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MADRAS RECORD OFFICE.

Government of Madras.

Financial DEPARTMENT.

G.O. No.	492	Press
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Dated	5-7-	18 6 ² .

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Not to be folded or roughly handled

*Proceedings of the Madras Government, Financial Department,
5th July 1862.*

No. 22. Read the following letter from A. WEDDERBURN, Esq., Collector of Cuddapah; to A. J. ARBUTHNOT, Esq., Acting Chief Secretary to Government, Fort Saint George, dated 28th May 1862, No. 18.

With reference to the Circular to all Collectors communicating the Proceedings of Government and Order thereon, dated 20th May 1862, No. 380, I have the honor to make the following reference: Bank of Madras Currency Notes have, by the proceedings adverted to, been made, for the first time, a legal tender in this District. A restriction there must be on cashing Notes of any amount, for, if Merchants come to the Treasury with Notes for lacs of Rupees, instead of, as at present, with bills to a limited amount,

16 lacs of bills have been drawn in a year by Merchants on this Treasury, and more would be drawn if it could be got.

of which the Treasury Officer has advice, it is obvious that the District Treasury cannot meet the demand, and it will take from three weeks to a month to get the cash from other Treasuries. In making Notes a legal tender, the public should be warned that no action is to lie against a Treasury Officer, for declining to cash Notes, which he cannot meet.

2. When new Bank of England Notes, which are a legal tender in England, are tendered in payment, there is a practice of requiring the presenter of the Note to endorse it with his name. I am not aware whether this custom has a legal sanction, or is a very effective remedy against fraud in England, but a person refusing to endorse a new Note is liable to awkward suspicion from tradesmen and others. However that may be, in England, it appears to me that such a requisition by the cashing Officer of Government might have a greater efficiency, and be a greater check against fraud in this country. Presenters of Bank Notes in the Mofussil are likely to be known by name, and if the Treasury Officers were authorized to demand an endorsement of the presenter's name on a new Note, persons would be shy of committing themselves by bringing forged Notes.

3. The late Acting Accountant General was of opinion that forgery would not commence until after some time. However that may be, early due precautions must be taken, and I would wish to be informed who is to be answerable for the receipt of a forged Note. My Deputy Collector, although acquainted with English, probably never received, or passed a Bank Note in his life. He is the cashing Officer. When a Bank is established in any new place, a staff of Officers is organized, the Inspector of Notes and signatures is a man of special capacity, and whether he, or the Bank suffers loss, when mistakes or oversights are made, the responsibility rests on the institution.

4. Government Treasury Officers, well up to routine account work, are suddenly made Cashiers of what must now be called Branch Banks of Madras. It seems hard to require such responsibility of them without previous training or experience. They give no security, and have nothing to live on, but their pay, and could make good no losses.

5. I respectfully beg that Government will be pleased to take into consideration the propriety of appointing to District Treasuries an experienced official from the Bank of Madras, who should be held responsible in connection with that institution for all bad Notes passed into the Treasury. The Bank of Madras receives a large amount of profit from the extension of its Currency, out of that profit it ought to defray the necessary extra expenses of promoting that Currency. The Government Officers in the Districts will keep and guard the Cash and Notes without charge, but it is scarcely fair to convert them on the instant, into Branch Bank Cashiers, responsible for any bad Note that is imposed on them.

6. As to forgery not being attempted for some time in this country, I wish I could entertain any hope that it will not be attempted, and that it will be extensively practised, unless steps be taken to ensure a proper check against it, I feel pretty sure.

7. Although every Native, from his infancy upwards, talks of nothing but Rupees, and tries every coin before he takes it—it does not prevent the coinage of lead Rupees and brass Pagodas—with every one his own Shroff, the coining trade is still practised. If deception in sound, weight, and color, is practicable, how much more is the false signature in an unknown tongue of the Bank Cashiers, the figures may be all right, but the mystery of the water mark may be beyond the comprehension of the cultivator; all these may be said to be general objec-

*Proceedings of the Madras Government, Financial Department,
5th July 1862.*

tions to a Paper Currency, but I adduce them to show that there is a very fair prospect for successful forgery. People that can cut a Telegraph wire and read off the message in transit, are not likely to be behind hand with Bank Notes. If the likelihood of forgery be admitted, I would respectfully urge the appointment by the Madras Bank of a responsible Note Inspector to be paid at their expense, and to attend at my Treasury. It is but a simple precaution for the interests of Government. I would then summon the Cashiers of Taluq Treasuries to the Huzur to be instructed in the peculiarities of the paper, signature, and other private marks, which I suppose the Madras Bank, like other Banks, adopts as a safeguard against forgery.

