

The Indian Gold Exchange Standard System and Inflow of Gold before World War I

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Abstract

The aim of this article is to investigate the characteristics of the Indian gold exchange standard system before W. W. I. India's monetary system in the colonial period had been established as what was called the gold exchange standard system (GESS) by the early twentieth century. But this GESS (the Indian GESS) had not a few peculiar elements based on India's monetary situations. The Indian GESS was severely criticized by the Indian nationalists. One point of their criticism was in that in spite of India's favorable balance of international payments and Indians' strong demand for gold, this monetary system was intended to restrict India's absorption of gold. On the other hand, the British officials emphasized its effectiveness and advanced nature in terms of economizing the use of gold. Thus, one simple formula, that is "gold or silver", appeared on the surface of India's monetary history in the colonial period. But there is a fact apt to be disregarded if we have too much concern with this formula. It is that India had continued to import not a small amount of gold under the GESS. This fact had not been positively referred by the both sides and previous studies until nowadays also have not made much of it. But it is very important to investigate this fact in order to make clear what the Indian GESS was. The focus for considering this problem lies in that the Indian GESS was equipped with the facility of settling external balances with gold. In this sense, the Indian GESS had two features side by side. One consisted of elements of the gold exchange standard system, and the other consisted of elements of the gold coin standard system (GCSS). Why was the latter equipped in the Indian GESS? What roles did the latter played? What were the relations between the above two features? In answering these questions, I will focus my concern on the mechanism of the exchange banks' arbitrage transactions of gold.

I. Introduction

The aim of this article is to investigate the characteristics of the Indian gold exchange standard system before W. W. I. India's monetary system in the colonial period had been transformed from the silver standard system into the gold standard system since the worldwide devaluation of silver

after 1870s. It had been established as what was called the gold exchange standard system (GESS) by the early twentieth century. But this GESS (the Indian GESS) had not a few peculiar elements based on India's monetary situations and could not be equated with, for examples, the GESSs adopted in some European countries after W.W.I. The Indian GESS was severely criticized by the Indian nationalists. One point of their criticism was in that in spite of India's favorable balance of international payments and the Indian people's strong demand for gold, this monetary system was intended to restrict India's absorption of gold and to force them to receive silver which was the second-class precious metal. On the other hand, the British officials emphasized its effectiveness and advanced nature in terms of economizing the use of gold (J. M. Keynes' book was one of the most distinguished examples). Thus, one simple formula, that is "gold or silver", appeared on the surface of India's monetary history in the colonial period. But there is a fact apt to be disregarded if we have too much concern with this formula. It is that India had continued to import not a small amount of gold under the GESS. This fact had not been positively referred by the both sides. It was looked upon as 'should be avoided' by the British officials and as 'not enough' by the Indian nationalists. Previous studies until nowadays also have not made much of this fact because they have taken the British officials' intention into too much account. But it is very important to investigate this fact in order to make clear what the Indian GESS was. The GESS in general is intended to economize the use of gold and if gold is economized thoroughly, the GESS has no gold coins, abolishes convertibility of currency notes into gold both internally and externally, and makes domestic gold reserve unnecessary. We can call such a system 'the regular GESS'. So, the fact that a large amount of gold flowed into India indicates a remarkable feature of the Indian GESS. We must positively examine the factors and mechanism of the inflow.

