60,84,415
Aden	..	..	..	..	..	..	..
Arabian Gulf	77,000	21,235	98,235	20,000	10,000	30,000	1,28,235
Bengal	2,02,600	..	2,02,600	1,93,648	6,01,858	7,95,506	9,98,106
Bombay	59,49,073	8,699	59,57,772	75,706	13,70,907	14,46,613	74,04,385
Bourbon	..	..	..	34,000	..	34,000	34,000
Burmah	42,933	..	42,933	1,300	..	1,300	44,233
Cape of Good Hope ..	..	..	..	..	..	..	..
Ceylon	26,81,792	3,58,173	30,39,945	23,03,800	2,26,859	25,30,659	55,70,604
China	..	..	..	..	1,86,679	1,86,679	1,86,679
France	..	2,98,074	2,98,074	17,173	3,53,071	3,70,244	6,68,318
Goa	31,955	..	31,955	1,815	1,620	3,435	35,390
Laccadives	..	..	..	..	..	..	..
Mauritius	80,015	11	80,026	2,40,913	1,10,000	3,50,913	4,30,939
New South Wales ..	..	..	..	1,00,000	2,53,240	3,53,240	3,53,240
Persian Gulf	10,500	940	11,440	..	..	..	11,400
Scinde	3,000	..	3,000	..	..	..	3,000
Straits	17,347	7,285	24,632	..	5,175	5,175	29,807
Sumatra	..	..	..	..	..	..	..
Turkish Ports	33,500	8,540	42,040	..	..	..	42,040
Karrikal	3,080	..	3,080	3,000	..	3,000	6,080
Mahé	..	..	..	..	..	..	..
Pondicherry	1,30,301	..	1,30,301	1,26,292	..	1,26,292	2,56,593
Total Rs. ..	92,83,392	35,49,127	1,28,32,519	53,77,087	40,77,898	94,54,985	2,22,87,504
	£ 928,339	354,912	1,283,251	537,708	407,789	945,498	2,228,750
Imports—1862-63.							
United Kingdom ..	4,640	30,54,662	30,59,302	30,34,003	7,04,883	37,38,886	67,98,188
Aden	..	..	..	..	..	..	..
Arabian Gulf	20,812	21,398	42,210	17,025	19,368	36,393	78,603
Bengal	17,27,365	..	17,27,365	1,80,327	7,60,701	9,41,028	26,68,393
Bombay	35,42,061	5,121	35,47,182	61,240	7,99,022	8,60,262	44,07,444
Bourbon	..	..	..	..	..	..	..
Burma	41,000	..	41,000	..	..	..	41,000
Cape of Good Hope ..	..	..	..	..	..	..	..
Ceylon	21,93,652	3,52,741	25,46,393	31,20,810	44,425	31,65,235	57,11,628
China	..	..	..	3,114	3,08,475	3,11,589	3,11,589
France	..	12,47,197	12,47,197	85,545	6,14,497	7,00,042	19,47,239
Goa	1,45,125	..	1,45,125	12,970	17,150	30,120	1,75,245
Laccadives	750	..	750	..	..	..	750
Mauritius	250	30,000	30,250	6,22,524	10,000	6,32,524	6,62,774
New South Wales ..	..	2,51,600	2,51,600	5,00,000	9,32,372	14,32,372	16,83,972
Persian Gulf	14,000	..	14,000	..	..	..	14,000
Scinde	..	..	..	..	..	..	..
Straits	1,05,731	1,35,929	2,41,660	33,100	51,746	84,846	3,26,506
Sumatra	..	..	..	..	..	..	..
Turkish Ports	18,000	..	18,000	..	..	..	18,000
Karrikal	2,950	..	2,950	1,800	..	1,800	4,750
Mahé	..	..	..	..	..	..	..
Pondicherry	4,32,325	..	4,32,325	1,03,450	1,000	1,04,450	5,36,775
Total Rs. ..	81,48,661	50,98,648	1,32,47,309	77,75,908	42,63,639	1,20,39,547	2,52,86,856
	£814,866	509,864	1,324,730	777,590	426,363	1,203,954	2,528,685
Imports—1863-64.							
United Kingdom ..	5,082	19,43,878	19,48,960	20,62,429	6,19,101	26,81,530	46,33,490
Aden	..	..	..	..	..	..	..
Arabian Gulf	27,000	8,500	35,500	10,250	11,100	21,350	56,850
Bengal	83,75,300	2,000	83,77,300	2,73,358	10,82,737	13,56,095	97,33,395
Bombay	57,73,447	15,127	57,88,574	2,44,092	6,97,899	9,41,991	67,30,565
Bourbon	..	..	..	..	..	..	..
Burmah	..	..	..	..	..	..	..
Cape of Good Hope ..	..	..	..	..	..	..	..
Ceylon	48,46,850	..	48,46,850	13,25,110	..	13,25,110	61,71,960
China	..	..	..	..	20,255	20,255	20,255
France	..	11,26,120	11,26,120	1,92,730	13,16,784	15,09,514	26,35,634
Goa	1,22,430	..	1,22,430	..	2,090	2,090	1,24,520
Laccadives	887	..	887	..	..	..	887
Mauritius	..	..	..	7,93,521	660	7,94,181	7,94,181
New South Wales ..	..	4,500	4,500	26,000	17,31,830	17,57,830	17,62,330
Persian Gulf	20,000	..	20,000	..	..	..	20,000
Scinde	..	..	..	..	..	..	..
Straits	2,52,138	1,50,417	4,02,555	16,16,615	10,97,593	27,14,208	31,16,763
Sumatra	..	..	..	..	..	..	..
Turkish Ports	10,000	..	10,000	..	..	..	10,000
Karrikal	5,000	..	5,000	..	..	..	5,000
Mahé	..	..	..	..	..	..	..
Pondicherry	1,97,058	..	1,97,058	58,078	..	58,078	2,55,136
Total Rs. ..	1,96,35,192	32,50,542	2,28,85,734	66,0		2,202	
	£1,963,519	325,054	2,288,57				

Statement of Bullion and Specie imported into the Madras Presidency, etc.—*cont.*

From	Silver.			Gold.			Total Silver and Gold.
	Rupees.	Dollars, etc.	Total.	Sovereigns.	Bullion, etc.	Total.	
Imports—1864-65.							
United Kingdom ..	99	30,83,814	30,83,913	24,70,197	3,45,878	28,16,075	58,99,988
Aden	..	..	..	..	..	..	..
Arabian Gulf	4,500	41,437	45,937	17,100	..	17,100	63,037
Bengal	11,72,724	..	11,72,724	5,69,963	19,80,109	25,50,072	37,22,796
Bombay	43,46,069	10,150	43,56,219	7,82,832	8,63,397	16,46,229	60,02,448
Bourbon	..	..	..	..	..	..	..
Burmah	..	..	..	..	..	..	..
Cape of Good Hope ..	..	..	..	..	..	..	..
Ceylon	47,14,075	3,27,609	50,41,684	39,00,501	7,88,173	46,88,674	97,30,358
China	..	563	563	..	28,080	28,080	28,643
France	..	21,42,081	21,42,081	43,081	3,89,396	4,32,477	25,74,558
Goa	1,33,634	..	1,33,634	9,290	8,870	18,160	2,51,794
Laccadives	..	..	..	..	..	..	..
Mauritius	10,000	..	10,000	2,68,390	2,000	2,70,390	2,80,390
New South Wales ..	..	..	..	2,35,295	11,83,633	14,18,928	14,18,928
Persian Gulf	..	..	..	..	..	..	..
Scinde	..	..	..	..	..	..	..
Straits	38,915	1,73,510	2,12,425	..	1,06,590	1,06,590	3,19,015
Sumatra	210	2,695	2,905	..	..	..	2,905
Turkish Ports	7,500	..	7,500	..	..	..	7,500
Karrikal	515	..	515	..	..	..	515
Mahé	..	..	..	..	..	..	..
Pondicherry	51,062	..	51,062	40,080	15,830	55,910	1,06,972
Total Rs. ..	1,04,79,303	57,81,859	1,62,61,162	83,36,729	57,11,956	1,40,48,685	3,03,09,847
	£1,047,930	578,185	1,626,116	833,672	571,195	1,404,868	3,030,984
Imports—1865-66.							
United Kingdom ..	789	29,66,560	29,67,349	18,43,045	2,60,578	21,03,623	50,70,972
Aden	..	..	..	..	..	..	..
Arabian Gulf	10,000	5,949	15,949	..	4,500	4,500	20,449
Bengal	64,68,675	..	64,68,675	11,48,040	10,26,054	21,74,094	86,42,769
Bombay	64,42,844	69,761	65,12,605	5,30,640	8,73,986	14,04,626	79,17,231
Bourbon	..	..	..	..	..	..	..
Burmah	13,700	..	13,700	..	..	..	13,700
Cape of Good Hope ..	..	..	..	..	..	..	..
Ceylon	71,25,923	3,381	71,29,304	34,91,260	1,94,130	36,85,390	1,08,14,694
China	..	..	..	..	47,598	47,598	47,598
France	9,000	20,49,718	20,58,718	1,25,935	3,08,060	4,33,995	24,92,713
Goa	1,64,950	..	1,64,950	21,404	6,660	28,064	1,93,014
Laccadives	..	..	..	..	..	..	..
Mauritius	..	..	..	1,80,000	16,728	1,96,728	1,96,728
New South Wales ..	..	..	..	5,06,500	3,34,105	8,40,605	8,40,605
Persian Gulf	..	..	..	..	..	..	..
Scinde	..	..	..	..	..	..	..
Straits	26,863	1,51,497	1,78,360	..	1,41,254	1,41,254	3,19,614
Sumatra	6,000	6,600	12,600	..	..	..	12,600
Turkish Ports	6,000	..	6,000	..	..	..	6,000
Karrikal	..	..	..	..	..	..	..
Mahé	6,360	..	6,360	53,755	..	53,755	60,115
Pondicherry							
Total Rs. ..	2,02,81,104	52,53,466	2,55,34,570	79,00,579	32,13,653	1,11,14,232	3,66,48,802
	£2,028,110	525,346	2,553,457	790,057	321,365	1,111,423	3,664,880
Imports—1866-67.							
United Kingdom ..	673	98,671	99,344	9,31,116	4,47,046	13,78,162	14,77,506
Aden	..	..	..	..	..	..	..
Arabian Gulf	..	21,994	21,994	..	18,276	18,276	40,270
Bengal	1,53,058	7,900	1,60,958	2 11,040	3,51,325	5,62,365	7,23,323
Bombay	47,41 947	8,200	47,50,147	2,39,011	1,61,431	4,00,442	51,50,589
Bourbon	..	..	..	..	..	..	..
Burmah	21,000	..	21,000	..	..	..	21,000
Cape of Good Hope ..	..	..	..	..	..	..	..
Ceylon	36,61,717	..	36,61,717	6,30,620	3,83,077	10,13,697	46,75,414
China	..	..	..	..	14,100	14,100	14,100
France	..	5,56,963	5,56,963	43,700	2,51,279	2,94,979	8,51,942
Goa	61,775	..	61,775	1,750	..	1,750	63,525
Laccadives	..	..	..	..	..	..	..
Mauritius	5,000	..	5,000	10,000	23,227	33,227	38,227
New South Wales ..	..	..	..	46,000	1,83,066	2,29,066	2,29 066
Persian Gulf	22,000	..	22,000	..	..	..	22,000
Scinde	6,500	..	6,500	..	..	..	6,500
Straits	45,022	2,14,922	2,59,944	..	28,045	28,045	2,87,989
Sumatra	..	13,200	13,200	..	..	..	13,200
Turkish Ports	..	..	..	..	..	..	..
Karrikal	6,000	..	6,000	..	..	..	6,000
Mahé	..	..	..	..	..	..	..
Pondicherry	38,300	..	38,300	17,750	..	17,750	56,050
Total Rs. ..	87,62,992	9,21,850	96,84,842	21,30,987	18,60,872	39,91,859	1,36,76,701
	£876,299	92,185	968,484	213,098	186,087	399,185	1,367,670

