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MADRAS RECORD OFFICE.

Government of Madras.

Financial DEPARTMENT.

G.O. No.	55	Press ~~Mis.~~
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Dated	20—1—	1862.

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Proceedings of the Madras Government, Financial Department, 20th January 1862.

No. 70. Read the following Extract from the Proceedings of the Government of India, in the Financial Department, dated 3rd January 1862, No. 51.

Read again the under-mentioned papers relative to the transfer to the Bank of Bengal of the business at present performed in the General Treasury, Fort William, and the issue of Government Paper Currency Notes under Act XIX of 1861:—

Financial Resolution, dated 22nd August 1861.

Letter to the Judges of the Supreme Court, Calcutta, No. 10,709, dated 22nd August 1861.

Ditto to the Managers of the Service Funds, Calcutta, No. 10,633, dated 22nd August 1861.

Ditto to the Solicitor to Government, No. 10,631, dated 22nd August 1861.

Ditto to the Administrator of Bengal, No. 10,630, dated 22nd August 1861.

Ditto to the Directors of the Bank of Bengal, No. 10,632, dated 22nd August 1861.

Agreement with the Bank of Bengal, dated 26th September 1861.

Letter from the Judges of the Supreme Court, dated 10th September 1861.

Ditto from the Directors of the Bank of Bengal, No. 1,821, dated 12th September 1861.

Ditto from the Solicitor to Government, No. 592, dated 26th October 1861.

Ditto from the Honorary Secretary, Bengal Civil Fund, dated 1st November 1861.

Financial Resolution, No. 13,779, dated 8th November 1861.

Read also letter from the Administrator General of Bengal, dated 9th December 1861.

Resolution.—The Governor General in Council observes that the twelve months' notice given to the Bank of Bengal, under the provisions of Act VI, of 1839, will expire on the 10th February 1862, and that it has been declared by Section I of Act XIX. of 1861, that Section XXXI. of Act VI. of 1839, so far as it authorizes the Bank to issue Promissory Notes payable on demand, is repealed from and after the first day of March 1862.

It becomes necessary, therefore, to determine without delay what steps shall be taken for the introduction of the Government Paper Currency in Bengal.

It also has to be considered:—

1*stly*. On what date the transfer of the business at present performed in the General Treasury shall be made to the Bank of Bengal, under the provisions of Clauses 1 and 2 of the Agreement with the said Bank, in order that the Notification provided for in Clause 20 of the Agreement may be issued.

2*ndly*. When and in what manner the Cash Balances shall be made over to the Bank, and—

3*rdly*. What steps are necessary for carrying out the orders contained in the Resolution passed in this Department on the 22nd August last, in respect to the conduct of the business of the Sub-Treasurer's Office generally by the Bank and the accounts to be rendered by the Bank.

With respect to the introduction of the Government Paper Currency, His Excellency in Council directs that a set of Rules for the conduct of business, in conformity with Clauses 6 to 18 of the Agreement with the Bank, be drawn up in consultation with the Officiating Mint Master and the Secretary and Treasurer of the Bank, and that a suitable eststablishment be provided for the purpose of assisting the Officiating Mint Master in the management of the Paper Currency.

As regards the transfer of the Treasury business to the Bank, His Excellency in Council observes, with reference to the first point mentioned above, that it is provided by Clause 20 of the Agreement with the Bank that the provisions of the Agreement shall come into operation from and after a day to be fixed by the Governor General in Council by Notification in that behalf, which shall be published in the *Calcutta Government Gazette* within six calendar months from the date of the Agreement, (viz., the 26th September 1861), and His Excellency in Council resolves that from and after the 1st day of March 1862, the business referred to in paragraphs 1 to 5 of the Resolution of the 22nd August last, shall be conducted by the Bank in the manner stated therein.

In regard to the several Departments of the Sub-Treasurer's Office, His Excellency in Council is pleased to pass the following orders:—

No. 1. *Government Savings' Bank.*

This Department will be made over by the Sub-Treasurer to the Accountant General to the Government of India.

No. 2. Securities deposited by and belonging to Officers of Government on which the Sub-Treasurer draws and remits interest.

These Securities will be transferred to the Bank, leaving the Directors of the Bank to submit for consideration the question mooted in paragraphs 9 and 10 of the Resolution of the 22nd August last, relative to an extra remuneration to the Bank on account of the said Securities.

No 3. *The Custody in Deposit and Credit of the Assets of Deserters, deceased Officers and Soldiers (both in cash and articles deposited) and the preparation of the accounts and periodical Statements connected therewith.*

This duty will be transferred to the Presidency Pay Master in the manner set forth in paragraph 11 of the Resolution of the 22nd August, on the understanding that the action of the Presidency Pay Master will commence from the date of transfer, the previous accounts being made over to the Accountant General to the Government of India, to whom all references regarding past transactions will be made by the Presidency Pay Master.

No. 4. *The Counter-stamp Department.*

This Department will, as provided in the Resolution, be made over to the Civil Pay Master.

No. 5. *The Deposits of the Supreme Court.*

The Judges of the Supreme Court having agreed to the taansfer of these Deposits to the Bank, provided the security of the state is not withdrawn, and no additional expense is occasioned, the Governor General in Council directs that the Directors of the Bank be requested, with respect to this and all the other *quasi* Governmental accounts transferred to the Bank with the Treasury business, to waive its usual commission on sale or purchase of Capital Stock, and only retain the $\frac{1}{4}$ per cent. commission on drawing Interest of Securities lodged with the Bank.

No. 6. *The Deposits and Accounts of the different Service Funds.*

The subject of these deposits and accounts will be separately disposed of.

No. 7. *Records, Accounts and Vouchers of the General Treasury.*

These will be made over to the Accountant General to the Government of India.

No. 8. *The acceptance of Bills not payable at sight, and payment of sight Bills without acceptance, issue of supply Bills, and of Land Revenue, Public Service and Privilege Remittance Transfer Receipts.*

These duties will be distributed between the Bank of Bengal and the Civil Pay Master, in the manner laid down in the Resolution of 22nd August last.

No. 9. *The Deposits of Educational, Nizamut and other Funds on which the Sub-Treasurer draws and remits interest and invests accumulations of assets in Government Securities under orders of the respective authorities.*

The orders passed in regard to the deposits of the Supreme Court (No. 5,) apply to the deposits of Educational, Nizamut and other Funds.

No. 10. *The Deposits of the Administrator General and Official Trustee and the receipt of his remittances to England.*

These deposits, &c., His Excellency in Council observes, are some of those *quasi* Governmental accounts to which the orders relative to the deposits of the Supreme Court (No. 5,) apply

No. 11. *The custody of State Jewels and of Copper Coins remitted by the Secretary of State.*

The custody of State Jewels will rest with the Mint Master and that of Copper Coins remitted by the Secretary of State with the Bank. The Copper Coins are at present unsorted in their original packages arranged cargo by cargo. The packages will be taken over by the Bank, but

may remain at the Treasury vault for the present, unless the Directors of the Bank desire to remove them, and examine their contents. Practically, they will remain where they are, and the Bank will credit the Government of India with the invoice value of the Copper Coins, but if on opening any package to send Copper Coins to any District Treasuries any mistake be discovered in the invoice, as the package will never have been, though nominally, out of the custody of Government, His Excellency in Council will be prepared to sanction the Bank's being credited with any proved deficiency.