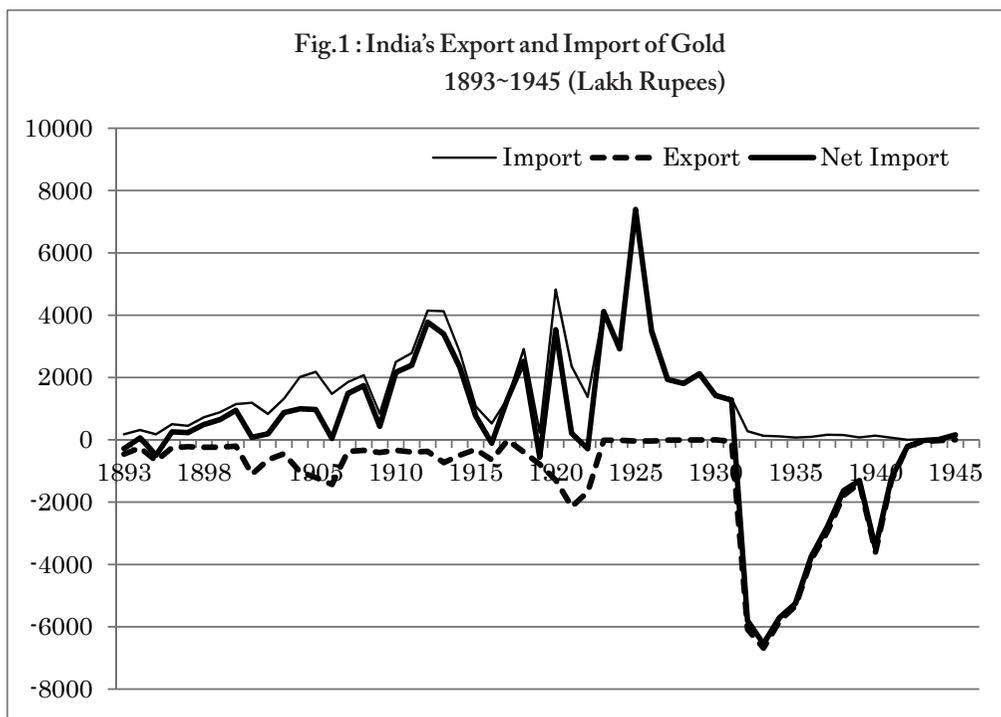
The focus for considering this problem lies in that the Indian GESS was equipped with the facility of settling external balances with gold. In this sense, the Indian GESS had two features side by side. One consisted of elements of the gold exchange standard system, and the other consisted of elements of the gold coin standard system (GCSS, it is also called 'the classical gold standard system'). Why was the latter equipped in the Indian GESS? What roles did the latter played? What were the relations between the above two features? In answering these questions, I will focus my concern on the mechanism of the exchange banks' arbitrage transactions of gold.

There were two main channels of the inflow of gold to India. One channel was based on a great number of the Indian people's demand for gold as saving vehicles. This demand was satisfied by many kinds of Indian merchants including importers through the Bombay Bullion Market. The imported gold was mainly in the shape of gold bullion, much of which was manufactured into ornaments. The other was the exchange banks' arbitrage transactions of gold and they imported chiefly in the shape of gold sovereigns, most of which were tendered to the currency offices of the

Government of India in exchange for currency notes or bank drafts. I'll concentrate on the latter channel and examine the inflow of gold not only from Britain but also from other countries including Australia, Egypt, and South Africa.

II. Inflow of gold to India before W. W. I.

Fig.1 shows the amounts (in value) of India's import, export and net import of gold from 1893 to 1945. The amount of net import had increased gradually until 1909 and showed great expansion in the early 1910s. Though it dropped for a few years around W.W.I., it reached the peak in 1925. Fig.2 shows the amounts of import from and export to Britain. India recorded net export to Britain for 9 years from 1893 to 1914. India's total import from Britain during the same period was 7489 lakh rupees, while the total export to Britain was 3837 lakh rupees. In other words, India exported to Britain 51.2% of the total import from Britain, so Britain recovered no less than the half of the outflow to India. Fig.3 shows each amount of the net import from Britain, Australia, Egypt and South Africa. Three countries other than Britain imported almost no gold from India. Australian share to India's total net import from 1900 to 1909 was 76.3%, while Egyptian share