Statement of Bullion and Specie imported into the Madras Presidency, etc.—*cont.*

From	Silver.			Gold.			Total Silver and Gold.
	Rupees.	Dollars, etc.	Total.	Sovereigns.	Bullion, etc.	Total.	
Imports—1867-68.							
United Kingdom ..	1,087	1,812	2,899	15,22,942	1,12,400	16,35,342	16,38,241
Aden	..	5,400	5,400	..	..	..	5,400
Arabian Gulf	4,000	..	4,000	..	..	..	4,000
Bengal	3,05,460	31	3,05,491	3,84,966	6,06,813	9,85,779	12,91,270
Bombay	20,25,384	16,705	20,42,089	2,30,883	5,07,180	7,38,063	27,80,152
Bourbon	..	..	..	..	..	..	..
Burmah	12,500	1,575	14,075	..	..	..	14,075
Cape of Good Hope ..	..	..	..	..	..	..	..
Ceylon	25,57,656	12,400	25,70,056	19,12,850	3,40,790	22,53,640	48,23,696
China	..	..	..	..	72,904	72,904	72,904
France	36,000	1,38,860	1,74,860	26,200	59,569	85,769	2,60,629
Goa	30,290	..	30,290	..	..	..	30,290
Lacadives	..	..	..	..	..	..	..
Mauritius	..	..	..	55,000	..	55,000	55,000
New South Wales ..	..	..	..	2,000	..	2,000	2,000
Persian Gulf	14,000	..	14,000	..	..	..	14,000
Scinde	..	..	..	..	..	..	..
Straits	52,824	1,31,567	1,84,391	90	23,430	23,520	2,07,911
Sumatra	..	..	..	..	..	..	..
Turkish Ports	12,000	..	12,000	..	..	..	12,000
Karrikal	6,150	..	6,150	..	..	..	6,150
Mahé	..	..	..	..	..	..	..
Pondicherry	6,000	..	6,000	..	..	..	6,000
Total Rs. ..	50,63,351	3,08,350	53,71,701	41,92,762	17,17,086	59,09,848	1,12,81,549
	£506,335	30,835	537,170	419,276	171,708	580,984	1,128,154

Statement of Bullion and Specie exported from the Madras Presidency by Sea from the official years 1858–59 to 1867–68, valued in Rupees.

To	Silver.			Gold.			Total Silver and Gold.
	Rupees.	Dollars, etc.	Total.	Sovereigns.	Bullion, etc.	Total.	
Exports—1858–59.							
United Kingdom ..	..	..	..	..	50,000	50,000	50,000
Aden	..	..	..	..	..	..	..
Arabian Gulf	51,41,250	..	51,41,250	..	..	..	51,41,250
Bengal	10,84,100	1,222	10,85,322	..	..	..	10,85,322
Bombay	2,43,499	..	2,43,499	2,000	..	2,000	2,45,499
Burmah	13,24,787	..	13,24,787	..	1,500	1,500	13,26,287
Ceylon	..	..	..	..	..	..	..
China	..	..	..	..	..	..	..
France	..	..	..	..	..	..	..
Goa	2,00,000	..	2,00,000	..	..	..	2,00,000
Mauritius	..	..	..	..	..	..	..
New South Wales ..	..	..	..	..	..	..	..
Nicobar Islands ..	5,372	..	5,372	..	..	..	5,372
Straits	..	..	..	..	..	..	..
Sumatra	..	..	..	..	..	..	..
Turkish Ports	..	..	..	..	..	..	..
Karrikal	..	..	..	..	..	..	..
Mahé	..	..	..	..	..	..	..
Pondicherry	5,000	..	5,000	..	..	..	5,000
Total Rs. ..	80,04,008	1,222	80,05,230	2,000	51,500	53,500	80,58,730
	£800,400	122	800,523	200	5,150	5,350	805,873
Exports—1859–60.							
United Kingdom ..	..	..	..	55	..	55	55
Aden	..	..	..	..	..	..	..
Arabian Gulf	3,000	..	3,000	..	2,980	2,980	3,000
Bengal	21,47,200	..	21,47,200	..	517	517	21,50,180
Bombay	32,000	12,242	44,242	..	..	..	44,759
Burmah	94,600	..	94,600	..	..	..	94,600
Ceylon	17,53,400	5,561	17,58,961	..	..	..	17,58,961
China	..	..	..	..	..	..	..
France	..	..	..	..	..	..	..
Goa	..	..	..	..	..	..	..
Mauritius	..	..	..	..	..	..	..
New South Wales ..	..	..	..	..	..	..	..
Nicobar Islands ..	..	..	..	..	..	..	..
Straits	22,032	..	22,032	..	..	..	22,032
Sumatra	..	3,960	3,960	..	..	..	3,960
Turkish Ports	1,200	..	1,200	..	..	..	1,200
Karrikal	1,000	..	1,000	..	..	..	1,000
Mahé	20,000	..	20,000	..	..	..	20,000
Pondicherry	..	..	..	..	..	..	..
Total Rs. ..	40,74,432	21,763	40,96,195	55	3,497	3,552	40,99,747
	£407,443	2,176	409,619	5	349	355	409,974
Exports—1860–61.							
United Kingdom ..	..	..	..	..	1,515	1,515	1,515
Aden	..	..	..	..	..	..	..
Arabian Gulf	..	..	..	..	..	..	..
Bengal	32,50,755	86,620	33,37,375	17,520	400	17,920	33,55,295
Bombay	7,026	9,522	16,548	..	..	..	16,548
Burmah	1,40,200	..	1,40,200	..	..	..	1,40,200
Ceylon	24,44,078	15,434	24,59,512	..	..	..	24,59,512
China	..	..	..	..	..	..	..
France	1,800	..	1,800	..	..	..	1,800
Goa	..	..	..	..	..	..	..
Mauritius	..	..	..	..	..	..	..
New South Wales ..	..	..	..	..	..	..	..
Nicobar Islands ..	13,611	..	13,611	..	..	..	13,611
Straits	..	..	..	..	..	..	..
Sumatra	..	..	..	..	..	..	..
Turkish Ports	..	..	..	..	..	..	..
Karrikal	..	..	..	..	..	..	..
Mahé	..	..	..	..	..	..	..
Pondicherry	..	..	..	..	..	..	..
Total Rs. ..	58,57,470	1,11,576	59,69,046	17,520	1,915	19,435	59,88,481
	£585,747	11,157	596,904	1,752	191	1,943	598,848

Statement of Bullion and Specie exported from the Madras Presidency, etc.—*cont.*

To	Silver.			Gold.			Total Silver and Gold.
	Rupees.	Dollars, etc.	Total.	Sovereigns.	Bullion, etc.	Total.	
Exports—1861-62.							
United Kingdom ..	..	..	..	..	..	..	..
Aden	..	..	..	..	..	..	..
Arabian Gulf	..	..	..	..	..	..	..
Bengal	..	..	..	..	..	..	..
Bombay	22,15,034	..	22,15,034	..	..	..	..
Burmah	17,840	10,840	28,680	1,09,500	5,336	1,14,836	23,29,870
Ceylon	3,46,836	..	3,46,836	..	1,400	1,400	30,080
China	8,82,300	..	8,82,300	..	..	..	3,46,836
France	..	..	..	5,000	..	5,000	8,87,300
Goa	7,000	..	7,000	..	..	..	..
Mauritius	..	..	..	..	..	..	7,000
New South Wales ..	..	..	..	..	..	..	..
Nicobar Islands ..	..	..	..	..	..	..	..
Straits	..	..	..	..	..	..	..
Sumatra	69,000	..	69,000	..	..	..	..
Turkish Ports	..	..	..	..	..	..	69,000
Karrikal	..	..	..	..	..	..	..
Mahé	..	..	..	..	..	..	..
Pondicherry	..	..	..	..	..	..	..
Total Rs. ..	35,38,010	10,840	35,48,850	1,14,500	6,736	1,21,236	36,70,086
	£353,801	1,084	354,885	11,450	673	12,123	367,008
Exports—1862-63.							
United Kingdom ..	..	..	..	..	..	..	..
Aden	40	..	40	..	1,250	1,250	1,290
Arabian Gulf	..	..	..	..	..	..	..
Bengal	..	..	..	..	..	..	..
Bombay	8,70,365	10,625	8,80,990	..	..	..	..
Burmah	26,68,112	49, 18	27,80,030	83,636	36,550	1,20,186	10,01,176
Ceylon	3,40,200	..	3,40,200	..	5,500	5,500	27,23,530
China	9,54,500	1,205	9,55,705	..	..	..	3,40,200
France	..	..	..	..	..	..	9,55,705
Goa	..	..	..	..	..	..	..
Mauritius	..	..	..	..	..	..	..
New South Wales ..	30,000	..	30,000	..	..	..	30,000
Nicobar Islands ..	..	..	..	..	..	..	..
Straits	..	..	..	..	..	..	..
Sumatra	1,67,500	..	1,67,500	..	..	..	1,67,500
Turkish Ports	..	..	..	..	..	..	..
Karrikal	..	..	..	..	..	..	..
Mahé	2,000	..	2,000	..	..	..	2,000
Pondicherry	..	..	..	..	..	..	..
	3,000	..	3,000	..	1,200	1,200	4,200
Total Rs. ..	50,35,717	61,748	50,97,465	83,636	44,500	1,28,136	52,25,601
	£503,571	6,174	509,746	8,363	4,450	12,813	522,560
Exports—1863-64.							
United Kingdom ..	..	..	..	..	..	..	..
Aden	..	20	20	..	..	..	20
Arabian Gulf	22	..	22	..	..	..	22
Bengal	..	..	..	..	..	..	..
Bombay	55,71,236	..	55,71,236	..	..	..	..
Burmah	1,48,72,856	1,95,887	1,50,68,743	525	2,55,500	2,56,025	58,27,261
Ceylon	4,52,630	..	4,52,630	..	30,723	30,723	1,50,99,466
China	7,38,335	50,000	7,88,335	3,350	..	3,350	4,55,980
France	..	..	..	..	..	..	7,88,335
Goa	..	..	..	..	50,000	50,000	50,000
Mauritius	..	..	..	..	..	..	..
New South Wales ..	..	..	..	..	..	..	..
Nicobar Islands ..	..	..	..	..	..	..	..
Straits	..	..	..	2,000	..	2,000	2,000
Sumatra	1,05,100	100	1,05,200	..	..	..	..
Turkish Ports	..	..	..	..	..	..	1,05,200
Karrikal	..	..	..	..	..	..	..
Mahé	..	..	..	..	..	..	..
Pondicherry	11,000	..	11,000	..	..	..	..
							11,000
Total Rs. ..	2,17,51,179	2,46,007	2,19,97,186	5,875	3,36,223	3,42,098	2,23,39,284
	£2,175,117	24,600	2,199,718	587	33,622	34,209	2,233,928

Statement of Bullion and Specie exported from the Madras Presidency, etc.—*cont.*