No. 12. *The Deposits of t*[*he General Post Office.*]

The Bank having declined to cash the halves of [Bank Notes which constitute these deposits] in order that the value may be held in deposit, the ha[lves of the Bank Notes in question will be] transferred to the Bank for the purpose of being di[sposed of in any way the Directors of the] Bank may determine.

No. 13. *The remittance an*[*d despatch of Bullion.*]

This business will be performed by the Bank un[der orders of the Civil Pay Master, the cost] being charged against the Government in contingent [bills to be passed by the Civil Pay Master.]

No. 14. *Custody and credit of remittances from* [*the District Treasuries.*]

The orders passed above in regard to Departme[nt, No. 13, will apply to this Department] also.

No. 15. *The Account and Correspondence De*[*partment of the General Treasury* will be] transferred to th Accountant General to the Governm[ent of India.]

No. 16. *Bonds of Indemnity, Emigration Bond*[*s and Guarantees, Title Deeds of Government properties, Fort Marlbro' Bonds, Servants' depo*[*sits, and Emigrants' deposits and Soldiers' Treasury Notes* will also be transferred to the Account]ant General.

No. 17. *The Cash Balance of the General Trea*[*sury* will be made over to the Bank. But] so much of the actual specie as may require to be lodg[ed with the Issue Department of the Mint] in exchange for Currency Notes will remain for the pr[esent at the Treasury, the rest of the Cash] Balance being removed to the Bank. The Treasury [vault will then be transferred to the cus]tody of the Mint Master.

With respect to the third point, nothing more a[ppears to be necessary than to direct the] Accountant General in communication with the Ban[k to carry out the views expressed in the] Resolution of the 22nd August.

Adverting to paragraph 43 of the Resolution of th[e 22nd August, His Excellency in Council] observes that two questions were referred to the Advo[cate General for opinion, *viz.*]

1*st.* How far the literal construction of the Co[ntracts with Railway Companies may be] affected by the abolition of the General Treasury.

2*nd.* The necessity for some provision for the s[ubstitution of the Officers of the Bank of] Bengal in the place of the Sub-Treasurer as Special Ass[essors and Collectors of Income Tax duty] upon all sums liable thereto which may be paid from t[he Bank.]

As regards the first question, His Excellency in Co[uncil agrees with the Advocate General] in thinking that the operation of the Railway Company[s will not be at all affected by the substitu]tion of the Bank of Bengal for the present General T[reasury of Calcutta. His Excellency in] Council thinks it will be sufficient for the purpose of [meeting the provisions of the contracts] according to their true legal construction that an order [be passed and published to the effect that] the Treasury of the Secretary of State for India in Cou[ncil and of Her Majesty's Government] shall, from and after the 1st of March 1862, be establi[shed at the Bank of Bengal, and that all] payments to be made by or to the Secretary of State in [Council or the Government of India, or] the Government of Bengal, at the Treasury of the East [India Company, or of the Secretary of] State in Council, or of the Government at Fort William, [shall and may be henceforth made at the] said Bank of Bengal.

As the payments of interest on Government Secu[rities are to be extended to the Bank of] Bengal, and as such interest is expressed to be payable [at the General Treasury at Fort William,]

and as it may be questioned whether that expression does not imply a separate Government establishment called the General Treasury, and whether it would be legally satisfied by the appointment of an Agency at a Bank for the purposes of a Treasury, His Excellency in Council thinks it will be preferable to provide by a Legislative Act for such payments being made at the Bank of Bengal as long as its Agreement with the Government should remain in force.

With respect to the 2nd question, the Governor General in Council observes that under the Income Tax Act, the Officers of the Bank of Bengal, by whom payments are made on account of the Government under the new arrangement, can scarcely be deemed "Authorities in charge of a Public Treasury" within the meaning of Section 26, although "authorized to pay the interest on any Security of the Government of India, &c.," and that consequently they will not become Ex-officio Assessors under that Section, nor can they be appointed by the Local Government, Special Assessors under Section 31 of the Act, as that Section only applies where no provision has been made for the appointment of Assessor by the Act itself. But His Excellency in Council thinks that, in the new Act for regulating the Bank, a clause may properly be inserted, providing that the Secretary and Treasurer of the Bank of Bengal should have vested in him the same authority and power as an Assessor, in regard to any interest on any Security of the Government of India, or any other sums or profits specified in Section 26 of the Act, and which the Bank of Bengal may be authorized to pay on account of the Government, as by Sections 26 and 32 are vested in the Sub-Treasurer of the Government.

Measures have been taken already in this Department, with a view to the order as to general payments, and the provisions regarding payments of interest on Government Securities, and appointment of the Secretary and Treasurer of the Bank, being embodied in the new Act above referred to, and His Excellency in Council desires, that the necessity of passing the new Act may be taken into early consideration at a meeting of the Council for the purpose of making Laws and Regulations.

In publishing the order regarding general payments, and the Notification above alluded to, His Excellency in Council desires that the Agreement with the Bank be published, in order that the public may be apprized of the terms on which the business of the General Treasury and the Government Paper Currency shall, from the date fixed, be conducted by the Bank of Bengal.

It will also be intimated that the Head Commissioner of the Department of Issue shall be the Master of the Mint at Calcutta or the person officiating in that capacity for the time being, and that the Calcutta Circle of Issue, within which the Notes will become a legal tender, shall for the present embrace all the districts subject to the control of the Government of Bengal (except the districts noted in the margin,) and the districts of Gazeepore, Mirzapore, and Benares belonging to the North-Western Provinces, that the Bank of Bengal is prepared at once to establish Branches at *Benares, Mirzapore, Patna* and *Dacca*; that any persons who might prefer applying at the Mint for Notes in exchange for coin or bullion might apply there instead of at the Office or Agency at the Bank, provided they apply for not less than 2,000 Rupees at a time, and that in doing so that they will receive Notes duly issued by the Head Commissioner, one day after their applications, but that the actual place of issue of Notes so applied for will be the Office of the Head Commissioner at the Bank, and, finally, that the Notes will be taken and paid at all the Treasuries comprized in the Circle of Issue mentioned above.

Balasore, Cuttack, Pooree, and Sumbulpore, in the *Cuttack Division.*
Cossyah and Jynteah Hills, Durrung, Goalpara, Kamroop, Lukhimpore, Nowgong and Seeb Saugor in the *Assam Division.*
Tipperah, Bullooah and Chittagong, in the *Chittagong Division.*
Akyab, Ramree, and Sandoway, in the *Arracan Division.*
Hazareebaugh, Lohardugga, Maunbhoom, and Singbhoom, in the *Chota Nagpore Division.*
Darjeeling.
Cachar.
Sylhet.
Sonthal Pergunnahs.

With regard to the arrangements to be entered into with the Banks at Madras and Bombay, the Governor General in Council directs that copies of the Resolution of the 22nd of August last, of the Agreement with the Bank of Bengal, and of this Resolution, be forwarded to the Governments of those Presidencies, with a request that this Government may be furnished as soon as possible with the detailed arrangements which those Governments propose with their respective Banks, together with a statement of the extent of the respective Presidency Circles, date of

commencement of the transfer of their Treasury business and introduction of the Paper Currency, and other particulars, if any, as Charter Act Amendments, which those Governments would recommend, with a view to carry out the arrangements in general accordance with those now sanctioned for Calcutta.