Referred for the report of the Accountant General.

FORT SAINT GEORGE,
3rd June 1862.

(Signed) W. S. WHITESIDE,
Deputy Secretary to Government.

No. 23. From H. A. MANGLES, Esq., Acting Accountant General; to the Acting Chief Secretary to Government, Fort Saint George, dated 9th June 1862, No. 54.

I have the honor to acknowledge receipt of letter, No. 18, dated 28th May, from the Collector of Cuddapah to your address, referred to me for report, in which, he raises various objections to the introduction into his district, of the new Currency Notes:

2. His first assertion is, that, the Notes have been made a legal tender in his District. This is an error, Treasury Officers have been meely authorized by Government to receive them, and then only, provided the Officer in charge, is sufficiently acquainted with English, to obviate the probability of loss. They are at present, a legal tender in only six Districts, viz., Madras, North and South Arcot, Salem, Coimbatore and Tanjore. But even if they were a legal tender in his District, for the reasons given in the next paragraph, it is clear, that there can be no prospect, as he imagines, of the whole of the Silver in his Treasuries, being withdrawn for the payment of Notes.

3. He then suggests, that a restriction should be made in cashing Notes, otherwise, "the District Treasury cannot meet the demand, and it will take from 3 weeks to a month, to get the cash from other Treasuries." In Circular, No. 119, issued from this Office, on receipt of Government Resolution, No. 380, dated 20th May last, the following rule is laid down: "That Notes are to be cashed at places where there are no Branch Banks acting as Agents for the Government, Currency, and then only, to a limited extent, and for small sums, as an accommodation to private parties or travellers, at the discretion of Treasury Officers." But not only this Circular has been apparently overlooked, but also the original Act for the introduction of the Paper Currency, which provides, that a person can only demand Silver in exchange for his Notes at the head Agency of Issue, that is, at the Madras Bank at Madras.

4. In the 3rd paragraph of his letter, he expresses alarm at the probability of forgery, and enquires, in such a case, who would be answerable. I cannot see what greater responsibility is incurred by the disbursing Officer in receiving Government Notes, than in cashing salary abstracts, or supply bills. The former are certainly more easy of imitation; the latter equally so.

5. He then recommends, that as the Bank of Madras receives a large amount of profit from the extension of its circulation, it should be required to depute a Note Inspector to his Treasury, to instruct his cashiers in the peculiarities of the paper, signature, &c. Here again, he appears to have forgotten, that the profits of the Paper Currency goes into the coffers of the Government, and that the Bank Officers are no better able to instruct persons in the peculiarity of the Notes than the Collector himself. If he provides each of his Treasury Officers with a sample Note of each denomination, I do not consider, that Government need be apprehensive of any loss from forged Notes, provided, his subordinates exercise ordinary care in examining all Notes on receipt.

*Proceedings of the Madras Government, Financial Department,
5th July 1862.*

No. 24.

ORDER THEREON, 5th July 1862, No. 492.

A copy of the Accountant General's letter will be furnished to the Collector of Cuddapah in reference to his communication of the 28th May last, No. 18.

(Signed) A. J. ARBUTHNOT,
Acting Chief Secretary.

Exd. T. O'Connor.

No. 18

Cuddapah Collectors Office
On Circuit at Madnapalli
28th May 1862

From

A. Medderburn Esquire

Collector of
Cuddapah

To

A. J. Arbuthnot Esquire

As Chief Secretary to Government
Fort Saint George

Sir.

