

AN EXAMINATION OF THE PROPOSALS FOR A GOLD-CURRENCY IN INDIA

Diversity of views on gold currency

It would appear at first sight that the enlightened public opinion in India was overwhelmingly in favour of a gold currency. But when we come to analyse and classify the views put forward, we find that the same phrase—"gold currency" has been made to cover a wide diversity of views. The large school of Indian economists and even many of the commercial circles are too well acquainted with the progress of monetary theory and practice in the world to advocate a gold currency as generally understood. Drawn, as they are in one direction, by the traditional policy laid down for them decades ago, and in the opposite direction by their scientific studies and their observation of the economic facts and tendencies of their own day, their actual position becomes a series of varying individual compromises in which the emphasis of opinion is very variously distributed, but it is rarely indeed that the essentials of gold circulation are insisted on. Thus we have eminent witnesses who are anxious not so much for the circulation of gold coins as of gold notes. No one has advocated the issue of a gold coin of such a small value as to ensure its use in daily transactions and in general circulation; while researches into the monetary history of India have shown that a very large portion of the former gold currency consisted of the *fanam* and other small coins. Almost all witnesses who asked for a gold currency expressed a strong desire and hope that gold coins would not circulate strongly. They expressly want "some circulation of gold but not a large circulation because the people of India are poor and the masses would not be able to get any amount of gold; it would be mainly the middle classes that would be able to get it". Hardly any one expressed a desire to force gold into circulation; many stated expressly that they would not even "encourage the