Ordered, that a copy of the foregoing Resolution be forwarded to the under-mentioned Department, Governments, and Officers, with a request that the orders contained therein respecting them be attended to:—

Military Department.
Governments of Bengal, North-Western Provinces,* Madras* and Bombay.*

* With copy of Resolution, dated 22nd August 1861, and of Agreement with the Bank of Bengal.

Mint Committee, Calcutta.
Officiating Master, Calcutta Mint.
Accountant General to the Government of India.
Deputy Auditor and Accountant General, Bengal.
Sub-Treasurer, Fort William.
Civil Paymaster, ditto.
Directors of the Bank of Bengal:
Clerk of the Legislative Council.

(A true Extract.)

(Signed) C. HUGH LUSHINGTON,
Secretary to the Government of India.

No: 71. ORDER THEREON, 20th January 1862, No. 55.

Resolved, that a copy of the foregoing Extract from the Proceedings of the Government of India and the papers which accompanied it be forwarded to the Accountant General, and that he be requested to report at an early date the detailed arrangements which he would propose to make with the Bank of Madras—the extent of the Presidency Currency Circle—date of commencement of transfer of Treasury business and introduction of the Paper Currency—with any other particulars which he would recommend in view to carrying out the arrangements in general accordance with those sanctioned for Calcutta.

(Signed) T. PYCROFT,
Chief Secretary.

Exd: F. Cartledge.

No.

EXTRACT from the Proceedings of the Government of India, in the Financial Department, d. 22nd August 1861.

READ again letter, No. 9314, of 30th July 1861, to the Accountant General to the Government of India, the Sub Treasurer, Fort William, the Civil Pay Master, Fort William, and the Secretary and Treasurer of the Bank of Bengal, calling on those officers to report :—

1*st*. What is the precise nature of the duties to be performed by the Bank under the provisions of Articles I. and II. of the Agreement with the Bank of Bengal.

2*ndly*. When and in what manner the transfer of the duties shall be made.

3*rdly*. The number and forms of the accounts to be rendered by the Bank to Government.

Read answer (without date) of the abovementioned officers, to the questions detailed.

RESOLUTION.—His Excellency the Governor General in Council observes, that the Committee report that, under Articles I. and II. of the Agreement with the Bank of Bengal, it will devolve on the Bank to receive and credit daily to the Supreme Government of India, and the Government of Bengal, respectively, all monies paid into it, either by cash or transfer, on account of those Governments, and to disburse, under full and sufficient vouchers, covered by the authority of the requisite various officers of Government, and of Pay, Audit and Account, and under correct legal discharges, the money daily payable on account of those Governments on every account whatever.

For all money or monies so received, it will be the duty of the Bank to deliver to the party making the payment, a receipt or other acknowledgment, stating the amount paid and the account on which it was paid, and specifying the date of payment, under the signature of the Secretary and Treasurer of the Bank, or other officer of the Bank duly authorized by the Directors of the Bank. At the close of business of each day, it will be the duty of the Bank to prepare (in the forms recommended and submitted with the Committee's answer to point 3) the detailed accounts of the whole receipts and of the whole disbursements of the day, and to forward these, as early as possible on the following morning, with the Chalans of receipt and vouchers of payment regularly

numbered, receiving in exchange the discharge of the Accountant General to the Government of India, after due check and audit, for the amount of the daily disbursements.

It will further be the duty of the Bank at the close of business of each day to prepare, in the form recommended under point 3, three abstract total statements of the account of the said Supreme Government of India and Government of Bengal, shewing the total balance of the said account at the commencement of each day's business, the total collections, the total disbursements, and the balance at the close of the business of the day to be carried forward in account to the following day ; and to forward them to the Civil Pay Master, the Accountant General, and the Financial Secretary to Government of India, provided always that the Bank of Bengal will not be finally discharged in its account with the said Government of India and Government of Bengal, except under the cheque drawn by the Accountant General to the Government of India, to be issued by him, after check and audit, daily, of the respective vouchers of receipts and disbursements received and paid by the Bank. Also to furnish such other monthly accounts, abstracts and other statements as may from time to time be prescribed and required by the Government.

These duties are now performed in the receipt and payment of money by the Sub Treasurer, Fort William ; and His Excellency the Governor General in Council agrees with the Committee in thinking that, on the transfer of the Treasury business to the Bank, the Bank should be required to perform the same duties.

The Committee go on to say that they do not consider that the Articles of Agreement, No. I. and II., provide for the discharge by the Bank of Bengal, of the other duties performed by the Sub Treasurer, and that a separate Agreement will be required for the performance of such other duties of the Sub Treasurer as His Excellency the Governor General in Council may see fit to transfer to the Bank of Bengal. The Committee add that they have come to this conclusion because they see that the part of the Sub Treasurer's establishment transferred to the Bank is that part only which is allowed for the transaction of the business of receipt, collection, payment and remittance of money.

His Excellency the Governor General in Council observes, however, that the Advocate General takes a view different to that of the Committee. In Article II. it is agreed that the Bank of Bengal shall transact for the Government of India and the Government of Bengal all such business "as is usually transacted by Bankers for their Customers ;" and it is held by Mr. Ritchie that the custody of Government securities and the drawing of interest thereon are comprised within this provision. In this view, His Excellency in Council concurs.

In speaking of the other duties of the Sub Treasurer, the Committee enumerate 16 Departments.

No. 1. *Government Savings Bank.*

The Committee report that this is essentially a Government Institution, carrying on its transactions with all parts of the country by means of the District Collectors and Divisional Pay Masters ; that its Secretary exercises certain judicial powers under Act XXVI. of 1855 ; that it credits deposits and debits withdrawals made at the District Collectorates' and Pay Masters' Treasuries on monthly returns forwarded by those officers ; that these repayments are made by the Savings Bank Secretary by orders on Collectors and Pay Masters ; and that it has a separate establishment of its own paid by Government, under an Actuary, who is responsible to Government, and has given both Bond of Indemnity and Security for the correct discharge of his duties ; all which points, as well as the possibility of the present establishment being discharged, if the duties are made over to the Bank of Bengal, speak in favor of the Savings Bank being retained under the charge of the Accountant General of India, the Bank of Bengal acting merely as its Bankers. On the other hand, the proposed establishment of Branch Banks by the Bank of Bengal in the interior of the country, and the facilities to be thus afforded for the management of the Government Savings Bank, and for the receipt and repayment of deposits, are considerations which, in the opinion of the Committee, point to the expediency of transferring the management of the Savings Bank to the Bank of Bengal, when the District Banks shall be established. Under these circumstances, the Accountant General and the Sub Treasurer are inclined to recommend that arrangements be made with the Bank of Bengal to accommodate the Government Savings Bank on their premises, but that in all other respects it should retain its present character, and continue, subject to the existing rules, under the present Actuary, the only change being the transfer of the duties of Secretary to the Secretary of the Bank of Bengal, or to some other competent officer of the Bank, as may be from time to time agreed upon ; the Civil Pay Master and the Secretary to the Bank of Bengal recommend the entire transfer of the Government Savings Bank to the Bank of Bengal.