Recd 4/6

With reference to the Circular to all Collectors Communicating the Proceedings of Government Order thereon dated 20th May 1862 No 380. I have the honor to make the following reference. Bank of Madras Currency Notes have, by the proceedings adverted to, been made, for the first time, a legal tender in this District. A restriction there must be on cashing notes of any amount, for, if Merchants come to the Treasury with notes for laes of Rupees, instead of, as at present, with bills to a limited amount, of which the Treasury Officer has advice, it is obvious that the District Treasury cannot meet the demand, and it will take from three weeks to a month to get the cash from other Treasuries. In making

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making Notes a legal tender, the public should be warned that no action is to lie against a Treasury Officer, for declining to cash notes, which he cannot meet.

2 When new Bank of England notes, which are a legal tender in England, are tendered in payment, there is a practice of requiring the presenter of the note to endorse it with his name. I am not aware whether this custom has a legal sanction, or is a very effective remedy against fraud in England, but a person refusing to endorse a new note is liable to awkward suspicion from tradesmen & others. However that may be, in England, it appears to me that such a requisition by the Cashing Officer of Government might have a greater efficiency, & be a greater check against fraud in this country. The presenters of Bank notes in the Mofussil are likely to be known by name, and if the Treasury Officer were authorised to demand an endorsement of the presenter's name on a new note persons would be shy of committing themselves by bringing forged notes.

3 The late Acting Accountant General was of opinion that forgery would not commence until after some time. However that may be, early due precautions must be taken, and I would wish to be

2 informed who is to be answerable for the receipt of a forged note. My deputy Collector, although acquainted with English, probably never received, or passed a Bank note in his life. He is the Cashing officer. When a Bank is established in any new place, a staff of Officers is organised, the inspector of notes and signatures is a man of special capacity, and whether he, or the Bank suffers loss, when mistakes or oversights are made, the responsibility rests on the institution.

4 Government Treasury Officers, well up to routine account work, are suddenly made Cashiers of what must now be called Branch Banks of Madras. It seems hard to require such responsibility of them without previous training or experience. They give no security, and have nothing to live on, but their pay, and could make good no losses.

5 I respectfully beg that Government will be pleased to take into consideration the propriety of appointing to District Treasuries an experienced official from the Bank of Madras, who should be held responsible in connection with that institution for all bad notes passed into the Treasury. The Bank of Madras receives a large amount of profit from the extension of its currency.

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out of that profit it ought to defray the necessary extra expenses of promoting that currency. The Government Officers in the Districts will keep and guard the cash and notes without charge, but it is scarcely fair to convert them on the instant, into Branch Bank Cashiers, responsible for any bad note that is imposed on them.

6 As to forgery not being attempted for some time in this country, I wish I could entertain any hope that it will not be attempted, and that it will be extensively practised, unless steps be taken to ensure a proper check against it. I feel pretty sure.

7 Although every Native, from his infancy upwards, talks of nothing but rupees, and tries every coin before he takes it - it does not prevent the coinage of lead rupees and brass pagodas - with every one his own shroff, the coining trade, is still practised. If deception in sound, weight, and color, is practicable, how much more is the false signature in an unknown tongue of the Bank Cashier - the figures may be all right, but the mystery of the water mark may be beyond the comprehension of the cultivator, all these may be said to be general

objections to a paper currency, but I address them to show that there is every fair prospect for successful forgery - People that can cut a telegraph wire and read off the message in transit, are not likely to be behind hand with bank notes. If the likelihood of forgery be admitted, I would respectfully urge the appointment by the Madras Bank of a responsible note inspector to be paid at their expense, and to attend at my Treasury. It is but a simple precaution for the interests of Government. I would then summon the Cashiers of Taluk Treasuries to the Hague to be ^{instructed} in the peculiarities of the paper, signature, and other private marks, which I suppose the Madras Bank, like other Banks, adopts as a safe guard against forgery.

I have the honor to be
Sir

Yours Most Obedt. Servt.

A. Muddiah
Collector

Fort Saint George,
Accountants Office,
9 June, 1862.

No. 514

From
The Acting Accountant General,
To The Chief Secretary to Government.

Sir, I have the honor to acknowledge receipt of letter No. 18, dated 28th May, from the Collector of Cuddalore to your address, referred to me for report, in which, he raises various objections to the introduction into his district, of the new Currency Notes.