To	Silver.			Gold.			Total Silver and Gold.
	Rupees.	Dollars, etc.	Total.	Sovereigns.	Bullion, etc.	Total.	
Exports—1864-65.							
United Kingdom ..	..	..	..	..	75,000	75,000	75,000
Aden	..	..	..	..	..	..	..
Arabian Gulf	1,30,70,097	11,339	1,30,81,436	3,19,800	2,71,300	5,91,100	1,36,72,536
Bengal	28,20,809	42,608	28,63,417	..	86,407	86,407	29,49,824
Bombay	5,01,951	..	5,01,951	5,000	..	5,000	5,06,951
Burmah	6,49,601	..	6,49,601	..	..	..	6,49,601
Ceylon	..	..	..	..	..	..	..
China	..	..	..	..	..	..	..
France	..	..	..	..	..	..	..
Goa	..	..	..	..	..	..	..
Mauritius	..	..	..	..	..	..	..
New South Wales ..	..	..	..	..	..	..	..
Nicobar Islands ..	..	..	..	..	..	..	..
Straits	1,52,900	..	1,52,900	..	10,100	10,100	1,63,000
Sumatra	..	..	..	..	..	..	..
Turkish Ports	..	..	..	..	..	..	..
Karrikal	..	..	..	..	..	..	..
Mahé	..	..	..	..	..	..	..
Pondicherry	..	..	..	12,880	..	12,880	12,880
Total Rs. ..	1,71,95,358	53,947	1,72,49,305	3,37,680	4,42,807	7,80,487	1,80,29,792
	£1,719,535	5,394	1,724,930	33,768	44,280	78,148	1,802,979
Exports—1865-66.							
United Kingdom ..	..	..	..	..	..	..	..
Aden	..	..	..	..	..	..	..
Arabian Gulf	72,99,817	3,95,000	76,94,817	1,74,000	..	1,74,000	78,68,817
Bengal	25,06,875	9,300	25,16,175	..	6,900	6,900	25,23,075
Bombay	5,53,946	..	5,53,946	25,500	..	25,500	5,79,446
Burmah	16,04,700	..	16,04,700	..	..	..	16,04,700
Ceylon	..	..	..	..	..	..	..
China	..	..	..	..	..	..	..
France	..	..	..	..	..	..	..
Goa	..	..	..	..	..	..	..
Mauritius	..	..	..	..	..	..	..
New South Wales ..	..	..	..	..	..	..	..
Nicobar Islands ..	15,000	..	15,000	..	..	..	15,000
Straits	12,130	..	12,130	..	..	..	12,130
Sumatra	..	..	..	..	..	..	..
Turkish Ports	..	..	..	..	..	..	..
Karrikal	..	..	..	..	..	..	..
Mahé	..	..	..	..	..	..	..
Pondicherry	..	..	..	..	..	..	..
Total Rs. ..	1,19,92,468	4,04,300	1,23,96,768	1,99,500	6,900	2,06,400	1,26,03,168
	£1,199,246	40,430	1,239,676	19,950	690	20,640	1,260,316
Exports—1866-67.							
United Kingdom ..	640	..	640	4,02,700	2,41,352	6,44,052	6,44,692
Aden	..	..	..	..	..	..	..
Arabian Gulf	1,23,68,034	..	1,23,68,034	14,435	12,200	26,635	1,23,94,669
Bengal	37,715	7,306	45,021	50	765	815	45,836
Bombay	15,09,600	..	15,09,600	46,650	..	46,650	15,56,250
Burmah	6,55,500	..	6,55,500	1,08,000	..	1,08,000	7,63,500
Ceylon	..	..	..	..	..	..	..
China	..	..	..	..	..	..	..
France	..	..	..	..	..	..	..
Goa	..	..	..	..	..	..	..
Mauritius	..	..	..	..	..	..	..
New South Wales ..	..	..	..	..	..	..	..
Nicobar Islands ..	..	..	..	..	..	..	..
Straits	..	..	..	..	..	..	..
Sumatra	..	..	..	..	..	..	..
Turkish Ports	..	..	..	..	..	..	..
Karrikal	..	..	..	..	..	..	..
Mahé	..	..	..	..	..	..	..
Pondicherry	..	..	..	..	..	..	..
Total Rs. ..	1,45,71,489	7,306	1,45,78,795	5,71,835	2,54,317	8,26,152	1,54,04,947
	£1,457,148	730	1,457,879	57,183	25,341	82,615	1,540,494

Statement of Bullion and Specie exported from the Madras Presidency, etc.—*cont.*

To	Silver.			Gold.			Total Silver and Gold.
	Rupees.	Dollars, etc.	Total.	Sovereigns.	Bullion, etc.	Total.	
Exports—1867-68.							
United Kingdom ..	..	..	..	70,000	..	70,000	70,000
Aden	..	..	..	..	..	..	..
Arabian Gulf	..	..	..	..	..	..	..
Bengal	68,15,492	..	68,15,492	..	..	..	..
Bombay	16,23,162	13,926	16,37,088	..	66,404	66,404	68,81,896
Burmah	7,96,875	..	7,96,875	..	10,375	10,375	16,47,463
Ceylon	6,68,500	..	6,68,500	56,000	..	56,000	8,52,875
China	..	..	..	..	..	..	6,68,500
France	..	..	..	..	..	..	..
Goa	..	..	..	..	..	..	..
Mauritius	..	..	..	..	..	..	..
New South Wales ..	..	..	..	..	..	..	..
Nicobar Islands ..	2,000	..	2,000	..	..	..	2,000
Straits	..	..	..	..	..	..	..
Sumatra	..	..	..	..	..	..	..
Turkish Ports	..	..	..	..	..	..	..
Karrikal	..	..	..	..	..	..	..
Mahé	..	..	..	..	..	..	..
Pondicherry	30,000	..	30,000	2,400	..	2,400	32,400
Total Rs. ..	99,36,029	13,926	99,49,955	1,28,400	76,779	2,05,179	1,01,55,134
	£ 993,602	1,392	994,995	12,840	7,677	20,517	1,015,513

No. 43. *Memorandum by Colonel C. A. Orr.*

If the object of the present inquiry be to ascertain a method by which gold may be made to take the place of silver as the popular metallic money of this country, without displacing silver from its position as the standard and measure of value, it will be worth while to examine the principle on which, owing to the variable price of silver relatively to gold, first one and then the other of the metals came to be preferred as currency in the double coinage of France, and, although both metals are current by law, one only at a time has been able to maintain its place in the circulation.

2. Previous to the recent gold discoveries, the price of standard silver in London was about 60*d.* per ounce. But when standard silver is 60*d.* an ounce, the value of fine gold to fine silver is as 15·712 to 1. In France, however, the value of fine gold to fine silver in the coins, under Mint Regulations, is fixed at 15·586 * to 1. Thus, while the value of gold to silver was in the market as 15·712 to 1 it was rated in the coinage of France as only 15·586 to 1, and, under such circumstances, it is clear that no one having a debt to pay would tender gold, costing 15·712 pieces of silver of the same weight and fineness, when he could make the payment with 15·586 of the same pieces. Silver, therefore, came alone to be employed in all monetary transactions, and gold, as a necessary consequence, almost disappeared This continued till the increased production of gold from the newly discovered gold fields had the effect of lowering the value of that metal, or, what is the same thing, raising the price of silver. As soon as this had proceeded far enough to make the proportionate value of gold to silver in the market less than the relative value put upon the metals in the coinage, gold came to be preferred as the medium of payment. I am unable to state at what date this turning point was reached, as I have no means of ascertaining the price of silver at various periods after the gold discoveries had occurred; but, in 1858, when the substitution of gold for silver in the currency of France was in full progress, the average price of standard silver seems to have been about 61$\frac{3}{4}$*d.* per ounce. As the relative value of the two metals was, therefore, at that time 15·271 to 1 in the market, while they continued to be rated at 15·586 to 1 in the coinage, it

* NOTE.—The quantity of the metal in the coin is fixed by law as 15·5 to 1, but by Mint Regulations 5 francs are charged for the coinage of a kilogramme of gold into 155 pieces of twenty francs, and 1½ francs for the coinage of a kilogramme of silver into 40 pieces of five francs.

was clearly not the interest of any one in France to pay in silver at the market valuation of 15·271, when with the same silver he might purchase a piece of gold which, through the instrumentality of the Mint, he could tender at the superior rate of 15·586. Under these conditions, gold, as a matter of course, became the more advantageous medium of exchange, and silver, being no longer the more profitable tender, was rapidly displaced from the circulation, and, being disposed of for the purchase of gold, was set free for exportation, leaving gold in its turn as almost the exclusive currency of France.

3. From this it may be inferred that, although gold may be made a legal tender equally with silver, it has no chance of coming into prevailing use in the currency, unless it be valued in the coins at such a rate compared with silver as shall give the merchant an equal advantage in selecting either metal as the medium of his payments at the price gold may happen to bear to silver, as measured in silver, in the market of the day in Europe.

4. Keeping this in view, a gold currency might be introduced into India in three ways:—

I. By legalizing the circulatien of Sovereigns coined at any of the Mints of London, Sydney, or India, at an equivalent value in Rupees calculated according to the relative price of the day of gold and silver in London.

II. By issuing from the Indian Mints a standard gold piece of such weight as shall represent the exact value of ten Rupees in silver at the relative price of the precious metals in London.

III. By so modifying the regulations of the Indian Mints regarding seigniorage as shall raise the value of the silver Rupee *as coin* to such an extent as shall make ten Rupees an exact equivalent in India of the ten Rupee standard gold piece of 120 grains, without altering the weight or fineness of either coin.

5. If the introduction of the English Sovereign into the Indian coinage be considered desirable, its ready circulation may no doubt be secured by placing upon it such a value in Rupees as shall make it as advantageous to tender it as its equivalent in silver. That value must, however, be fixed, not with reference to the selling price of Sovereigns in the local markets of India, but strictly in accordance with relative value of gold and silver in Europe. It is not easy to say what is that relative value, but, taking the price at which standard silver has lately been quoted in London, 60$\frac{3}{8}$*d.* per ounce may be assumed to be about its present average price. At that price of silver, fine gold is to fine silver as 15·618 to 1, and the extact value of the Sovereign containing 113·001 grains of fine gold is, metal for metal, Rupees. 10–11–2.

$$\frac{113{\cdot}001 \times 15{\cdot}618}{165} = \text{Rupees } 10{\cdot}696.$$

or Rupees 10–11–2.

6. But, if the English Sovereign be adopted as the unit of the gold currency of this country, it will be necessary, I imagine, to extend its coinage to the Indian Mints, and to allow Sovereigns coined in any of the Royal Mints, whether of London, Australia, or India, to circulate promiscuously and on equal terms. In that case, as neither at the London nor at the Sydney Mint is any mintage charge imposed on gold, the seigniorage of one per cent., which is now charged for the coinage of gold at the Indian Mints, will have to be abolished, and allowance must be made for this in reckoning the value of the Sovereign in Rupees.

7. As the effect of seigniorage is to make coins of higher value than the metal of which they are composed by a sum equal to the seigniorage on their coinage, this, in the case of Sovereigns paying no seigniorage, must be taken into account in calculating their value in Rupees paying two per cent., and the proportionate value of the metals in the coins in India will be changed from 15·618 to 1, to 15·305 to 1, and the equivalent of a Sovereign in Rupees, as currency in India, will be Rupees 10–7–8. If then the seigniorage of gold be abolished, and that on silver retained, Rupees 10$\frac{1}{2}$ will be almost exactly the value of

$$100 : 98 :: 15{\cdot}618 : 15{\cdot}305$$

then

$$\frac{113{\cdot}001 \times 15{\cdot}305}{165} = 10{\cdot}482 = \text{Rupees } 10\text{–}7\text{–}8.$$

a Sovereign in India at the present price of silver, and there is no reason to doubt that, if their exchangeable value were fixed at that rate, Sovereigns would be largely thrown into circulation, and gold be as readily sent to the Indian Mints for coinage as silver.