With reference to these recommendations His Excellency the Governor General in Council remarks that if the transfer of the Government Savings Bank to the Bank of Bengal be made at all, it will only be fair to Bank that they should be allowed to work it on their own system and under the exclusive control of their own officers ; but looking to the constitution of the Government Savings Bank, as set forth by the Committee, to the circumstance that the Bank of Bengal cannot accommodate the Government Savings Bank establishment on its premises, and to the possibility of objections arising in connection with the delegation to the Secretary of the Bank of Bengal of the

judicial powers at present exercised by the Secretary to the Government Savings Bank, His Excellency prefers (for the present at all events) to leave the Government Savings Bank as it is, under the charge of the Accountant General to the Government of India; the Bank of Bengal merely acting as its Bankers.

No. 2. Securities deposited by and belonging to officers of Government on which the Sub Treasurer draws and remits interest.

The Committee see no objection to the performance by the Bank of Bengal, of the duties connected with these deposits or to the transfer of the custody of these securities to the Bank. They believe that the business would fall to be conducted in the Agency Department of the Bank, and that the Bank would charge the depositors the usual rate of commission on the drawings and remittances of interest; and of this, in the Committee's opinion, the depositors would have no just ground to complain; but they think the Bank should forego their present charge upon withdrawal of securities. Should any difficulty arise in respect to this arrangement, the Committee recommend the deposits, along with the establishment, be transferred to the charge of the Accountant General of India.

In the views thus expressed by the Committee, His Excellency in Council is unable to concur. He is of opinion, as stated above, that the custody of Government securities and the drawing interest thereon are comprised within the general engagement entered into by the Bank to transact for Government all such business "as is usually transacted by bankers for their customers." His Excellency in Council also is of opinion that it would be very unfair to throw upon depositors any charge on account of commission upon the drawings and remittances of interest; but there is nothing in the nature of the duties themselves to prevent the transfer of them to the Bank; and as the Bank have agreed to forego the demand of any commission or fees on the withdrawal of, or on the drawing or remitting of interest due on, the securities adverted to, provided that, in addition to the sum of Rs. 43,606 to be paid to the Bank under Clause III. of the General Agreement, such further sum as is reported by the Sub Treasurer to be fair, with reference to the work performed in connection with the deposits by that part of the establishment which is not included in the sum of Rs. 43,606 be made over to the Bank, His Excellency the Governor General in Council is pleased to resolve that the custody of the securities in question and the duties connected with the deposits, be transferred to the Bank of Bengal, it being reserved for after consideration what further sum shall be paid to the Bank of Bengal under the condition mentioned above.

No. 3. The custody in deposit and credit of the assets of deserters, deceased officers, and soldiers (both in cash and articles deposited) and the preparation of the accounts and periodical statements connected therewith.

The Committee recommend that this duty be transferred to the Presidency Pay Master, who will transmit daily to the Bank of Bengal the cash

received by him in order that it may be credited to its proper head of account, and will deposit with the Bank all articles of value (such as medals, jewels, &c.) for safe custody, taking a receipt for the same, and rendering to the Government for publication in the *Gazette*, the periodical statements prescribed by them. The Pay Master will also withdraw from the Bank, and after obtaining the prescribed No Demand Certificates from the Military Accountant and Auditor General will, from time to time, remit any sums repayable to officers in the interior of the country, under the General Orders relating to such repayments, or will pay them over to the Administrators to the Estates, or remit them Home, as the case may require.

Of these recommendations His Excellency in Council approves.

No. 4 The Counterstamp Department.

His Excellency in Council also approves of the Committee's recommendation that this portion of the Sub Treasurer's duties be transferred to the Civil Pay Master.

No. 5. The deposits of the Supreme Court.

These deposits are held under the joint and several charge of the Accountant General and Sub Treasurer by the present rules of the Supreme Court, but in reality the Government Promissory Notes and accounts are, for the convenience of drawing interest, kept entirely in the custody of the Accountant General, who has an establishment paid from the fees realized to the Government under the rules of the Court. The management of these funds is entirely under the control of the Judges of the Supreme Court; but the Committee see no objection to the transfer of the duties to the Bank of Bengal; and recommend that an application be made to the Judges of the Supreme Court for that purpose.

His Excellency the Governor General in Council approves of the Committee's recommendation and resolves that, the sanction of the Judges being obtained the duties connected with the deposits of the Supreme Court shall be transferred to the Bank of Bengal.

No. 6. The deposits and accounts of the different Service Funds.

These deposits, the Committee think, may be transferred to the Bank of Bengal, with the concurrence of the Managers and Shareholders, and after the enactment of a new rule constituting the Bank of Bengal (as custodian of the Government balances) their Treasurer, instead of the Sub Treasurer of Fort William, as is now the case; provided that the Bank make no charge for the same. This arrangement will not however apply in the case of the Civil Service Annuity and Uncovenanted Service Family Pension Funds, which are held as Book Debts of the Government. These Funds must be

operated upon through the intervention of the Accountant General of the Government, India, in such manner as may be arranged by him with the Bank. The Secretary and Accountant of the different Funds ought also to be required to audit and pass, after assessing and deducting the Income Tax, the annuities and pensions payable in India. In the case of annuities and pensions payable in England, the Secretary and Accountant will require to obtain the orders of the Accountant General for the transfer of the amount transferable, and pass the same through the accounts of the Bank of Bengal, instead of, as at present, through those of the Sub Treasurer.

His Excellency the Governor General in Council observes that nothing can be done in this matter without the concurrence of the Managers and Shareholders of the several Funds, and it will probably take time to arrange with them. Letters may however be written to the Managers on the subject, and the opinion of the Advocate General may be taken on the suggestion of the Committee for the assessment of Income Tax by the Secretaries and Accountants of the several Funds.

No. 7. *Records, Accounts and Vouchers of the General Treasury.*

The Committee recommend that these be transferred to the Accountant General, who will require them for constant reference, and who will have to prepare the accounts from the vouchers received from the Bank daily, in the same manner as the accounts are now prepared by the Sub Treasurer. The Accountant General will also have to ascertain from time to time, and to certify the particulars of assets at credit, or the manner in which such assets have been disposed of. As the Account and Record officers are responsible for and well acquainted with these matters, the Committee recommend that such portion of the establishments of the Record Office and Account Department, as the Accountant General may require for the performance of the duties devolving on him, be transferred to him with the records and accounts.

His Excellency the Governor General in Council approves of these suggestions.