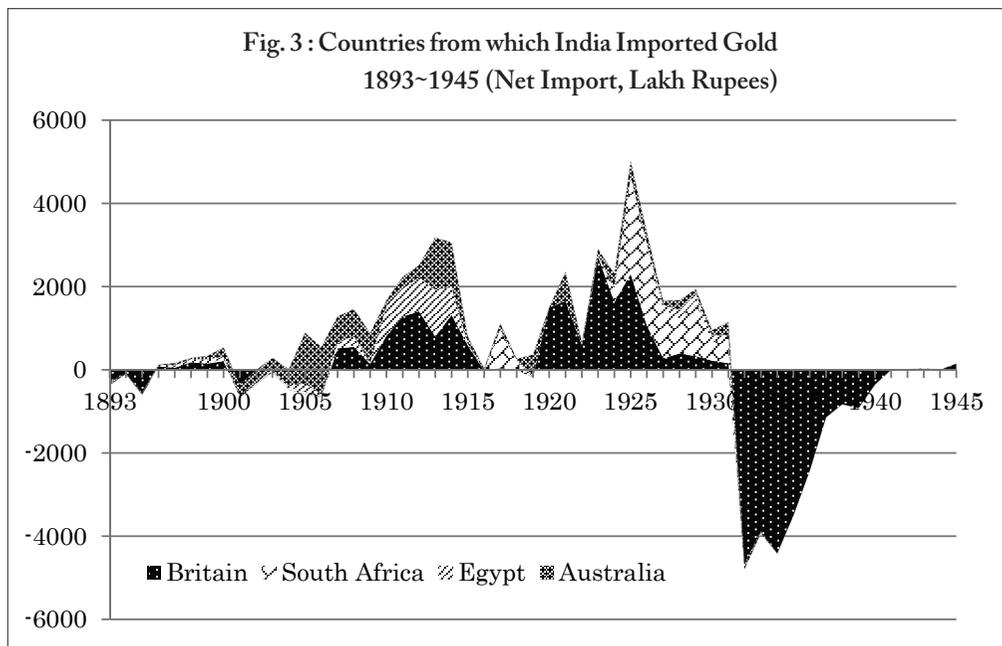
Note: The amounts of export are reckoned as minus figures.

Source: Reserve Bank of India, *Banking and Monetary Statistics of India*, 1954, p.961.



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Source: Reserve Bank of India, *Banking and Monetary Statistics of India*, 1954, p.971.

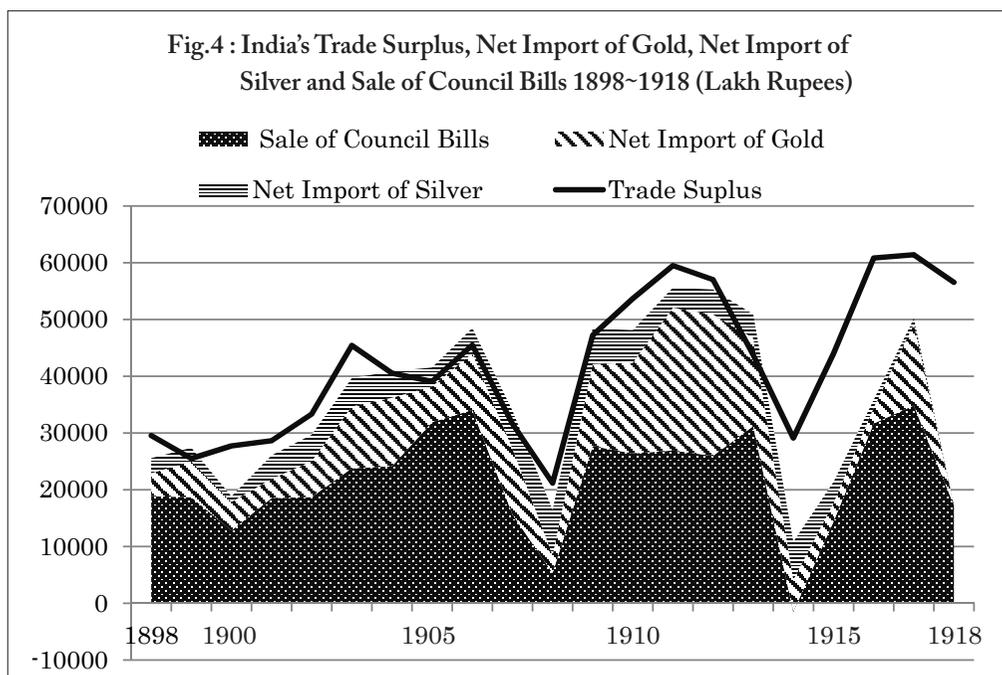


Note: The amounts of export are reckoned as minus figures.