8. But if, instead of coining and legalizing the circulation of the English Sovereign, it be wished to introduce a standard gold piece of such weight as shall cause it to circulate as the exact equivalent of ten Rupees at the present price of silver in the London market, the object would be attained, were there no seigniorage on either metal, by issuing a coin which should cointain $\frac{165\times10}{15\cdot618} = 105\cdot647$ grains of fine gold, and 9·604 grains of alloy, and, therefore, weigh 115·251 grains of standard gold. Taking, however, again into account the differential seigniorage that is charged for the coinage of the metals at the Mints, namely, one per cent. for gold and two per cent. for silver, the proportionate value of the metals in the coins *as currency* will be altered ; and, to make the gold piece an exact equivalent of ten Rupees, it will be necessary to increase its weight, as above found, to 116·429 * grains, or to 117·614 †, if the seigniorage on gold be abolished.

* 99 : 98 : : 15·618 : 15·460.
then
$\frac{165\times10}{15\cdot460} = 106\cdot727$ grains of fine gold.
Alloy 9·702
116·499 grains of standard gold.

† 100 : 98 : : 15·618 : 15·305 :
then $\frac{165\times10}{15\cdot305} = 107\cdot807$.
Alloy 9·8
117·607 grains of standard gold.

9. It remains to consider the third mode in which gold may be made to take its place in the metallic currency of India by an alteration of the Mint Regulations by which seigniorage is charged. As the effect of seigniorage, as I have already said, is to enhance the value of the coins on which it is charged beyond the value of the metal of which they are composed by exactly the amount of that seigniorage, it is evident that a value may be given, *as coin*, to the silver of which the Rupee is composed more or less in excess of its value as bullion by a sum exactly proportionate to the seigniorage. In the coinage of India, as at present established, the *quantity* of fine gold to fine silver in the coins is as 15 to 1, but the value of the two metals in the coins, owing to the difference of one per cent., in the rate of seigniorage, is really as 15·153 * to 1. By simply abolishing the one per cent. charged on the coinage of gold while retaining the two per cent. charged on silver, these proportions will be at once altered to 15·306 † to 1.

* 98 : 99 : : 15 : 15·153.
† 98 : 100 : : 15 : 15·306.

10. But, as this proportionate value of the metals in the coins may be increased in the same manner to any extent, without interfering with either their weight or fineness, by adding to the charge for the mintage of silver, leaving gold to be coined free, the desired proportionate value may be given to the coins by simply raising the seigniorage on silver. Thus, the value of fine gold to fine silver being as 15·618 to 1, and the quantity of the metals in the Indian coins being as 15 to 1, the rate of seigniorage to be imposed on silver, to raise the value of that metal in ten Rupees to the value of the gold in the ten Rupee standard gold piece of 120 grains, will be 3·958 per cent. This would produce precisely the same effect as if the ten Rupee gold piece of 120 grains were reduced in weight to 116·429 grains while the rates of seigniorage remained as at present, or to 117·607 grains if gold were coined free of charge.

15·618 : 15 : : 100 : 96·042 ;
then 100 — 96·042 = 3·958.

11. If then, by an alteration of the law, seigniorage on gold be abolished, and a charge of 4 per cent., instead of 2 per cent., be levied on the coinage of silver, quite sufficient encouragement would be given to the bullion importer to send gold as readily as silver to the Mint for coinage, and there would be nothing to hinder the gold Mohur and its sub-divisions, the ten and five Rupee pieces, circulating freely, and maintaining their position in the currency at their denominational values.

12. The conclusions arrived at may be briefly stated :—

I. That the English Sovereign, at the present price of $60\frac{3}{8}d.$ per ounce of standard silver in London, would probably circulate freely if it be made a legal tender at the rate of Rupees $10\frac{1}{2}$ (or more correctly Rupees 10–7–8), and that, if the seigniorage on the coinage of gold be abolished, while that on silver is retained, gold will be sent to the Mint for coinage into Sovereigns at that rate as readily as silver for coinage into Rupees.

II. That a standard gold piece may be coined at the Indian Mints of such weight as shall represent the exact value of ten Rupees in silver at the present price of silver in London.

If no seigniorage be charged on the coinage of either metal, the weight of that gold piece would be 115·251 grains.

If the present rates of seigniorage of one per cent. on gold and two per cent. on silver be maintained, the weight would require to be 116·429 grains ; and

If the one per cent. on the coinage of gold be abolished, while the two per cent. on silver is retained, the weight would need to be 117·607 grains.

III. That, as raising the seigniorage on the coinage of one metal has practically the same effect in altering the relative value of the coins as currency, as reducing the weight or fineness of the coins of the other metal, the equalization of the value of the Indian standard gold coins with their denominational equivalents in Rupees may be effected by abandoning the seigniorage on gold and imposing a seigniorage of 4 per cent. on silver. By this means the Indian gold coinage might be made to circulate readily at its denominational value, and it would be no more advantageous to the merchant to import one metal than the other.

13. The calculations on which these conclusions rest are based upon the assumption of silver bearing a certain fixed price in the markets of Europe. This we know is not the case, and it follows that no relative value that may be put on the metals in the Indian coins can have a lasting effect in equalizing their exchangeable value, or of maintaining them in circulation on equal terms. It is perfectly hopeless to accomplish this object while silver has a changeable price relatively to gold, but the metals may be maintained in circulation at par according to their denominational values in the coinage of India, and sufficient encouragement be given to the mintage of gold, if a mintage charge be levied on silver which shall vary with the varying price of that metal.

14. As it has been shown in the early part of this Memorandum how silver came to be displaced from the position it occupied in the currency of France, it may be added that, if the price of that metal fall only a little more, it will again become so much cheaper a tender of payment in France than gold as to be generally preferred. In that case, unless the monetary laws, by which the *ratio* of the metals in the double coinage of France are fixed, be altered, nothing is more certain than that gold will leave that country for the purchase of silver, just as silver was exported before for the purchase of gold. Should this happen, as in all probability it will, seeing that the tendency of silver is to become cheaper, from causes which it is not necessary to discuss here, the gold set free will be available for the supply of this country without creating any financial disturbance, and will no doubt be largely imported for transmission to the Mints, if, in the manner above indicated, or in any other, the value of the metals in the Indian coinage be regulated to correspond with their relative value in the great bullion marts of London and Hamburg at the price of the day.

C. A O.

No. 44. From C. A. LAWSON, Esq., Secretary to the Chamber of Commerce, to the Chief Secretary to Government, Fort Saint George, dated Madras, 5th October 1868.

On behalf of the Chamber of Commerce I have the honor to acknowledge receipt of the Proceedings of the Madras Government in the Financial Department, dated 6th August 1868, No. 367, forwarding letter from the Secretary to the Government of

India relating to a gold currency for this country, and to give the following replies to the two questions proposed in the 15th paragraph of that letter.

It having been found that the Sovereign rate at Rupees 10 will not be presented at Government Treasuries, and as, in the opinion of the Chamber, the chief advantage to be looked for from its introduction consisted in having a coin ready to hand and well known in India, they consider the confusion in accounts and the general inconvenience which would be sure to follow the adoption of another rate as its equivalent value to Rupees 10 would far outweigh any considerations that can be adduced in favor of such a change. The Chamber, therefore, are not prepared to recommend that a further attempt should be made to encourage the circulation of British and Australian Sovereigns in British India by fixing on another rate than Rupees 10 as the equivalent for the Sovereign.

In reply to the second question, "at what standard value should ten Rupee gold pieces be coined?", the Chamber are of opinion that the standard of value as fixed by Act XVII of 1835, which was also approved of by the Currency Commissioners of 1866, is not that which should be adopted. That standard is the averaged equivalent value of the two metals, silver and gold, for a number of years; and, since the date of the Commission of 1866, gold has risen in value, and has a tendency to rise still further, which, if a gold currency were introduced into India, would be increased—gradually perhaps, but sensibly—to a degree that would make the recommendation of the Commissioners inoperative, because in that case the market for gold would be enlarged and that for silver curtailed, both causes tending to raise the price of gold as compared with the present standard of value. The Chamber consider that to fix, as has been publicly suggested, on something below the present recognized commercial par of the two metals - say 109 grains of gold and 11 grains of alloy—as the standard value of the ten Rupee gold piece, would not only insure a steady influx of gold into India, but also attract to the Mints the vast amount of metal that has accumulated in the country, at the same time making allowance for the rise in the price of gold and facilitating the transition from a silver to a gold standard of value.

As regards the description of gold coins to be introduced into India, the Chamber have no doubt that ten and five Rupee pieces will be found to be the most desirable. The latter would not fail to prove of great service in a country like this, where transactions between the Natives are mostly for small amounts.

In conclusion, the Chamber would desire to express their decided conviction that, if the Government should decide on coining gold pieces of the above value, they should be made a legal tender throughout the whole of British India from the time of their first introduction.

No. 44A. From V. RAMIENGAR, Superintendent of Stamps, to the Chief Secretary to Government, Fort Saint George, dated Madras, 6th October 1868.

I have the honor to acknowledge the receipt of the Proceedings of the Madras Government, dated 6th August last, No. 367, communicating copy of a letter from the Government of India, calling for opinions on certain points relating to the question of the introduction of a gold currency into India.

2. After referring to the Notification of November 1864, issued, declaredly, with the view that "the circulation of British and Australian Sovereigns in all parts of British India should be encouraged and facilitated", and after adverting to the cause which has apparently operated to render this Notification inoperative, the Government of India inquire whether "the equivalent of ten Rupees offered for the Sovereign in 1864 should be revised, and, if so, what exactly the new rate should be?" It appears to me that, so long as the Sovereign is not declared a legal tender, and does not become a part of the currency of the country, it is impossible to fix the rate of equivalent with the precision which shall answer the intended purpose. I have not the *Price Currents* at hand to refer to, but the value of the Sovereign as a marketable commodity fluctuates considerably. Recently, it has risen high, and the average market price during this year may, I think, be taken at $10\frac{3}{4}$ Rupees. Supposing the

equivalent to be offered by Government was fixed at $10\frac{1}{2}$ Rupees, no one would pay half a Sovereign into any Government Treasury so long as the market price continued at its present rate, or indeed so long as he could get Rupees 10-8-6 for his Sovereign in the bazaar; and, of course, if none were paid into the Treasury, there would be none to get from it. If on the other hand the market price fell below $10\frac{1}{2}$ Rupees, people would be glad to offer at the Treasuries any number of Sovereigns at that rate, but, once received, they would remain there, and there would be no way of disposing of them, unless the price rose to par, *i.e.*, $10\frac{1}{2}$ Rupees, or above it. So that, fix what rate we may, I think it will not answer so long as the market price varies, which it must in the nature of things; and a measure of the limited and partial character initated by the Notification of November 1864 must, it seems to me, remain nugatory. If gold was declared a legal tender and it became a part of the currency, the public would certainly look to, and be influenced by, its superior convenience as a measure of value when realizing dues from the public Treasuries or other sources but where the Government undertakes to receive Sovereigns at a certain fixed rate and issue them at that rate, only "whenever available," and where the coin as a marketable commodity fluctuates in price, it is difficult to see how Sovereigns can be received or paid freely from or into the Government Treasuries when the bazaar price deviates either way from the fixed rate.

3. The next point on which the Government of India call for opinions is the expediency or otherwise of putting in force Section 7 of Act XVII of 1835, and of withdrawing Lord Dalhousie's Proclamation of 1852, which prohibited the receipt into the public Treasuries of any gold coins on account of any payments due to Government. This would have the effect of restoring matters to the state in which they had existed under the Notification of the 13th January 1841, under which Gold Mohurs, struck in conformity with Act XVII of 1835, were freely received at public Treasuries at the rates indicated by the denominations of the pieces, until they had passed certain limits of fineness set forth in the Notification. The Government of India further inquire whether, if gold pieces were to be coined now in India under the Act already referred to, the standard value of the fifteen Rupee or ten Rupee pieces, as fixed by that enactment, would or would not be perfectly applicable to the present time and to the immediate future with reference to the change in the value of gold since 1835.