No. 8. *The Acceptance of Bills not payable at sight, and payment of sight Bills without acceptance, issue of Supply Bills, and of Land Revenue, Public Service and Privilege Remittance Transfer Receipts.*

The Committee observe that the payment of sight Bills without acceptance, as recently authorized by the Sub Treasurer, must cease, and that all Treasury Bills, whether payable at sight or not payable at sight, will require to be accepted by an officer of Government, a view which is not concurred in by the Secretary to the Bank of Bengal or the Civil Pay Master in respect of Bills payable at sight, who think it will throw unnecessary impediments in the way of the transaction of business by the public. The Committee recommend the duty of acceptance be transferred to the Civil Pay Master as well as the issue of SupplyBills; the money for the last named being received at the Bank, and the

Bills issued by the Civil Pay Master on the Bank's advices; and the Bank being furnished from time to time by the Civil Pay Master with advices of the Treasuries which can be drawn on, and the account available at each, as is at present done to the Sub Treasurer. The Committee recommend that the money for Land Revenue, Public Service, and Privilege Remittance Receipts be received by the Bank of Bengal under the existing rules, and that the receipts be issued by the Bank as is now done by the Sub Treasurer, corresponding advices, authorizing the necessary payment to be made by the different Collectors and Pay Masters drawn on, being daily issued on them by the Civil Pay Master on advices received from the Bank, detailing the payments made and the receipts issued at the Bank.

His Excellency in Council concurs in the views expressed by the Accountant General and the Sub Treasurer, and resolves that the duties connected with Bills shall be distributed between the Bank of Bengal and the Civil Pay Master, Fort William, in accordance with their recommendation.

No. 9. *The deposit of Educational, Nizamut and other Funds on which the Sub Treasurer draws and remits interest and invests accumulations of assets in Government securities under orders of the respective authorities.*

The Committee recommend that these deposits and the duties connected therewith be transferred to the Bank of Bengal on such terms as may be agreed on. The duty is now performed by the Sub Treasurer without any charge to these Funds.

His Excellency the Governor General in Council approves of this recommendation and desires that the Bank of Bengal be requested to state on what terms they are willing to undertake the business.

No. 10. *The deposits of the Administrator General and Official Trustee and the receipt of his remittances to England.*

The custody of these deposits is now held, and the duty of their daily recurring receipts and return, is now performed by the Sub Treasurer, without any charge save an allowance of Rupees 360 a year, made to the ministerial officer, who registers their receipt and return in the Sub Treasurer's Office. With the concurrence of the Administrator General and under orders of Government, the Committee see no difficulty in these deposits being transferred to the Bank, on such terms as Government may arrange with the Bank. They think the easiest mode of doing this would be for the Administrator General and Official Trustee, after sufficient authority has been obtained, to withdraw from the Sub Treasurer's custody the papers now deposited by him, and to re-deposit them with the Bank of Bengal.

His Excellency the Governor General in Council approves of the transfer of these deposits to the Bank of Bengal in the manner above detailed, and desires that a communication be made to the Administrator General and the Official Trustee on the subject.

No. 11. *The custody of State Jewels and of Copper Coins remitted by the Secretary of State.*

The Committee observe that the Government alone can determine where State Jewels should from time to time be deposited and to what place those now held in the General Treasury should be transferred, whether to the custody of the Bullion Office of the Mint Master or elsewhere. The boxes of copper received from England now in the General Treasury, amounting to about 5,000 boxes, can be sent to the Mint whenever the Government may be pleased to direct, if room is available for their safe custody; the want of room at the Bank of Bengal at present precludes the Committee from recommending them to be made over to the Bank.

His Excellency in Council resolves that the State Jewels be sent to the Mint, to remain in the custody of the Mint Master. The Copper Coins received from England may be looked upon as a part of the Treasury balances, and ought, His Excellency in Council observes, to be taken charge of by the Bank of Bengal. If, however, the Bank of Bengal has no room for these boxes they may be kept, for the present, in the Mint vaults, to be transferred to the Bank of Bengal when room is available.

No. 12. *The deposits of the General Post Office.*

These deposits consist of halves of Bank Notes found in letters, the addressees of which could not be traced, also of return letters and their contents. The Bank of Bengal when applied to, with the view of obtaining value on the half Notes, and placing the same in deposit in the Government Treasury balance, declined to cash the same, as the title to hold was considered by them to be defective. This point the Committee think should be again submitted for the consideration of the Directors of the Bank, and perhaps value may be obtained from the Bank; if not, the Committee recommend these deposits of useless paper be burnt under the authority of Government.

His Excellency the Governor General in Council approves of these suggestions, and directs that they be carried out.

No. 13. *The remittance and despatch of Bullion.*

The Committee recommend this business be performed by the Bank under orders of the Civil Pay Master, the actual cost being defrayed by Government.

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His Excellency the Governor General in Council approves of this recommendation and remarks that it has already been determined on consideration of the Agreement with the Bank of Bengal, that the cost shall be charged in contingent bills to be passed by the Civil Pay Master.

No. 14. *Custody and credit of remittances from the District Treasuries.*

The Committee recommend that these remittances be received, examined and credited either at the Bank or the Mint, as, from time to time, may be directed by the Government and the Civil Pay Master.

His Excellency the Governor General in Council approves of this recommendation and observes that the business would be done by the Bank of Bengal in all cases except cases in which uncurrent coin is remitted for re-coinage; such remittances will naturally go to the Mint.

No. 15. *The Account and Correspondence Department of the General Treasury.*

His Excellency in Council also approves of the Committee's recommendation that the accounts, and such portion of the establishment as may be required, be transferred to the Accountant General.

No. 16. *Bonds of Indemnity, Emigration Bonds and Guarantees, Title Deeds of Government properties, Fort Marlbro Bonds, Servants' Deposits and Emigrants' deposits and Soldiers' Treasury Notes.*

His Excellency the Governor General in Council likewise approves of the suggestion of the Committee, that these documents with their registers, be made over to the Accountant General with the other records.

No. 17. *The cash balance of the General Treasury.*

This balance consists mainly of Silver Coin, and the Committee understand that the Bank of Bengal could not conveniently receive it at present, and the Secretary of the Bank is apprehensive of the effect on the money market of so large an addition to the cash balance of the Bank. A suggestion has been made that it could be sent to the Mint to hold for the Bank of Bengal. The Committee add that it is for the Government alone to determine this; but as the coin or an equal amount will necessarily go to the Mint from the Bank of Bengal on the issue of the new currency, it seems to the Committee a convenient and economical arrangement that it should be transferred at once to its final recipient. In this case, the Mint instead of remitting Coin to the General Treasury, would daily take back as much as convenient, and the Mint receipt for the whole would eventually be transferred to the Bank of Bengal.

With reference to these remarks, His Excellency the Governor General in Council observes that he can see no ground for the apprehension entertained by the Secretary to the Bank of Bengal, provided that the addition to the cash balance be not made until the time approaches for the withdrawal of the Bank's

circulation. The public will be apprised by Notification of the terms on which the Bank have agreed to take charge of the balances, and it will then be seen that the otherwise available resources of the Bank for loaning, &c., will be increased only to the extent of 70 lacs, the excess of Government balance, over and above that sum, being set aside in cash or Government securities or Government acceptances. The public cannot be deceived, if the amount of balance thus set aside is notified in the weekly returns of the Bank. The real question for consideration seems to His Excellency in Council to be, whether it is desirable to make over the balances, until the time more nearly approaches for the withdrawal of the Bank's circulation. The 70 lacs have been looked upon as giving the Bank an equivalent for the withdrawal of their circulation. If it is given before their circulation is withdrawn, the Bank, will for the time, have 70 lacs available for loaning, &c., more than they would otherwise have had, and the sudden curtailment of these available resources when the circulation is withdrawn might have an injurious effect. But the question of the date on which the business shall be transferred does not call for immediate decision, and it will better be determined when the general Agreement with the Bank has been signed.