Source: Reserve Bank of India, *Banking and Monetary Statistics of India*, 1954, pp.971-78

had increased and was 28.3% from 1910 to 1914. Each share to the total gross import from 1893 to 1914 was as follows. Britain: 42.5%, Australia: 26.3%, Egypt: 14.6%, South Africa: 1.0%. On the other hand, each share to the total net import during the same period was as follows. Australia: 41.3%, Egypt: 23.0%, Britain: 16.6%, South Africa: 1.6%. While British share to the total gross import was about 40%, its share to the total net import was no more than below 20%. In the respect of the net import, both Australia and Egypt exceeded Britain.

Fig.4 shows the amounts of India's trade surplus (①), net import of gold (②), net import of silver (③), and sale of council bills in London (④). The exchange banks bought council bills drafted by the India Office in London for the purpose of remitting funds to India and financing India's export trade. They could change the bills into rupees at the currency offices in the three presidency towns. The sale of council bills means the transfer of funds from the Government of India to the India Office in London. It is one of the deficit items on India's international balance of payments. The aggregate sum of ②, ③ and ④ was almost equal to the sum of ① from 1898 to 1913. Most of India's trade surplus was defrayed by the former. In a sense, these three items acted as means for liquidating India's trade surplus. The shares of each item's total amount to the three items' aggregate amount from 1898 to 1913 were as follows. ②: 29.9%, ③: 11.6%, ④: 58.5%. The



Source: G. F. Shirras, *Indian Finance and Banking*, 1920, p.466. *Statistical Abstract relating to British India from 1898-9 to 1907-8, 1909*, pp.148-9 and 166-9. *Report of Committee on Indian Exchange and Currency, 1919 in Reports of Currency Committees*, reprint 1982, pp.242-4.

shares of each item for the last 5 years until 1913 were ②: 37.2%, ③: 9.3%, and ④: 53.5%. According to these figures, it can't be said that council bills were overwhelming means for liquidating India's trade surplus in the pre-war years. Precious metals, in particular gold, played a significant role.

The above considerations urge us to doubt both the two mutual-contrastive understandings. One is that the Indian GESS could have prevented gold from flowing into India. The other is that India's demand for gold had obliged Britain to drain much gold toward India. The former was often insisted by the Indian nationalists, while the latter was often supported by the British officials.

III. Exchange banks' arbitrage transactions of gold and inflow of gold to India

(1) The general formula for the inflow of gold to India

In considering the exchange banks' arbitrage transactions of gold, I'll examine a case when India's credit is settled with the inflow of gold from Britain to India. The arbitrage transactions depend on how the next factors are combined. There are included ① rupee-pound exchange rate. ② transport charges of gold between Britain and India. ③ price of gold in London, ④ price of gold in India. At first, I'll formalize generally the relations among these factors in the above case. In this point, it is necessary to understand the elements of the GCSS equipped in the Indian GESS. They consisted in (a) circulation of gold sovereigns as legal tenders, (b) unrestricted export and import of gold, (c) free local gold markets, the center of which was the Bombay Bullion Market, (d) convertibility of sovereigns into rupees at a fixed rate (Official obligation to purchase sovereigns at a fixed price unrestrictedly). It can be said that the Indian GESS was equipped with fundamental elements of the GCSS except unrestricted convertibility of rupees into sovereigns. The latter was left to the authorities' discretion. It was these elements that enabled importers of sovereigns bearing the transport charges to obtain rupees through the tender of sovereigns to the currency offices or the sale of sovereigns at the local gold markets.

I'll make the following presumptions. ① exchange rate: 1 rupee = X pence. ② price of gold in London: 1 grain = Y pence. ③ transport charges of 1 grain gold = Z pence. ④ price of gold in India: 1 grain = G rupees. ⑤ amount of credit = 1 sterling-pound. The credit can be settled in two ways. (a) the creditor in India drafts a sterling bill of exchange and sell it to an exchange bank. This is a case when no gold is imported. (b) the creditor asks the debtor to buy gold in London and to export it to India bearing the transport charges himself (= the creditor). Then the creditor sells it in India. This is a case when a certain amount of gold is imported. The creditor can sell the gold

at either the currency offices or the local gold markets. He chooses a way which gives him more rupees.