4. I do not think that the measure here proposed, of cancelling the Proclamation of 1852 and of allowing the coinage of gold under Act XVII of 1835, would prove successful in promoting the general circulation of gold coins, any more than the Notification of November 1864 has proved effectual in that respect. Such a measure would only permit the issue and receipt of certain Gold Mohurs from and into the public Treasuries in payment of dues, and these coins, not being a legal tender or part of the currency, would be as much bullion as before they were coined, and would not be freely received or paid so long as the market value of gold varied from the standard value at which the pieces were coined. It would be as futile as it would be difficult to fix a standard value which shall answer under all the varying conditions which affect the price of gold as an article of merchandise.

5. But, even supposing that it were possible to do this, and that the measure was likely to be attended with success, I am not clear that it would be desirable to adopt it. Having regard for our intimate relations with England, Australia, Ceylon, and the Mauritius, where the Sovereign is in use, and whence such large quantities of it are imported, I do not think it would ultimately prove a convenience to have any coins for our currency different from the Sovereign.

6. It will have been seen from what has been stated that, if it is desired to introduce a gold currency into India, I am of opinion that no half measure towards that object will prove effectual. The country has arrived at that stage in which such a currency is absolutely needed. She has certainly out grown the state to which her present bulky coinage of silver and copper may have been adapted. If we are considered fit for a paper currency, which belongs to a still more advanced stage in the progress of improvement, *a fortiori* are we fit for a gold currency. Gold coins were a legal tender up to the commencement of the present century or 1835, when they were

demonetized by Act XVII of that year, and the introduction of gold into the currency again would be but returning to the state of things which thus existed up to a comparatively recent period. The call for the measure among the Native Population is almost universal, and the efforts made by Government towards responding to the popular wish would be cordially seconded.

7. The objections to the sudden introduction of a gold currency are that it is likely to derange the commerce and finance of India, and also probably the money markets of Europe, if they were suddenly drawn upon for the large quantity of gold required to carry out such a change. I do not think, however, it will have this effect, because there is already a free and uninterrupted flow of gold into the country from various channels.

Our large balance of exports over imports is annually paid for in gold and silver bullion.

Our large emigrating population to Ceylon and the Mauritius bring their accumulated savings in gold Sovereigns, which are literally more abundant and consequently cheaper in the Provinces than in Madras.

There is an enormous quantity of gold in the country in the shape of ornaments and gold bars, and in hoarded Sovereigns, and these are being yearly added to by a constant influx of the precious metal.

The wealth of the cotton merchants of Cuddapah, Bellary and Kurnool is locked up in gold bars, which they eagerly buy up from the Banks at the Presidency and bury under the earth for security.

In the Southern districts of Tanjore, Madura, and Tirnevelly, the increased wealth of the people, consequent on the high prices of agricultural produce and the increased prosperity of the country, is seen in nothing so much as in heavy gold ornaments.

Altogether, the Currency Commissioners compute the amount of gold now in India at one hundred and twenty millions—an amount not far short of the entire produce of the Australian Mines since their discovery—and state that this is being added to at the rate of five millions annually.

8. With such a large store of gold in the country, constantly added to by an annual influx, and the whole of which is now excluded from the currency by the Mint Regulations, I do not think there will be any serious disturbance of foreign markets. It is more by depending upon silver alone and banishing gold from the currency that the markets of Europe are disturbed, inasmuch as they have to be periodically swept of silver for transmission to India, which causes violent oscillations in the foreign exchanges.

9. But the change from silver to gold will not be altogether sudden. In the transition from the one to the other, I presume the country will pass through a double standard. At first, as the existing Rupees will also form a part of the currency, it will be open to the public to pay existing contracts in silver, the coin in which the contracts were originally made; but, as Rupees will not be re-issued from the Mint and its coinage regulated by the Government as copper now is, a high seigniorage duty being put upon it to prevent its being exported or melted down, gold will gradually supersede silver in the currency, and the latter subside into a token coinage; and the change will have been effected without any undue violence to, or interference with, existing contracts.

10. For these reasons, I would declare gold Sovereigns and half Sovereigns a legal tender at 10 and 5 Rupees which is their declared official value, and authorize their coinage and issue from our Mints at those rates, the coinage of silver being regulated by Government in the same way as copper on the principle of the English currency.

No. 45. Minute by the Hon'ble A. J. ARBUTHNOT, dated 30th November 1868.

In the letter from the Financial Secretary to the Government of India, under date the 30th June last, the attention of the Madras Government was called to the question of introducing a gold currency into India, which is now again engaging the

attention of the Governor General in Council, and we were asked to give our opinion and those of any selected gentlemen, who from their experience might be experts in the matter, on the two following questions:—

1*st*.—Whether the rate of ten Rupees, at which, under the Notification of November 1864, English and Australian sovereigns are receivable at the public treasuries, should be revised, and if so, what the new rate should be.

2*nd*.—At what standard value should ten-Rupee gold pieces be coined, supposing such coinage were resolved upon.

2. It was stated in the letter (paragraphs 13 and 14) that at present the Government of India is hardly prepared to recommend the declaration of any gold coins as legal tender, but that it would be open to the Government of Madras, or any of the gentlemen who might be consulted, to advance any special reasons in support of such a declaration, should they deem fit to do so.

3. The Financial Secretary's letter was referred to Mr. Sim, second Member of the Board of Revenue, to the Mint Master, Colonel Carpendale, and to two of the ablest native officials in this Presidency, the Hon'ble V. Ramiengar, and C. Runga Charloo. Colonel Orr, the Secretary to Government in the Public Works Department, and who was for some years at the head of the Madras Mint, and is a high authority on currency matters, was subsequently invited to give his opinion on the general question of the introduction of a gold currency.

4. We have now before us the replies of the several gentlemen who have been consulted, except that of C. Runga Charloo, whose onerous duties at Mysore have, doubtless, put it out of his power to comply with our requisition.

5. It appears to me impossible to read these papers, in connexion with the discussions which have already taken place on this subject in former years, without arriving at the following conclusions:—

1*st*.—That any tentative measure of the nature of that suggested by the Government of India, for promoting the circulation of English and Australian sovereigns in India by receiving them into, and paying them out of, the public treasuries at a rate to be fixed in supersession of that laid down in the Notification of November 1864, would be a very unsatisfactory solution of the difficulties which have hitherto prevented the re-introduction of a gold currency into India, and would be practically inoperative unless the sovereign were declared to be a legal tender at the rate fixed on, and unless such a modification was made in the Mint Regulations as would admit of the seigniorage on the coinage of silver being varied, from time to time, according to the rise or fall in the value of silver in relation to gold.

2*nd*.—That whatever method be adopted for introducing a gold coinage, the imposition of such a varying seigniorage on the silver coinage will be essential, at all events at the commencement, and until gold shall have so far taken the place of silver in the currency as to justify the Government in placing the latter coinage upon the footing of a subsidiary or token coinage, in order that the gold coin may maintain a fixed value in relation to the silver Rupee.

3*rd*.—That it is absolutely necessary that whatever gold coin may be introduced shall be declared to be a legal tender.

6. The reasons which render it necessary, in the event of a gold currency being determined on, whether the coin selected be the English and Australian sovereign, or a distinct gold coin nearly an equivalent of ten Rupees at the present relative value of gold and silver, that there shall, for a time at all events, be a varying seigniorage on the coinage of silver are clearly stated in Colonel Orr's Memorandum. They are briefly these: that the value of silver in relation to gold constantly varies, and at present has a tendency to fall; that in order that the relative value of the two coinages may be maintained at a fixed standard, it is necessary, either that the seigniorage imposed on one of the coinages shall be altered, from time to time, to counteract the effect of the changes which take place in the relative value of the two metals, or that the intrinsic value, that is the weight or fineness of one of the coinages shall from time to time be changed, or that the exchangeable value of one of them shall from time to

time be altered. The last of these three processes is that which is practically involved in the adoption of the first suggestion made in the despatch now under consideration, but it is proposed avowedly as a tentative measure; and there can, I think, be no question that it would cause much confusion in accounts, and great general inconvenience. The second may be dismissed with the remark that it would be practically impossible; and there only remains the first, viz., the imposition of a varying seigniorage on one of the two coinages which is apparently the only convenient mode of meeting the difficulty arising from the variations in the relative market value of the two metals.

7. In regard to the question of declaring any gold coin that may be introduced a legal tender, it appears to me essential that this should be done, if it be only to counteract in some measure the well-known tendency of the people of this country to depreciate the value of coins of large denominations. It is probable that, whatever gold coin might be introduced into the currency without being made a legal tender, in many parts of the country batta would be charged on every such coin, when tendered in payment of a debt. Moreover, it is very doubtful whether any coin, not a legal tender, and consequently not a part of the legally current coinage of the country, would command that confidence which would enable it to pass from hand to hand, and which is essential to the effective circulation of any form of currency, whether it be gold, silver, copper, or paper. In reference to this point Colonel Smith observes that, before the Act of 1835 was passed, the fifteen and ten-Rupee pieces which were then legal tender, though not demandable, circulated freely, and were taken without hesitation; but that lately sovereigns held by the Government of India, although their exchangeable value was superior to ten Rupees, could not be got rid of from the public treasury at that rate, and were sent home to England. It was, I think, correctly laid down by Mr. Massey, in his Minute of the 2nd February 1866, as an axiom which must be accepted, that if a gold currency were to be introduced "nothing short of the recognition of the sovereign or some other denomination of gold coin *as a legal tender* would suffice." The same opinion is expressed by the Madras Chamber of Commerce in their letter of the 5th ultimo, and also by the Bombay Chamber in their letter of the 14th September.

8. Subject to the two essential conditions above adverted to, viz., that a varying seigniorage shall be imposed upon silver, and that whatever gold coin may be adopted shall be declared a legal tender, it appears to me that there will be no serious difficulty in introducing a gold currency by one of the following methods:—

Either by declaring the English and Australian sovereign and half sovereign to be a legal tender, at ten and five Rupees, respectively, abolishing the seigniorage on gold and raising that on silver by such a varying percentage as may, from time to time, be requisite so to adjust the relative exchangeable value of the two coinages as to encourage the importation of gold and its delivery at the Mints for coinage.

Or by coining gold pieces more nearly equivalent to ten and five Rupees at the present value of silver, providing at the same time for the imposition of a varying seigniorage on the latter coinage.

9. The first of these measures has been recently advocated by three officers of considerable experience in currency questions, Colonel J. T. Smith, formerly Mint Master at Madras and Calcutta successively, and Colonels Hyde and Ballard, the present Mint Masters at Calcutta and Bombay. It has the great practical convenience of introducing into India the coin which is in use in those countries with which India has its most intimate relations. One objection to it is, as Major Chesney remarks in his recent work on Indian Polity, that it would cause a rise in the value of the silver coinage and a consequent fall of prices, and that the holders of the existing silver currency would benefit at the expense of the general community by the amount of the seigniorage imposed on the new silver currency. The exchangeable value of the Rupee would certainly be raised by the enhancement of the seigniorage, and prices would fall in proportion; but the fall, as Colonel Ballard shows, would be very gradual, and would scarcely be appreciable. It would be as nothing in comparison with the rise of prices which has taken place of late years. It would probably be less than that which would be caused by any great extension in the circulation of the paper currency.