2. His first assertion is, that, the notes have been made a legal tender in his district. This is an error. Treasury Officers have been merely authorized by Government to receive them, and then only, provided the Officer in charge, is sufficiently acquainted with English, to obviate the probability of loss. They are at present, a legal tender in only six districts, Viz: Madras, North and South Arcot, Salem, Coimbatore and Tanjore. But even if they were a legal tender in his district, for the reasons given in the next para, it is clear, that there can be no prospect, as he imagines, of the whole of the silver in his Treasury being
Sd/-

100 = 20 May 1862 No 580
ditto 11 July

100 = 20 May 1862 No 580
ditto 11 July

The Collector of
Cuddalore
Chief Secretary
Government
100 = 20 May 1862
No 580
ditto 11 July

100 = 20 May 1862
No 580
ditto 11 July

Regarding instructions in relation to the currency, Madras Govt. No. 580 dated 28th May 1862, in which it is stated that the Government has decided to be acquainted with the currency notes in his district, and to be acquainted with the Government of the Bank in respect of notes for reasons assigned -
Sd/-

Fort of Madras
3 June 1862

Placed for the report of
the Accountant General.

H. J. Mackintosh
100 = 20 May 1862

100 = 20 May 1862
No 580
ditto 11 July

being withdrawn for the payment of notes.

3- He then suggests, that a restriction should be made in cashing notes, otherwise, "the district Treasury cannot meet the demand, and it will take from 3 weeks to a month, to get the cash from other treasuries." In circular No 119, issued from this Office, on receipt of Government Resolution No 380, dated 20th May last, the following rule is laid down: "That notes are to be cashed at places where there are no Branch Banks acting as agents for the Government Currency, and then only, to a limited extent, and for small sums, as an accommodation to private parties or travellers, at the discretion of Treasury Officers." But not only this circular has been apparently overlooked, but also the original act for the introduction of the Paper Currency, which provides, that a person can only demand silver in exchange for his notes at the Head Agency of issue, that is, at the Madras Bank at Madras.

4 In the 3^d para. of his letter, he expresses alarm at the probability of forgery, and enquires, in such a case, who would be answerable. I cannot see what greater responsibility is incurred by the disbursing Officer in receiving Government notes, than in cashing salary abstracts, or supply bills. The former are certainly more easy

of imitation; the latter equally so.

5 He then recommends, that as the Bank of Madras receives a large amount of profit from the extension of its circulation, it should be required to depute a note inspector to his Treasury, to instruct his cashiers in the peculiarities of the proper signature, &c. Here again, he appears to have forgotten, that the profits of the paper currency goes into the coffers of the Government, and that the Bank Officers are no better able to instruct persons in the peculiarity of the notes, than the Collector himself. If he provides each of his Treasury Officers with a sample note of each denomination, I do not consider, that Government need be apprehensive of any loss from forged notes, provided, his subordinates exercise ordinary care in examining all notes on receipt.

I have the honor to be,
Sir,

Your obedient servant,
R. Mearns
Ag^t Accounts Genl.

Camp & Co.
C^o of the Bank

Financial Department. 15

PROCEEDINGS of the MADRAS GOVERNMENT

Read the following papers:

From Collector of Cuddapah
(Dated 28 May 1862 N° 78)

From Dy. Accountant General
(Dated 9 June --- 54)

Order thereon 5 July 1862 N° 1492

A copy of the Accountant General's
letter will be furnished to the
Collector of Cuddapah in refer-
-ence to his communication
of the 28th ^{May last} N° 18.

To Collector of Cuddapah.
- " - Dy. Accountant General.

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Smt M. S. S. S.

April 1862. Sep 5
The Dy. Accountant General
to the Dy. Collector
Cuddapah
Dated 3rd June 1862
N° 18
N° 54
N° 1492
N° 78
Report on the Collector
of Cuddapah letter
quoting the introduction
of the new currency
into Cuddapah

21st of July

Financial 1862 sept.
Introduction of new
currency notes into the
District of Buddapoh No. 492

Proceedings of Govt.

8/5 July 1862

Furnishing letter from
the Accountant General to the
Collector of Buddapoh
respecting the introduction
into that District of the
New Currency Notes.