In the case of (a), the creditor receives $240/X$ rupees. In the case of (b), he receives $240G/Y-240Z/YX$ rupees. The condition in which gold is imported to India is

$$240G/Y-240Z/YX > 240/X$$

This numerical formula can be arranged into

$$X > (Y+Z)/G$$

According to this formula, the below situations will modify the figures to make import of gold more advantageous if the other figures are stable.

- (a) rupee-pound exchange rate is high
- (b) price of gold in London is low
- (c) transport charges of gold are cheap
- (d) price of gold in India is high

(2) Price of gold in London and transport charges of gold

I'll examine each element included in the above numerical formula. First, we can look upon price of gold in London (Y) as fixed. Britain adopted the rigid gold coin standard system before W.W.I. As the Bank of England not only ensured mutual convertibility between the bank notes and gold coins but also sold and bought gold bullion unrestrictedly at fixed prices (mint prices) in the London gold market, the rates of exchange among gold coins, currency notes and gold bullion were fixed. Second, the transport charges of gold (Z) can be thought to decrease in the long run and to fluctuate to a tiny degree in short terms.

(3) Rupee-pound exchange rate

I'll compare the formation process of the exchange rate in the Indian GESS with those in the GCSS and the regular GESS.

(a) The GCSS

As the monetary authorities ensure mutual convertibility between currency notes and gold, the value in gold of the national currencies is fixed. On the other hand, the fluctuations in the international balance of payments shift the supply of and the demand for exchanges, therefore the exchange rate. If the rate fluctuates beyond the range of 'the gold parity \pm the transport charges of gold', settlements with gold appear in the place of those with exchanges. It is owing to this substitution that the fluctuations of exchange rate remain within the above range. The rate is kept stable as the result of free movements of gold. The authorities' exchange policies including control

of interest rates and open market operations affect mainly the international balance of payments and don't regulate directly the movements of gold.

(b) The regular GESS

The regular GESS countries have neither domestic gold reserve nor gold coin circulation, but keep gold exchanges as the external reserves. Gold exchanges are a sort of credit money and short-term assets in a dominant GCSS country's currency which is called an 'international currency'. The monetary authorities unrestrictedly sell gold exchanges to and buy them from exchange banks to keep stable the exchange rate between its own national currency and the international currency. The national currency is indirectly linked to gold via the international currency. These operations mean official interference into the exchange market to balance the supply of and the demand for gold exchanges. The authorities absorb the imbalances on the private accounts and transfer them into their own official account. They can also borrow gold exchanges in the GCSS country whose currency is an international currency when gold exchanges are short. It is owing to these manipulations of credit that exchange banks can continue to settle with exchanges, the GESS country can dispense with gold reserve, and it can keep stable the exchange rate. In this sense, the gold parity in the GESS is the prescribed rate with which the authorities interfere into the exchange market. When the authorities are obliged to change the rate of the interference, the actual exchange rate will follow it. And even if the imbalances are too large for the authorities to keep the gold parity, the rate will not be corrected forcibly by free movements of gold. There is some room for discretion of the authorities to determine the actual exchange rate.

(c) The Indian GESS

The Indian GESS also had the same mechanism of official interference into the exchange market as that of the regular GESS to secure rupee's gold parity. It was called the 'council bill mechanism'. The India office and the Government of India balanced the supply of and the demand for sterling bills by the sale and purchase of council bills and reverse council bills. As long as this mechanism worked well, the imbalances on the private accounts were absorbed into the increase or decrease of the London balances of the Government of India and India's whole external transactions in sterling were settled with sterling bills without gold.