10. Another objection, which I am aware has been advanced, and which, though not expressly stated, was probably one of the objections in the minds of the Bombay Chamber of Commerce, when they designated the artificial methods proposed for raising the value of the Rupee by raising the seigniorage on the silver coinage, as hardly less objectionable than an actual increase to the intrinsic value of the Rupee, is based upon an idea that the measure would affect exchanges by raising the rate of exchange in the case of Bills drawn in London upon India, and lowering it in the case of those drawn in India upon London. According to the latest quotations, the price of silver in London was $60\frac{1}{4}d.$, while the Secretary of State's and Mercantile Bills were selling for $1s.\ 11\frac{3}{8}d.$ per Rupee. Now the Rupee contains silver worth only $1s.\ 10\frac{3}{8}d.$, when the price of that metal is $60\frac{1}{4}d.$, and it follows that Bills on India were selling in London for some four per cent. more than their equivalent of bullion. The difference is accounted for in a great measure by assuming that the purchasers of the Bills took into consideration the cost of sending out bullion about two per cent., and the seigniorage of two per cent. now charged at the Indian Mints for the mintage of silver. It thus appears that the effect of seigniorage on silver so long as that metal continues to be the measure of value, and so long as the Rupee is the money of account, is to enhance the cost of remitting money to this country, and that if the present seigniorage on silver of two per cent. were raised to six per cent., which would be necessary in order to admit of the sovereign being brought into circulation at the exchangeable value of Rupees 10, the price of Bills on India would be raised also by four per cent., or to $2s.\ 0\frac{3}{8}d.$ per Rupee when silver is $60\frac{1}{4}d.$ per ounce, a serious consideration so long as the balance of trade continues to be in favour of India, if the effect adverted to were likely to be of lengthened or indeed of any duration; but those who advance this objection would seem to have overlooked the fact that, so soon as the sovereign had taken that place in the currency which the advocates of its introduction desire to obtain for it, it would become the real standard of value, even though the Rupee like the Franc in France continued to be the money of account. Thus supposing the sovereign to be a current coin in India at the exchangeable value of ten Rupees, and that there were no seigniorage on the coinage of sovereigns, a merchant in London having to remit the sum of Rs. 10,000 to Madras, would make his remittance, not in terms of Rupees but in terms of sovereigns, either by remitting one thousand sovereigns, or bullion of that value, or by obtaining a Bill of Exchange for that sum, and in the latter case the rate of exchange would be determined mainly by the cost of remitting specie or bullion. The remittance would be made in terms of sovereigns, but if the Rupee were the money of account, it would be entered in the accounts of the person who received it is a remittance of Rupees 10,000, as he could at any moment exchange the 1,000 Sovereigns for 10,000 Rupees.*

11. Another objection which has been advanced, though it is not urged in the papers now before us, and which I may remark would apply with equal force to the introduction of the sovereign into the Indian currency on any terms, and still more to the adoption of an international coinage, which of late years has been advocated in Europe, is the alleged risk of a sudden and large demand for sovereigns, for exportation from England to India, on the occasion of a monetary crisis in the latter country. It is argued that, in case of a pressing demand for coin, sovereigns might be exported from England to India in preference to bullion, with the view of avoiding

* Note.—Since the above was written I have seen an article in the *Money Market Review*, dated the 24th October last (pages 385 and 386), the following extract from which seems to support the theory which I have here ventured to advance:—

"If the sovereign be declared legal tender at Rupees 10, an arbitrated par of exchange between India and England will be established that will not fluctuate with the rise and fall of silver bullion in the London Market, and thereby the intricacies of commercial exchange between the two countries, created by bankers and bullion dealers only for their manifest advantage, will be avoided; for the par of exchange will mainly depend upon freight, insurance and brokerage, which, being once settled, will continue fixed for long periods, at a rate between three and two per cent. or less, according as England or Australia may export the sovereign to India."

"The following table shows the net arbitrated par of exchange that will thus be established if the sovereign be made a legal tender at Rupees 10 in India, and, instead of the exchange with India being quoted at the unintelligible rates of so many shillings, pence and eighths per Rupee, Bills on India could be sold at a discount varying from two to three per cent., which is easily understood by all, and could be readily calculated without the aid of cumbersome tables of exchange:—

Charges at per cent.	Arbitrated par of Exchange per Rupee.	Arbitrated par of Exchange at Discount of
	24·48	1·96
1	24·60	2·42
2	24·72	2·92
2½		
3		

the delay which the process of assaying the bullion necessarily involves, and to such an extent as to cause serious inconvenience to the English public. The contingency is one which, doubtless, ought to be considered; but it is difficult to suppose that it can have been altogether overlooked by those who have recommended the sovereign as the standard of value for India, or by those who have advocated the introduction of a universal currency to be adopted by all the nations of the civilized world. It is, I imagine, one of those cases in which the probable and almost certain conveniences of the course recommended more than counterbalance any possible inconveniences that might occasionally arise.

12. The only objection to the plan of adopting a distinct gold coin for India, is that it would postpone, for an indefinite period, the extension to India of the convenience of having a gold coinage similar to that which is said to form half the gold coinage of the world, and which is the coinage in use in those countries with which India is most intimately connected in its commercial and political relations.

13. The objection to the introduction of the sovereign as a standard of value at any rate other than ten Rupees, is the confusion it would cause in accounts. This objection is adverted to in the letters from the two Chambers of Commerce, and it appears to be generally shared in by mercantile men. Since these papers came before me, a resolution has appeared in the *Gazette of India*, intimating that sovereigns will, until further notice, be received into, and paid out of, the public treasuries at Rupees 10–4–0; but at the present price of silver. it is difficult to conceive that this measure will be more successful than that adopted in 1864.

14. Reverting to the two questions propounded by the Government of India, I think that in reply to the first it may be safely asserted, that Rupees 10–8–0 is the lowest rate, which at the present price of silver and with the present rate of seigniorage, would bring sovereigns into circulation; but it appears to me to be very doubtful whether even if this rate were adopted, the measure would succeed, unless the coin were declared to be a legal tender.

15. In regard to the standard value at which the Rupee gold pieces should be coined, supposing such coinage were resolved on, I think that for the reasons stated in Colonel Orr's Memorandum, the ten-Rupee gold pieces should be of 120 grains of which one-twelfth should be alloy, such additional seigniorage being imposed on the coinage of silver as will encourage the importers of bullion to import gold for coinage.

16. On the whole, however, I am disposed to think that to declare the sovereign a legal tender at ten Rupees, imposing at the same time such an enhancement of the seigniorage on silver as may be requisite to bring the sovereign into circulation at that rate, is the best and most convenient method of introducing a gold coinage that, under present circumstances, can be devised.

17. In the foregoing remarks I have not deemed it necessary to enter into any discussion of the question whether a gold currency is really needed to meet the monetary requirements of India. That such a currency is a great desideratum is now admitted almost universally; and this being so I would observe that the present time, when the price of silver is comparatively low and its tendency is apparently to fall, appears to be a peculiarly favorable time for the introduction of a gold currency, for the comparative cheapness of silver in relation to gold renders it much more easy than it otherwise would be, to reduce the silver currency, by means of an enhanced seigniorage on all future coinages of silver, to the position of a subsidiary or token currency; a process which is absolutely necessary, if gold is to take that place in the currency which appears to be desirable with reference to the increasing wealth of the country.

(Signed) A. J. ARBUTHNOT.

Minute by His Excellency the President, dated 7th December 1868.

I experience little difficulty in offering an opinion in connexion with the two "main questions" and the subsidiary question propounded by the Government of India. My views on these specific points coincide with the views of Mr. Sim. I differ from him in regard to the general question of the expediency of introducing a gold coinage for India.

2. In my humble judgment it is unadvisable to fix any value at which sovereigns will be received at the public treasuries. It is expedient, I think, that the public revenues and dues should only be received in legal tender. The Government ought not to take them in a commodity of fluctuating value. It is impossible to fix a rate at which the sovereign can be accepted with certain benefit to Government. The rate will either be too low or too high. In the former case the sovereign will not be tendered, in the latter the Government will lose by accepting it. Since the present queries were sent out by the Government of India a practical reply has been given to this one by raising the rate at which the sovereign may be accepted from Rupees 10 to Rupees 10–4–0. I do not think that the change will draw any considerable quantity of sovereigns to this market, or mobilize any considerable portion of those which are lying stagnant in the country. Some animation may be given at particular moments to the circulation of sovereigns at the centres of European trade; that is all. If the Supreme Government earnestly desire to stimulate the importation of sovereigns, and give them currency, I hold that the rate should be fixed at once at Rupees 10–8–0, but I would not incur any risk, or violate a principle for such a purpose. The only legitimate and reliable method to make gold a useful medium of exchange is by making it a legal tender. It appears to me inopportune to nibble at this important question, to attack a great interest with small expedients. We shall persuade ourselves that we are doing something when we are doing nothing, and this fallacious activity will defer real resolution. Another objection to fixing a rate at which sovereigns may be received at Government treasuries is this, we have two kinds of sovereigns which will certainly bear different values in India until they are made of the same color, or receive the stamp of legal tender. Government may indeed accept two commodities of different values at the same price; but Government cannot dispose of them at the same price, and it would be inexpedient to recognise that the Australian sovereign has one value, and the English sovereign another.

3. In contemplating the coinage of gold ten-Rupee pieces I understand that the Government of India do not intend to make them legal tender. I am accordingly constrained to affirm that they ought not to be coined at all. The question of the standard value at which they ought to be coined thus falls to the ground. To issue ten-Rupee pieces without the quality of legal tender would be to make the best innovation in the worst form, and to lame the experiment before you launch it. It would be like cutting the wings of a bird that you wish to fly. Ten-Rupee pieces, without the vitality and stability which are conferred by legal tender, would indeed have some advantages over sovereigns; they would sometimes be an exact multiple of the common coin, and would, therefore, be more convenient for vulgar use, and they would be less available for exportation; yet I cannot doubt that the greater part would join the Mohurs and Pagodas which adorn the persons and enrich the hearths of the Hindus. Even a new gold coinage possessing all the virtues of legal tender would at first be extensively hoarded. It would be necessary to saturate the soil before the water would run off. But a timid issue of tentative pieces would never move at all. It would be a still-born issue, and the failure of this partial experiment would cost discredit on the great experiment which we have at heart. I also entertain a strong repugnance to the coinage of these projected ten-Rupee pieces, without the quality of legal tender, on the ground that the general decision respecting the character of a legal gold coinage for India would thus be partly anticipated and prejudged. A march would thus be stolen on the advocates of the sovereign. It may eventually be judged necessary to issue an independent gold coinage for India different from the sovereign in value; but I would only arrive at that conclusion and take that momentous step on the maturest deliberation and in connexion with the restoration of gold to the status of a legal tender. If, however, the Government of India, in their superior judgment, should determine to pass a certain amount of gold through the Mint and stamp it in the shape of ten-Rupee pieces, I would give them the standard which would represent the relative value of the precious metals in London at the present date, which I understand to be nearly the same as that which existed in the year 1835. Making due allowance for any seigniorage which may be levied on the coinage respectively of gold and silver in India, I see no other basis to go upon. No one can predict what modifications the relative value of the precious metals may experience in consequence

of the increasing production of silver. The depreciation of gold is certainly arrested, and nothing would tend to give it permanent stability more than the adoption of that metal as the legal currency for India.

4. In regard to the subsidiary question stated by the Government of India as to whether the prohibition affecting the goldmohur might be withdrawn, I think that it might be withdrawn with perfect safety, and without the least advantage. I am assured that the Mohur is currently worth more than Rs. 15 in this Presidency. It will not be tendered at that price at the Government treasuries.