It is not clear to His Excellency in Council what is meant by the Committee's proposal to send the cash balance to the Mint to hold for the Bank. If it is intended that the Mint authorities should be made responsible for the charge of any part of the balance properly appertaining to the charge of the Bank, His Excellency in Council does not think that the proposal ought to be entertained. If, however, it is only intended that as the Bank will of necessity want a supply of currency Notes, the amount required to be deposited by the Bank at the Mint in exchange for such Notes, should be sent direct from the Treasury to the Mint, instead of being sent first from the Treasury to the Bank, and then from the Bank to the Mint, His Excellency in Council sees no objection to the arrangement, provided the Bank is made responsible for the money from the time it leaves the Treasury, and agree to pay the extra expense, whatever it may be, of conveying the Treasure to the Mint instead of to the Bank.

With regard to the 2nd point,* on which the Committee were desired to report, it is observed by the Committee that the Government alone can, on a consideration of what has been stated, determine when the transfer should be made. They remark that, apart from the actual cash balance, the transfer of which, if made to the Bank, might occupy a fortnight, the other duties might be taken over at once, or one after another in the course of two or three days, and whenever the whole, or any department is directed to be transferred, the Committee recommend that it take place from the 1st of a month. They consider that, previous to the transfer of the

* *When and in what manner the transfer of the duties shall be made.*

whole or of any Department, official notice of the transfer should be given, so as to allow of its being known in all parts of the Indian Empire. This they consider, will be found to simplify and to facilitate business.

In these views, His Excellency the Governor General in Council concurs; but he is of opinion, as already stated, that it will be better to defer passing any decision as to the date on which the transfer shall be made until the general Agreement with the Bank has been signed; and he is further of opinion that as the sudden curtailment of the resources of the Bank, by withdrawing their circulation, might have an injurious effect, the transfer should not take place until the circulation of the Bank is about to be withdrawn.

With regard to the third point,* *viz.*, the number and forms of accounts to be rendered by the Bank to Government, the Committee remark that in their opinion, articles 1st and 2nd of the Agreement only provide for the performance by the Bank of Bengal of the duty of receiving, collecting, paying and remitting money on behalf of the Supreme Government of India and the Government of Bengal; and that for such portion of the other duties now performed by the Sub Treasurer, as the Government may see fit, now or hereafter, to transfer to the Bank, a separate Agreement, providing separately for the terms and conditions on which the business is to be transferred, should be concluded between the Government and the Bank of Bengal. The Committee add that the accounts to be rendered will be in the form of a Register of all receipts and payments at the Bank, which will be submitted daily, with the supporting vouchers, to the Accountant General, with an ordinary Bank Pass Book. The special form of this Register, or daily statement of transactions, which is of the most simple description, and respecting which there is no difference of opinion, had, the Committee think, better be left to be arranged between the Accountant General and the Bank of Bengal.

* *The number and forms of accounts to be rendered by the Bank to Government.*

In respect to the nature of the account to be submitted, His Excellency in Council sees no reason to differ with the Committee; but he cannot, as already stated, concur with them in the opinion they have expressed as to the extent of business to be undertaken by the Bank under the 1st and 2nd articles of the General Agreement, which are clearly intended to include the custody of Government securities deposited by the Government with the Bank, and the drawing and remitting of interest due on such securities.

In addition to the above, the Committee bring two other points to the notice of the Government, *viz.*, firstly, how far the literal construction of the contracts with the Railway Companies may be affected by the abolition of the General Treasury;—and secondly, the necessity for some provision for the substitution of the officers of the Bank of Bengal in the place of the Sub Treasurer

as special Assessors and Collectors of Income Tax duty upon all sums liable thereto, which may be paid from the Bank.

His Excellency in Council considers that these questions should be submitted to the Advocate General for his opinion ; on receiving that opinion action can be taken thereon.

In concluding their report, the Committee bring under the consideration of Government the effect which the transfer of the business of the Treasuary will have upon the position and prospects of a large number of most deserving Uncovenanted employees of the Government, who, if arrangements are not made by the Government with the Bank to give them continued employment, will unexpectedly, through no fault of theirs, lose their means of subsistence, and who, even if continued by the Bank for the service of Government, will still, unless special provision is made for them, forfeit their title to pensions to which they had always looked forward, and for which many of them have almost completed their term of service, while others are already qualified by service.

His Excellency in Council is of opinion that none of the servants of Government who will be displaced should be transferred to the service of the Bank, except with their own complete good will ; and even in that case, it may be fair to give them some lien upon the Government for pension, &c., beyond the strict letter of their rule of service. But to those who are not transferred, His Excellency in Council thinks, that some indulgence is clearly due. The ordinary rules are not made to meet a case in which a large amount of skilled labour and trustworthiness is thrown upon the market. Such a case is quite different from that of gradual superannuation by lapse of time. But probably each case will have to be judged separately, and His Excellency in Council accordingly orders that a list of the members of the establishment dispensed with, containing a statement of their qualifications and their claims to pension and gratuity, be prepared and submitted for the consideration of Government.

ORDERED, that a letter be written to the Judges of the Supreme Court, enclosing a copy of the clauses of this Resolution relating to head No. 5, *viz.*, "Deposits of the Supreme Court", and requesting them to sanction the transfer of the deposits to the Bank of Bengal.

Also, that letters be written to the Managers of all the Service Funds, enclosing copy of the clauses of this Resolution which refer to heading No. 6, *viz.*, "the Deposits and Accounts of the different Service Funds," and requesting (except in the cases of the Civil Service Annuity Fund and the Uncovenanted Service Family Pension Fund) their concurrence and that of the Shareholders in the proposed transfer.

Also, that a letter be written to the Government Solicitor, enclosing a copy of paragraph 15 of the Committee's report, which has reference to the performance of the duty of assessing and deducting Income Tax on annuities

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and pensions payable in India ; together with a copy of the clauses of this Resolution which have reference to the points brought to notice by the Committee in paragraph 30 of their report ; and requesting that he will obtain the opinion of the Advocate General ; first, as to the proposals made by the Committee for constituting the several Secretaries and Accountants of the funds, assessors, and allowing them to deduct Income Tax ; and secondly, on the points referred to in paragraph 30 of the Committee's report and the clauses of this Resolution relating thereto.

Also, that a letter be written to the Administrator General, enclosing copy of the clauses of this Resolution relating to heading No. 10, *viz.*, "the Deposits of the Administrator General and Official Trustee," and requesting him to take the necessary steps for withdrawing from the Sub Treasurer's custody the papers now deposited with that Officer by him, and redepositing them with the Bank of Bengal.

Also, that a letter be written to the Directors of the Bank of Bengal, enclosing copy of the clauses of this Resolution relating to heading No. 12 *viz.*, "the Deposits of the General Post Office," and requesting them to reconsider the question of giving value for the half notes therein referred to.

Also, that a copy of the Resolution be sent to the Foreign, Home, and Public Works Departments, for information.

Also, that a copy of the Resolution be sent to the Military Department, for communication to the offices of Audit, Pay and Account under that Department.

Also, that a copy of the Resolution be sent to the Secretary to the Government of India, in the Marine Department, for information.