Table 1 shows the average rupee-pound exchange rate in each year from 1898/9 to 1917/8. The rates fluctuated between 15.931 and 16.087 pence in the pre-war years. According to one example of a large transaction in those days, the transport charges of gold (including insurance and commission) between Britain and India was 1.566 pence / one sterling-pound gold. Measured in a term of 1rupee = 16 pence, the gold export point on the Indian side was '1rupee = 15.896

Table 1 : Rupee-Pound Exchange Rates 1898~1918 (Pence)

Year	Rate	Year	Rate
1898-99	15,972	1908-09	15,931
1899-1900	16,069	1909-10	16,031
1900-01	15,981	1910-11	16,083
1901-02	15,982	1911-12	16,059
1902-03	16,022	1912-13	16,069
1903-04	16,047	1913-14	16,009
1904-05	16,045	1914-15	16,082
1905-06	16,042	1915-16	16,147
1906-07	16,087	1916-17	16,496
1907-08	16,031	1917-18	16,497

Source : *Appendices to the Report of the Royal Commission on Indian Currency and Finance, 1926*, p.114 (Statement of evidence submitted by Mr. Gyan Chand).

pence' and the gold import point was '1 rupee = 16.104 pence'. The above fluctuations show that all the rates were within the range between the two gold points. These fluctuations seem as if the GCSS had been adopted and there appeared no signs of the discretion peculiar to the GESS.

(4) The cases of inflow of gold to India

There were three cases when the exchange banks would import gold to India. All these cases were based on the above-mentioned GCSS elements equipped in the Indian GESS.

① The Government of India had the obligation to purchase sovereigns at the rate of 15 rupees for a sovereign (= the acquisition price). The acquisition price determined the minimum price of gold in the local markets. When the price in the local markets (= the bazar price) was higher than the acquisition price, there happened the probability that it was more advantageous for the creditor to import gold and sell it at the local markets than to settle the credit with council bills even if the exchange rate was below the gold import point. The bazar price followed the market conditions and was affected by the peculiar local factors such as the demand in the upcountry regions, the bullion dealers' amount of stock, and the amount of gold on the way for India. These factors were beyond the control of the Government of India. At the same time, it was because the

authorities did not strictly ensure convertibility of rupees into gold that the bazar price could be higher than the acquisition price. The authorities were afraid that unrestricted conversion of rupees into gold would exhaust the gold reserve of the Government of India and more gold would be flowed from Britain into India. On the other hand, the authorities did not make use of the discretion in setting the sale price of council bills to counter the higher bazar price. The reason was that they wanted above all the stable exchange rate.

② There could happen short-term and very small difference between the expected price of council bills and the actual price (= the actual exchange rate) at the auction in London. The latter was dependent on the supply of and the demand for council bills. Though the India Office determined the amount of sale at a certain price considering its own necessity of funds and anticipating the amount of demand, the actual demand fluctuated following India's balance of payments, in particular the export of agricultural products which had seasonality and was affected by the temporary climatic conditions. Therefore, it was probable that the demand would be excessive and the actual price might be higher than the expected one. On the other hand, the latter should be below the gold export point on the British side if the India Office wanted to prevent gold from flowing into India. In these situations, the exchange banks exported gold to India when they thought it more advantageous. But as the India Office could modify the amount of sale, the excess could neither be large nor last for a long time.

③ The above two cases could be applied to not only the gold from Britain but also that from other countries including Australia, Egypt and South Africa etc. Gold was imported according to the different situations in each country.

When we see again the above numerical formula ($X > (Y + Z)/G$), we can find the following facts. ① Y was fixed. ② G had two prices. One was the fixed acquisition price (A) and the other was the fluctuating bazar price (B). B could not be lower than A. ③ Z could fluctuate, but was too small to give significant effects on the formula. ④ X could fluctuate potentially following the India Office's choice of the sale price of council bills, but averagely remained within a narrow range because the India Office wanted above all the stable exchange rate. On the other hand, it could fluctuate temporarily to a tiny degree according to the amount of demand for council bills.