5. Having thus adverted to the specific queries circulated by the Government of India, I do not feel inclined to avail myself of the avenue which they have incidentally opened to the discussion of the general question of a gold coinage for India. Should distinct issues be submitted on that subject to the consideration of this Government by the Government of India, it may become my duty to frame an opinion which, I fear, would be the recapitulation in inferior language of arguments which have been stated with conspicuous ability in the discussions of 1864. In my humble judgment all the reasons which were then adduced for the introduction of a gold coinage are still valid and applicable, though with less pressing and practical cogency. But a new motive for action has since arisen in the extensive discoveries of silver and quicksilver which have recently occurred, discoveries which threaten to disturb the value of the existing curency of this country.

(Signed) NAPIER.

(True Copies.)

(Signed) R. A. DALYELL,
Acting Secretary to Goverment.

No. 47. To the Secretary to the Government of India, Financial Department, No. 590, Financial, dated Fort St. George, 30th December 1868.

Referring to your letter, dated the 30th June last, No. 766, marked "Confidential," relating to the introduction of a Gold Currency into India, I am directed to transmit copies of the Minutes recorded by His Excellency the Governor and the Hon'ble Mr. Arbuthnot on the subject, together with copies of letters containing the views of the Chamber of Commerce, Madras, and the gentlemen named in the margin, to whom copies of your letter were sent for an expression of their opinion.

J. D. Sim, Esq., Member of the Board of Revenue.
Colonel C. A. Orr, Secretary to Government in the Public Works Department, late Mint Master.
Colonel C. A. Carpendale, Mint Master.
The Hon'ble V. Ramiengar, Superintendent of Stamps.

(Signed) R. S. ELLIS,
Chief Secretary.

No. 1

Minute. by the Honourable A. J. Arbuthnot Dated 20 Nov 1868

In the letter from the Financial Secretary to the Government of India under date the 30th June last, the attention of the Madras Government was called to the question of introducing a Gold currency into India which is now again engaging the attention of the Governor General in Council, and we were asked to give our opinion and those of any selected gentlemen who from their experience might be experts in the matter, on the two following questions.

1st Whether the rate of ten rupees at which under the Notification of November 1864 English and Australian Sovereigns are receivable at the public Treasuries should be revised, and if so what the new rate should be.

2d at what standard value should ten rupee gold pieces be coined, supposing such coinage were resolved upon.

2. It was stated in the letter (paras 13 & 14) that at present the Govt.

Government of India is hardly prepared to recommend the declaration of any gold coins as legal tender, but that it would be open to the Government of Madras or any of the gentlemen who might be consulted, to advance any special reasons in support of such a declaration, should they deem fit to do so.

3 The Financial Secretary's letter was referred to Mr. Sim, 2d Member of the Board of Revenue, to the Mint Master, Colonel Carpendale, and to two of the ablest native officials in this Presidency, the Honble V. Ramiengar and C. Rungacharloo. Colonel Orr the Secretary to Government in the Public Works Department and who was for some years at the head of the Madras Mint and is a high authority on currency matters, was subsequently invited to give his opinion on the general question of the introduction of a Gold Currency.

4. We have now before us the replies of the several gentlemen who have been consulted, except that of C. Rungacharloo, whose onerous duties at Mysore have doubtless put it out of his power to comply with our requisition.

It

5. It appears to me impossible to read these papers in connexion with the discussions which have already taken place on this subject in former years, without arriving at the following conclusions;

1st that any tentative measure of the nature of that suggested by the Government of India for promoting the circulation of English and Australian Sovereigns in India by receiving them into and paying them out of the public treasuries at a rate to be fixed in supercession of that laid down in the Notification of November 1864, would be a very unsatisfactory solution of the difficulties which have hitherto prevented the introduction of a Gold Currency into India, unless such a modification were made in the Mint regulations as would admit of the Seignorage on the coinage of silver being varied from time to time according to the rise or fall in the value of silver in relation to Gold.

× and must be practically inoperative unless the Sovereign were declared to be a legal tender at the rate fixed on and

2d, that whatever method be adopted for introducing a gold coinage, the imposition of such a varying Seignorage on the Silver Coinage will be essential, at all events at the commencement, and until Gold shall have so far taken the place of Silver in the Currency as

as to justify the Government in placing the latter coinage upon the footing of a subsidiary or token coinage, in order that the gold coin may maintain a fixed value in relation to the Silver rupee.

3d, That it is absolutely necessary that whatever Gold coin may be introduced shall be declared to be a legal tender.

~~and, lastly, that if gold is to be the principal circulating medium, there must be provision for the free coinage of gold.~~

6. The reasons which render it necessary, in the event of a Gold currency being determined on, whether the Coin selected be the English and Australian Sovereign, or a distinct Gold Coin nearly an equivalent of ten rupees at the present relative value of gold and silver, that there shall for a time at all events be a varying Seignorage on the Coinage of Silver are clearly stated in Colonel Orr's Memorandum. They are briefly these;- that

that the value of silver in relation to gold constantly varies and at present has a tendency to fall, that in order that the relative value of the two coinages may be maintained at a fixed standard, it is necessary, either that the Seignorage imposed on one of the Coinages shall be altered from time to time to counteract the effect of the changes which take place in the relative value of the two metals, or that the intrinsic value, that is the weight or fineness of one of the Coinages shall from time to time be changed, or that the exchangeable value of one of them shall from time to time be altered. The last of these three processes is that which is practically involved in the adoption of the first suggestion made in the despatch now under consideration, but it is proposed avowedly as a tentative measure; and there can, I think, be no question that it would cause much confusion in accounts and great general inconvenience. The second may be dismissed with the remark that it would be practically impossible; and there only remains the first, viz, the imposition of a varying Seignorage on one

of

of the two coinages which is appa-
-rently the only convenient mode of
meeting the difficulty arising from
the variations in the relative market
value of the two metals.

7. In regard to the question of
declaring any gold coin that may
be introduced a legal tender, it ap-
-pears to me essential that this should
be done, if it be only to counteract
in some measure the well known
tendency of the people of this country
to depreciate the value of coins of
large denominations. It is probable
that whatever gold coin might be
introduced into the currency without
being made a legal tender, in many
parts of the country batta would
be charged on every such coin when
tendered in payment of a debt. More-
-over it is very doubtful whether any
coin, not a legal tender and conse-
-quently not a part of the legally
current coinage of the country, would
command that confidence which
would enable it to pass from hand
to hand and which is essential to
the effective circulation of ~~a~~ any
form of currency, whether it be gold,
silver, copper, or paper. In reference

to

to this point Colonel Smith ~~answer~~
that before the Act of 1835 was passed,
the 15 & 10 rupee pieces which were
then legal tender, though not demand-
-able, circulated freely and were taken
without hesitation, but that lately
Sovereigns held by the Government
of India although their exchangeable
value was superior to 10 rupees could
not be got rid of from the public
treasury at that rate and were sent
home to England. It was I think
correctly laid down by Mr Massey
in his Minute of the 2d February 1866,
as an axiom which must be accepted,
that if a gold currency were to be
introduced "nothing short of the re-
"cognition of the Sovereign or some
"other denomination of gold coin
"as a legal tender would suffice."
The same opinion is expressed by the
Madras Chamber of Commerce in
their letter of the 5 ultimo, and also
by the Bombay Chamber in their
letter of the 11 September.

8. Subject to the two essential con-
-ditions above adverted to, viz. that
a varying Seignorage shall be im-
-posed upon Silver, and that what-
-ever gold coin may be adopted

shall

shall be declared a legal tender, it appears to me that there will be no serious difficulty in introducing a gold currency by ~~any of~~ one of the ~~three~~ following methods.

~~The~~ by declaring the English and Australian Sovereign and half Sovereign to be a legal tender at ten and five rupees respectively, abolishing the Seignorage on Gold and raising that on Silver by such a varying percentage as may from time to time be requisite so to adjust the relative exchangeable value of the two coinages as to encourage the importation of Gold and its delivery at the Mints for coinage.

2. by coining gold pieces ~~and~~ more nearly ~~approximating~~ Equivalent to ten and five rupees at the present value of Silver, providing at the same time for the imposition of a varying Seignorage on the latter coinage.

Q. The ~~first~~ first of these measures has been recently advocated by three Officers of considerable experience in Currency questions, Colonel J. T. Smith, formerly Mint Master at Madras and Calcutta successively, and Colonels Hyde and Ballard the present Mintmasters at Calcutta and Bombay. It has the great practical convenience of introducing into India the Coin which is in use in those Countries with which India has its most intimate relations. One objection to it is, as Major Chesney remarks in his recent work on Indian Polity, that it would cause a rise in the value of the Silver Coinage and a consequent fall of prices and that the holders of the existing Silver currency would benefit at the expense of the general Community by the amount of the Seignorage imposed on the new Silver Currency. The exchangeable value of the rupee would certainly be raised by the Enhancement of the Seignorage and prices would fall in proportion, but the fall as Colonel Ballard shows, would be very gradual and would scarcely be appreciable. It would be as nothing in comparison with the rise of prices which has taken place of late years. It would probably be less than that which would be caused by any great extension in the circulation of the paper currency.

Another

10. Another objection, which I am aware has been advanced, and which, though not expressly stated, was probably one of the objections in the minds of the Bombay Chamber of Commerce, when they designated the artificial methods proposed for raising the value of the rupee by raising the Seignorage on the silver coinage, as hardly less objectionable than an actual increase to the intrinsic value of the rupee, is based upon an idea that the measure would affect exchanges by raising the rate of exchange in the case of Bills drawn in London upon India and lowering it in the case of those drawn in India upon London. According to the latest quotations the price of silver in London was 60 1/4 d, while the Secretary of State's and Mercantile Bills were selling for 1/11 3/8 per rupee. Now the rupee contains silver worth only 1/10 3/8, when the price of that metal is /60 1/4 and it follows that bills on India were selling in London for some 4 per cent more than their equivalent of bullion. The difference is accounted for in a great measure by assuming that the purchasers of the bills took into consideration the cost of sending out

out bullion about 2 per cent and the Seignorage of 2 per cent now charged at the Indian Mints for the mintage of silver. It thus appears that the effect of Seignorage on Silver so long as that metal continues to be the measure of value and so long as the rupee is the money of account, is to enhance the cost of remitting money to this country and that if the present Seignorage on Silver of 2 per cent were raised to 6 per cent, which would be necessary in order to admit of the Sovereign being brought into circulation at the exchangeable value of Rs 10 the price of bills on India would be raised also by 4 per cent or to 2/03/0 per rupee when silver is /60 1/4 per ounce, a serious consideration, so long as the balance of trade continues to be in favor of India, if the effect adverted to were likely to be lengthened or indeed of any duration; but those who advance this objection would seem to have overlooked the fact that so soon as the Sovereign had taken that place in the currency which the advocates of its introduction desire to obtain

for

for it, it would become the real stand-
-ard of value, even though the rupee
like
~~tacken~~ the franc in France continued
to be the money of account. Thus
supposing the Sovereign to be a cur-
-rent coin in India at the exchange-
-able value of 10 Rupees and that
there were no Seignorage on the Coinage
of Sovereigns, a Merchant in London
having to remit the sum of Rs 10,000
to Madras, would make his remit-
-tance, not in terms of rupees but
in terms of Sovereigns, either by re-
-mitting one thousand Sovereigns, or
bullion of that value, or by obtain-
-ing a bill of exchange for that sum,
and in the latter case the rate of
exchange would be determined mainly
by the cost of remitting specie or
bullion. The remittance would be
made in terms of Sovereigns, but
if the rupee were the money of
account, it would be entered in
the accounts of the person who re-
-ceived it as a remittance of Rs 10,000,
as he could ~~mark~~ at any moment
exchange the 1000 Sovereigns for
10,000 rupees.*

Another

*Note. Since the above was written I have seen an Article in the "Money Market Review" dated the 24 October last, (pages 385 & 386) the following extract from which seems to support the theory which

11. Another objection which has been advanced, though it is not urged in the papers now before us and which I may remark would apply

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which I have ventured to advance.