Also, that a copy of the above Resolution be forwarded to the Government of Bengal, the Calcutta Mint Committee, the Accountant General to the Government of India, the Deputy Auditor and Accountant General, Bengal, the Sub Treasurer and the Civil Pay Master, Fort William, for information.

(A true Extract)

C. A. Lushington

Secretary to the Government of India.

(True Copy)

Secy to the Govt of India

No. 57

EXTRACT from the Proceedings of the Government of India, in the Financial Department, d. 3rd January 1862.

READ again the under-mentioned papers relative to the transfer to the Bank of Bengal of the business at present performed in the General Treasury, Fort William, and the issue of Government Paper Currency Notes under Act XIX of 1861 :—

Financial Resolution, dated 22nd August 1861.

Letter to the Judges of the Supreme Court, Calcutta, No. 10709, dated 22nd August 1861.

Ditto to the Managers of the Service Funds, Calcutta, No. 10633, dated 22nd August 1861.

Ditto to the Solicitor to Government, No. 10631, dated 22nd August 1861.

Ditto to the Administrator General of Bengal, No. 10630, dated 22nd August 1861.

Ditto to the Directors of the Bank of Bengal, No. 10632, dated 22nd August 1861.

Agreement with the Bank of Bengal, dated 26th September 1861.

Letter from the Judges of the Supreme Court, dated 10th September 1861.

Ditto from the Directors of the Bank of Bengal, No. 1821, dated 12th September 1861.

Ditto from the Solicitor to Government, No. 592, dated 26th October 1861.

Ditto from the Honorary Secretary, Bengal Civil Fund, dated 1st November 1861.

Financial Resolution, No. 13779, dated 8th November 1861.

Read also letter from the Administrator General of Bengal, dated 9th December 1861.

RESOLUTION.—The Governor General in Council observes that the twelve months' notice given to the Bank of Bengal, under the provisions of Act VI. of 1839, will expire on the 10th February 1862, and that it has been declared by Section I of Act XIX. of 1861, that Section XXXI. of Act VI. of 1839, so far as it authorizes the Bank to issue Promissory Notes payable on demand, is repealed from and after the first day of March 1862.

It becomes necessary, therefore, to determine without delay what steps shall be taken for the introduction of the Government Paper Currency in Bengal.

It also has to be considered :—

1*st*. On what date the transfer of the business at present performed in the General Treasury shall be made to the Bank of Bengal, under the provisions of

Clauses 1 and 2 of the Agreement with the said Bank, in order that the Notification provided for in Clause 20 of the Agreement may be issued.

2ndly. When and in what manner the Cash Balances shall be made over to the Bank, and—

3rdly. What steps are necessary for carrying out the orders contained in the Resolution passed in this Department on the 22nd August last, in respect to the conduct of the business of the Sub-Treasurer's Office generally by the Bank and the accounts to be rendered by the Bank.

With respect to the introduction of the Government Paper Currency, His Excellency in Council directs that a set of Rules for the conduct of business, in conformity with Clauses 6 to 18 of the Agreement with the Bank, be drawn up in consultation with the Officiating Mint Master and the Secretary and Treasurer of the Bank, and that a suitable establishment be provided for the purpose of assisting the Officiating Mint Master in the management of the Paper Currency.

As regards the transfer of the Treasury business to the Bank, His Excellency in Council observes, with reference to the first point mentioned above, that it is provided by Clause 20 of the Agreement with the Bank that the provisions of the Agreement shall come into operation from and after a day to be fixed by the Governor General in Council by Notification in that behalf, which shall be published in the *Calcutta Government Gazette* within six calendar months from the date of the Agreement, (viz., the 26th September 1861), and His Excellency in Council resolves that from and after the 1st day of March 1862, the business referred to in paragraphs 1 to 5 of the Resolution of the 22nd August last, shall be conducted by the Bank in the manner stated therein.

In regard to the several Departments of the Sub-Treasurer's Office, His Excellency in Council is pleased to pass the following orders:—

No. 1 *Government Savings Bank.*

This Department will be made over by the Sub-Treasurer to the Accountant General to the Government of India.

No. 2. *Securities deposited by and belonging to Officers of Government on which the Sub-Treasurer draws and remits interest.*

These Securities will be transferred to the Bank, leaving the Directors of the Bank to submit for consideration the question mooted in paragraphs 9 and 10 of the Resolution of the 22nd August last, relative to an extra remuneration to the Bank on account of the said Securities.

No. 3. *The Custody in Deposit and Credit of the Assets of Deserters, deceased Officers and Soldiers (both in cash and articles deposited) and the preparation of the accounts and periodical Statements connected therewith.*

This duty will be transferred to the Presidency Pay Master in the manner set forth in para. 11 of the Resolution of the 22nd August, on the understanding that the action of the Presidency Pay Master will commence from the date of transfer, the previous accounts being made over to the Accountant General to the Government of India, to whom all references regarding past transactions will be made by the Presidency Pay Master.

No. 4. *The Counter-stamp Department.*

This Department will, as provided in the Resolution, be made over to the Civil Pay Master.

No. 5. *The Deposits of the Supreme Court.*

The Judges of the Supreme Court having agreed to the transfer of these Deposits to the Bank, provided the security of the state is not withdrawn, and no additional expense is occasioned, the Governor General in Council directs that the Directors of the Bank be requested, with respect to this and all the other *quasi* Governmental accounts transferred to the Bank with the Treasury business, to waive its usual commission on sale or purchase of Capital Stock, and only retain the $\frac{1}{4}$ per cent. commission on drawing Interest of Securities lodged with the Bank.

No. 6. *The Deposits and Accounts of the different Service Funds.*

The subject of these deposits and accounts will be separately disposed of.

No. 7. *Records, Accounts and Vouchers of the General Treasury.*

These will be made over to the Accountant General to the Govern-ment of India.

No. 8. *The acceptance of Bills not payable at sight, and payment of sight Bills without acceptance, issue of supply Bills, and of Land Revenue, Public Service and Privilege Remittance Transfer Receipts.*

These duties will be distributed between the Bank of Bengal and the Civil Pay Master, in the manner laid down in the Resolution of 22nd August last.

No. 9. *The Deposits of Eduactional, Nizamut and other Funds on which the Sub-Treasurer draws and remits interest and invests accumulations of assets in Government Securities under orders of the respective authorities.*

The orders passed in regard to the deposits of the Supreme Court (No. 5,) apply to the deposits of Educational, Nizamut and other Funds.

No. 10. *The Deposits of the Administrator General and Official Trustee and the receipt of his remittances to England.*

These deposits, &c., His Excellency in Council observes, are some of those *quasi* Governmental accounts to which the orders relative to the deposits of the Supreme Court (No. 5,) apply.

No. 11. *The custody of State Jewels and of Copper Coins remitted by the Secretary of State.*

The custody of State Jewels will rest with the Mint Master and that of Copper Coins remitted by the Secretary of State with the Bank. The

Copper Coins are at present unsorted in their original packages arranged cargo by cargo. The packages will be taken over by the Bank, but may remain at the Treasury vault for the present, unless the Directors of the Bank desire to remove them, and examine their contents. Practically, they will remain where they are, and the Bank will credit the Government of India with the invoice value of the Copper Coins, but if on opening any package to send Copper Coins to any District Treasuries any mistake be discovered in the invoice, as the package will never have been, though nominally, out of the custody of Government, His Excellency in Council will be prepared to sanction the Bank's being credited with any proved deficiency.