Considering these facts, in what cases would the exchange banks export gold from Britain to India to settle India's credit? When $X=A$ ($G=B=A$) and Z decreased to a tiny degree, gold would not be exported as long as X was below the gold import point. But if $B>A$, so $G=B$ and $G>A$, or Z decreased to a large extent, gold could be exported even if X was below the gold import point. Though the India Office could potentially manipulate X to respond to G's increase or Z's decrease for the purpose of checking the outflow of gold, it preferred the stable exchange rate to the fluctuated one. In the end, the higher bazar price than the acquisition price and/or the decrease of

the transport charges of gold to a large extent would cause the drain of gold from Britain, though the latter had much smaller effects. Another case of the drain would happen when the short-term excessive demand for council bills raised the price of council bills (X) at the auction beyond the gold import point.

(5) The mechanism of the inflow of gold

Now I'll show more clearly the distinction between the mechanism of the inflow of gold in the GCSS and that in the Indian GESS. First, I presume the case when India had been the GCSS country. The exchange banks in those days had the sterling balances (deposits) in Britain. The balances act as a cushion to make up for the imbalances on their current sterling account. When the exchange banks have the current deficit on the sterling account, they can continue to pay the debt out of the balances for a while. On the contrary, if they have the current surplus, they increase their sterling balances. But when the surplus becomes too large, they run short the local currencies (rupees) to be paid for the purchase of export bills. One way of the compensation is to borrow rupees from the financial markets. But the creditability of the exchange banks as private companies was limited and India had poor financial markets. The other way is to convert the sterling assets into gold in London, send it to India and again convert the gold into rupees. This way drains gold out of Britain. In these situations, it would have been probable that the exchange banks drained a large amount of gold out of Britain to compensate the shortage if India had been the GCSS country. And as the above operations raise the rupee-pound exchange rate, it would be more advantageous for the exchange banks to export gold to India.

In the case of the Indian GESS, the authorities could potentially absorb all the excessive sterling assets of the exchange banks into the government's account and provide them with the necessary rupees through the unrestricted sale of council bills as long as silver coins are enough in India. This operation was a sort of manipulation of credit which only the government's strong creditability made possible. It was true that the exchange banks were given by the Indian GESS an ample source of rupees without converting the sterling assets into gold in Britain.

However, on the other hand, the coexistence of the GCSS elements in the Indian GESS always enabled the exchange banks to compare between the two ways of settlement (with exchanges and with gold) and to select a more advantageous one. As the authorities concentrated their efforts to set the sale price of council bills below the gold export point on the British side, they could counter neither the fluctuations of the bazar gold price nor the unexpected rise of the sale price of council bills. If there had not been included the GCSS elements in the Indian GESS, the exchange banks would not have had an option to export gold to settle India's credit. While the stable exchange rate (= the result of smooth settlements) is realized through free movements of

gold and the manipulation of credit is limited within the credibility of the exchange banks in the case of the GCSS, the stable exchange rate is realized by the government's manipulation of credit which makes movements of gold unnecessary in the case of the regular GESS. In the case of the Indian GESS, the coexistence of the GCSS elements distorted this function of the regular GESS. In other words, the GESS elements and the GCSS elements struck and weakened each other. All things considered, the GCSS elements in the Indian GESS could not but cause the exchange banks to settle India's credit with gold when it was more advantageous for them, though the Indian GESS potentially gave them an ample source of rupees. It was indispensable for the authorities to transform the Indian GESS into the regular GESS if they wanted to extinguish the settlements with gold.

(6) The reasons why the GCSS elements were equipped in the Indian GESS

Why the GCSS elements were equipped in the Indian GESS? I think there were four main reasons.

(a) The most fundamental reason was the characteristics of India's monetary situations in those days. Precious metals including gold and silver were the dominant forms of money in India. While a great number of the Indian people demanded gold mainly as saving vehicles, gold coins circulated as transaction currencies if not in large quantity. Gold coins were sometimes held as saving vehicles and sometimes melted into bullion to be manufactured into ornaments. Gold was indispensable for Indians' economic activities and lives. The dominance of precious metal currencies was derived from the immaturity of the credit organizations such as banking system in India. It could not be improved for a short time. In this sense, the GCSS elements and the convertibility into silver coins were the products of the compromise with India's vernacular monetary situations. The British authorities could neither forbid import of gold by regulations nor demonetize gold as a currency.