"If the Sovereign be declared legal tender at Rs 10, an arbitrated par of exchange between India and England will be established that will not fluctuate with the rise and fall of silver bullion in the London Market, and thereby the incidences of commercial exchange between the two countries, created by bankers and bullion dealers only for their manifest advantage, will be avoided; for the par of exchange will mainly depend upon freight, insurance and brokerage which, being once settled, will continue fixed for long periods, at a rate between 3 and 2 per cent, or less, according as England or Australia may export the Sovereign to India".

"The following table shows the net arbitrated par of exchange that will thus be established if the Sovereign be made a legal tender at Rs 10 in India, and, instead of the exchange with India being quoted at the unintelligible rates of so many shillings, pence and eighths per rupee, bills on India could be sold at a discount varying from 2 to 3 per cent, which is easily understood by all, and could be readily calculated without the aid of cumbersome tables of Exchange:—

Charges at per cent.	Arbitrated par of Exchange per Rupee	Arbitrated par of Exchange at Discount of
	24. 48. —	1. 96.
2	24. 60. —	2. 42.
2½	24. 72. —	2. 92.
3		

apply with equal force to the introduction of the Sovereign into the Indian currency on any terms, and still more to the adoption in international coinage of a coinage which of late years has been advocated in Europe, is the alleged risk of a sudden and large demand for Sovereigns for exportation from England to India on the occasion of a monetary crisis in the latter country. It is argued that in case of a pressing demand for coin, Sovereigns might be exported from England to India in preference to bullion, with the view of avoiding the delay which the process of assaying the bullion necessarily involves, and to such an extent as to cause serious inconvenience to the English public. The contingency is one which doubtless ought to be considered, but it is difficult to suppose that it can have been altogether overlooked by those who have recommended the Sovereign as the standard of value for India or by those who have advocated the introduction of a universal currency to be adopted by

by all the nations of the civilized world. It is, I imagine, one of those cases in which the probable and almost certain convenience of the course recommended more than counterbalance any possible inconveniences that might occasionally arise.

12. The only objection to the plan of adopting a distinct gold coin for India is that it would postpone for an indefinite period the extension to India of the convenience of having a gold coinage similar to that which is said to form half the gold coinage of the world, and which is the coinage in use in those countries with which India is most intimately connected in its commercial and political relations.

13. The objection to the introduction of the Sovereign as a standard of value at any rate other than ten rupees is the confusion it would cause in accounts. This objection is adverted to in the letters from the two Chambers of Commerce, and it appears to be generally shared in

in by mercantile men. Since these papers came before me, a Resolution has appeared in the Gazette of India intimating that Sovereigns will, until further notice, be received into and paid out of the public treasuries at Rs. 10. 4, but at the present price of silver it is difficult to conceive that this measure will be more successful than that adopted in 1864.

14. Reverting to the two questions propounded by the Govt of India, I think, in spite of the first it may be safely asserted that Rs. 10. 8 is the lowest rate which at the present price of silver and with the present rate of seignorage, would bring Sovereigns into circulation; but it appears to me to be very doubtful whether even if this rate were adopted, the measure would succeed unless the coin were declared to be a legal tender.

15. In regard to the standard value at which the rupee gold pieces should be coined supposing such coinage were resolved on,

I

I think that for the reasons stated in Colonel Ord's Memorandum, the ten rupee gold pieces should be of 120 grains, such additional seignorage being imposed on the coinage of silver as will encourage the importers of bullion to import gold for coinage.

16. On the whole, however, I am disposed to think that to declare the Sovereign a legal tender at ten rupees, imposing at the same time such an enhancement of the seignorage on silver as may be requisite to bring the Sovereign into circulation at that rate, is the best and most convenient method of introducing a gold coinage that can under present circumstances be devised.

17. In the foregoing remarks I have not deemed it necessary to enter into any discussion of the question whether a gold currency is really needed to meet the monetary requirements of India. That such a currency is

is a great desideratum is now admitted almost universally; and this being so I would observe that the present time, when the price of silver is comparatively low and its tendency is apparently to fall, appears to be a peculiarly favorable time for the introduction of a Gold currency; for the superiority of Gold over Silver in relation to gold renders it much more easy than it otherwise would be, to retire the Silver currency, by means of an enhanced Seignorage on all future coinages of Silver, & the position of a Subsidiary or token currency;- a process which is absolutely necessary, if Gold is to take that place in the currency which appears to be desirable with a view to the increasing wealth of the country.

A. J. Stibbard

30th November 1866

Financial 1879 Dept

Minute by the President

Hon. A. J. Arbuthnot

D/ 30 Nov/78

No 670

On the subject of introducing a Gold Currency into India

Minute by H.E. the President

I experience little difficulty in offering an opinion in connection with the two "main questions" and the subsidiary question propounded by the government of India. My views on these specific points coincide with the views of Mr. Sim. I differ from him in regard to the general question of the expediency of introducing a gold coinage for India.

II. In my humble judgment it is unadvisable to fix any value at which Sovereigns will be received at the public Treasuries. It is expedient, I think, that the public revenues and dues should only be received in legal tender. The government ought not to take them in a commodity of fluctuating value. It is impossible to fix a rate at which the Sovereign can be accepted with certain benefit to Government. The rate will either be too low or too high. In the former case the Sovereign will not be tendered, in the latter the Government will lose

by accepting it. Since the present queries
were ~~circulated~~ sent out by the government of India
a practical reply ~~a practical reply~~ has
been given to this one by raising the rate
at which the Sovereign may be accepted
from Rs. 10. 2 to Rs. 10. 4. as I do not think
that the charge will draw any
considerable quantity of Sovereigns to
this market or mobilize any considerable
portion of those which are lying stagnant
in the country. Some animation may be
given at particular moments to the
circulation of Sovereigns at the centres
of European trade; that is all. If
the Supreme Government earnestly desire
to stimulate the importation of Sovereigns
and give them currency I hold that
the rate should be fixed at once at
Rs. 10. 8. as but I would not risk or violate a principle for such
a purpose. The only legitimate and
wealthy method to make gold a
useful medium of exchange is by
making it a legal tender. It appears
to me inopportune to dribble at this

important question, to attack a great
interest with small expedients. We shall
persuade ourselves that we are doing
something when we are doing nothing, and this
fallacious activity ~~will defer~~ will defer
real resolution. another question to fix
a rate at which Sovereigns may be
received at government Treasuries is
this, we have two kinds of Sovereigns
which will certainly bear different values
in India until they are made of the
same class or receive the stamp of
legal tender. Government may indeed
accept two commodities of different
values at the same price but Government
cannot dispose of them at the same
price and it would be inexpedient
to recognize that the Australian
Sovereign has one value and the
English Sovereign another.

III. In contemplating the coinage of
gold ten rupee pieces I understand
that the Government of India do not
intend to make them legal tender.
I am accordingly constrained to affirm
that they ought not to be coined at all.

The question of the Standard value at which they ought to be coined thus falls to the ground. To issue ten rupee pieces with the quality of legal tender would be to make the best invention in the worst form and to lame the experiment before you launch it. It would be like cutting the wings of a bird that you wish to fly. Ten rupee pieces with the stability and stability which are conferred by legal tender would indeed have some advantages over Sovereigns they would sometimes be an exact multiple of the common coin and would therefore be more convenient for vulgar use and they would be less available for exportation Yet I cannot doubt that the greater part would join the Mohurs and Pagodas which adorn the persons and enrich the hearths of the Natives. Even a new gold coinage possessing all the virtues of legal tender would at first be extensively hounded. It would be necessary to saturate the soil before the

water would run off. But a timid
issue of tentative pieces would never
meet all. It would be a still
born issue and the failure of this
partial experiment would cast
discredit on the great experiment
which we have at heart. I also
entertain a strong repugnance to the
coinage of these imperited ten Rupee
pieces, without the quality of legal
tender, on the ground that the general
decision respecting the character
of a legal gold coinage for India
would be hardly anticipated and
prejudged. A mark would thus
be stolen on the advocates of the
Sovereign. It may eventually be
judged necessary to issue an
independent gold coinage for India
different from the Sovereign in value
but I would only arrive at that
conclusion and take that momentous
step on the maturest deliberation
and in connection with the

restoration of gold to the States of
legal tender. If however the government
of India in their superior judgement
should determine to keep a certain
amount of gold through the Mint and
stamp ~~give~~ it in the shape of ten rupee pieces
I would give them the standard which
would represent the relative ~~power~~ value of
the precious metals in London at the
present date which I understand to
be nearly the same as that which existed
in the year 1835. making due allowance
for any seigniorage which may be levied
on the coinage respectively of gold and
silver in India. I see no other basis
to go upon. No one can predict what
modifications the relative values of
the precious metals may experience
in consequence of the increasing production
of silver. The depreciation of gold
is certainly arrested and nothing
would tend to give it permanent
stability more than the adoption
of that metal as the legal currency
for India. -

IV. In regard to the subsidiary
question started by the government

of India as to whether the prohibition affecting the gold Mohur ought to be withdrawn. I think that it might be withdrawn with perfect safety and without the least advantage. I am assured that the Mohur is currently worth more than Rs. 15. in this Presidency. It will not be tendered at that price at the government Treasuries. —

V. Having thus adverted to the specific queries circulated by the Govt. of India I do not feel ~~myself~~ inclined to await myself of the avenue which they have incidentally opened to the discussion of the general question of a gold coinage for India. Should distinct issues be submitted or that subject to the consideration of this Government by the Govern.t of India it may become my duty ~~to do so~~ to frame an opinion which I fear would be the recapitulation in inferior language of

arguments which have been stated
with conspicuous ability in the discussion
of 1864. In my humble judgment
all the reasons which were then
adduced for the introduction of
a gold coinage are still existing valid
and applicable though with less
pressing and practical cogency. But
a new motive for action has since
arisen in the extensive discoveries
of silver and quicksilver which
have recently occurred, discoveries
which threaten to disturb the
value of the existing currency of
India this country.

Napier

Glenlee Park. December 7th
1868.

Financial Dispatch

Extracts of the Proceedings

Received 9 Dec 68

Read 17 Dec 68

No 671

On the subject of introducing a Gold Currency into India

Financial Department.

No. 590

To

The Secretary to the Government of India.

Financial Department.

Sir,

Referring to your letter dated the 30 June last, No 766, marked "Confidential", relating to the introduction of a Gold Currency into India, I am directed to transmit copies of the minutes recorded by His Excellency the Governor & the Honble Mr Arbuthnot on the subject, together with copies of letters containing the opinions of the Chamber of Commerce, Madras, and the gentlemen named in the margin to whom copies of your letter were sent for an expression of their opinion

* Lt Col Sim Esq Member of the Board of Revenue
Coll: C. S. Ommanney Esq Collector in the Ceded Districts
Coll: C. A. Cawndale Esq Collector of Guntoor
The Honble T. Pycroft Esq Judge

Fort St George
30 Dec 1868

1 Copy & Nos 4145 to Govt Agency Upper Provinces
Nos of 1868 Nilgiris 28 June 72

Foreign Department.

No. 320

To

The Secretary to the
Government of India
with the compliments of the Foreign Department.

Dated 30 Dec. 1865.

1 Duplicate & Copy dis. 22-2-66

1 Copy do — 10-3-66

One copy taken for Selection
& the Record & Copy
28 Aug 176