(b) As mentioned before, since most of the imported sovereigns were tendered to the Government of India, the authorities could recover a considerable portion of the gold drained from Britain through the remittance of gold from the Government of India to the British Government. But it was the second best to no outflow of gold because the British Government needed to persuade the Government of India to transfer gold.

(c) As Fig.4 shows, the GCSS elements drew a considerable amount of gold from other countries than Britain. As long as it decreased the outflow of gold from Britain to India, it was welcome by the authorities.

(d) The Government of India also needed a certain amount of gold. It had to hold silver or gold in the Paper Currency Reserve backing the issue of currency notes beyond the fiduciary part.

If silver was short, gold must make up for it. This strict rule not only followed the British banking regulations but also could be an excuse against Indians' criticism.

IV. Conclusions

When we retrace the process until the Indian GESS was established in the early twentieth century, we can find an interesting fact. It is often said that the British authorities intended to introduce the GCSS into India in the earlier years after 1893 (in particular the Fowler Committee in 1898), but they later changed their attitudes to look for the monetary system without gold coin circulation and managed to build the Indian GESS by the early twentieth century. However, it is interesting that all the British policy-makers in those days neither denied institutionally the settlements of India's credit with gold nor ensured strictly convertibility of rupees into gold whether they were supporters of the GCSS or not. Even the decided supporters of the GESS such as A. M. Lindsay, E. F. Law and the chief members of the Chamberlain Committee (1913) proposed the obligation of the Government of India to receive the imported gold in exchange for rupees. And even the Fowler Committee denied ensuring convertibility of rupees into gold. Though it is certain that the Fowler Committee's denial was intended to increase the gold reserve for the future convertibility and the Chamberlain Committee denied also the future convertibility, the supporters of the GESS had consistently agreed with the above obligation. What this fact suggests is that no one had ever proposed the regular GESS until the Indian GESS was established, though it had been the most favorite system for those wishing to prevent gold from flowing into India.

I've already indicated the reasons for it ((a) ~ (d)). The reason (a) suggests that all the British policy-makers understood that a certain amount of gold was indispensable for Indians' economic activities and lives. In this sense, the Indian vernacular monetary situations affected the British policies and the GCSS elements were derived from the compromise with the former. The reasons (b) ~ (d) suggest that the British authorities wanted to utilize for the British interests the gold obtained by India from all over the world instead of extinguishing the flow of gold into India. The GCSS elements in the Indian GESS worked also as a device to draw gold from other countries than Britain. On the one hand, the British authorities restrained the outflow of gold from Britain by means of the GESS elements, and on the other hand, they drew gold from other countries than Britain by means of the GCSS elements allowing the outflow of a certain amount of gold from Britain into India. The GCSS elements were not only the compromise but also had a positive role for the British interests. Finally, I think the coexistence of the GCSS elements was made inevitable by the worldwide monetary circumstance in those days. That is to say the international gold standard system in the heyday where many countries adopted the GCSS and gold was still the

main medium of international settlements. In such a circumstance, a certain amount of gold inevitably flowed into India as long as free export and import of gold were permitted and there were free gold markets in India. It was impossible to disconnect India from the use of gold according to the British expectations, because India had already been subsumed into the world market under the international gold standard system. The worldwide prevalence of the regular GESS had to wait the end of W. W. II. It was under the Bretton-Woods system after the war that all capitalistic countries except the U.S. made their national currencies completely inconvertible and linked them to the dollar which was the sole currency linked to gold though its convertibility into gold was much limited.

In conclusion, we can't call the Indian monetary system before W. W. I. the gold exchange standard system without hesitation. It was not the regular GESS but a combination of the GESS and the GCSS, though the elements of the former were dominant. The boundary between the two systems was obscure and not a few actual operations were left to the authorities' discretion. The coexistence of the GCSS elements was not only the compromise with the Indian vernacular monetary situations but also a significant device for the British interests and necessitated by the historical stage of the worldwide monetary use.

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