No. 12. *The deposits of the General Post Office.*

The Bank having declined to cash the halves of Bank Notes which constitute these deposits, in order that the value may be held in deposit, the halves of the Bank Notes in question will be transferred to the Bank for the purpose of being disposed of in any way the Directors of the Bank may determine.

No. 13. *The remittance and despatch of Bullion.*

This business will be performed by the Bank under orders of the Civil Pay Master, the cost being charged against the Government in contingent bills to be passed by the Civil Pay Master.

No. 14. *Custody and credit of remittances from the District Treasuries.*

The orders passed above in regard to Department, No. 13, will apply to this Department also.

No. 15. *The Account and Correspondence Department of the General Treasury* will be transferred to the Accountant General to the Government of India.

No. 16. *Bonds of Indemnity, Emigration Bonds and Guarantees, Title Deeds of Government properties, Fort Marlbro' Bonds, Servants' deposits, and Emigrants' deposits and Soldiers' Treasury Notes* will also be transferred to the Accountant General.

No. 17. *The Cash Balance of the General Treasury* will be made over to the Bank. But so much of the actual specie as may require to be lodged with the Issue Department of the Mint in exchange for Currency Notes will remain for the present at the Treasury, the rest of the Cash Balance being removed to the Bank. The Treasury vault will then be transferred to the custody of the Mint Master.

With respect to the third point, nothing more appears to be necessary than to direct the Accountant General in communication with the Bank to carry out the views expressed in the Resolution of the 22nd August.

Adverting to paragraph 43 of the Resolution of the 22nd August, His Excellency in Council observes that two questions were referred to the Advocate General for opinion, *viz.*,

1*st.* How far the literal construction of the Contracts with Railway Companies may be affected by the abolition of the General Treasury.

2*nd.* The necessity for some provision for the substitution of the officers of the Bank of Bengal in the place of the Sub-Treasurer as Special Assessors and Collectors of Income Tax duty upon all sums liable thereto which may be paid from the Bank.

As regards the first question, His Excellency in Council agrees with the Advocate General in thinking that the operation of the Railway Company will not be at all affected by the substitution of the Bank of Bengal for the present General Treasury of Calcutta. His Excellency in Council thinks it will be sufficient for the purpose of meeting the provisions of the contracts according to their true legal construction that an order be passed and published to the effect that the Treasury of the Secretary of State for India in Council and of Her Majesty's Government shall, from and after the 1st of March 1862, be established at the Bank of Bengal, and that all payments to be made by or to the Secretary of State in Council or the Government of India, or the Government of Bengal, at the Treasury of the East India Company, or of the Secretary of State in Council, or of the Government at Fort William, shall and may be henceforth made at the said Bank of Bengal.

As the payments of interest on Government Securities are to be extended to the Bank of Bengal, and as such interest is expressed to be payable at the General Treasury at Fort William, and as it may be questioned whether that expression does not imply a separate Government establishment called the General Treasury, and whether it would be legally satisfied by the appointment of an Agency at a Bank for the purposes of a Treasury, His Excellency in Council thinks it will be preferable to provide by a Legislative Act for such payments being made at the Bank of Bengal as long as its Agreement with the Government should remain in force.

With respect to the 2nd question, the Governor General in Council observes that under the Income Tax Act, the Officers of the Bank of Bengal, by whom payments are made on account of the Government under the new arrangement, can scarcely be deemed "Authorities in charge of a Public Treasury" within the meaning of Section 26, although "authorized to pay the interest on any Security of the Government of India, &c.," and that consequently they will not become Ex-officio Assessors under that Section, nor can they be appointed by the Local Government, Special Assessors under Section 31 of the Act, as that Section only applies where no provision has been made for the appointment of Assessor by the Act itself. But His Excellency in Council thinks that, in

the new Act for regulating the Bank, a clause may properly be inserted, providing that the Secretary and Treasurer of the Bank of Bengal should have vested in him the same authority and power as an Assessor, in regard to any interest on any Security of the Government of India, or any other sums or profits specified in Section 26 of the Act, and which the Bank of Bengal may be authorized to pay on account of the Government, as by Sections 26 and 32 are vested in the Sub-Treasurer of the Government.

Measures have been taken already in this Department, with a view to the order as to general payments, and the provisions regarding payments of interest on Government Securities, and appointment of the Secretary and Treasurer of the Bank, being embodied in the new Act above referred to, and His Excellency in Council desires, that the necessity of passing the new Act may be taken into early consideration at a meeting of the Council for the purpose of making Laws and Regulations.

In publishing the order regarding general payments, and the Notification above alluded to, His Excellency in Council desires that the Agreement with the Bank be published, in order that the public may be apprized of the terms on which the business of the General Treasury and the Government Paper Currency shall, from the date fixed, be conducted by the Bank of Bengal.

It will also be intimated that the Head Commissioner of the Department of Issue shall be the Master of the Mint at Calcutta or the person officiating in that capacity for the time being, and that the Calcutta Circle of Issue, within which the notes will become a legal tender, shall for the present embrace all the districts subject to the control of the Government of Bengal (except the districts noted in the margin,*) and the districts of Gazeepore, Mirzapore, and Benares belonging to the North-Western Provinces, that the Bank of Bengal is prepared at once to establish Branches at *Benares*, *Mirzapore*, *Patna* and *Dacca*; that any persons who might prefer applying at the Mint for Notes in exchange for coin or bullion might apply there instead of at the Office or Agency at the Bank, provided they apply for not less than 2,000 Rupees at a time, and that in doing so that they will receive Notes duly issued by the Head Commissioner, one day after their applications, but that the actual place of issue of Notes so applied for will be the office of the Head Commissioner at the Bank, and, finally, that the Notes will be taken and paid at all the Treasuries comprized in the Circle of Issue mentioned above.

With regard to the arrangements to be entered into with the Banks at Madras and Bombay, the Governor General in Council directs that copies

Balasore, Cuttack, Pooree, and Sumbulpore, in the *Cuttack Division*.
Cossyah and Jynteah Hills, Durrung, Goalpara, Kamroop, Lukhimpore, Nowgong and Seeb Saugor in the *Assam Division*.
Tipperah, Bullooah and Chittagong, in the *Chittagong Division*.
Akyab, Ramree, and Sandoway, in the *Arracan Division*.
Hazareebaugh, Lohardugga, Maunbhoom, and Singhbhoom, in the *Chota Nagpore Division*.
Darjeeling.
Cachar.
Sylhet.
Sonthal Pergunnahs.

of the Resolution of the 22nd of August last, of the Agreement with the Bank of Bengal, and of this Resolution, be forwarded to the Governments of those Presidencies, with a request that this Government may be furnished as soon as possible with the detailed arrangements which those Governments propose with their respective Banks, together with a statement of the extent of the respective Presidency Circles, date of commencement of the transfer of their Treasury business and introduction of the Paper Currency, and other particulars, if any, as Charter Act Amendments, which those Governments would recommend, with a view to carry out the arrangements in general accordance with those now sanctioned for Calcutta.

ORDERED, that a copy of the foregoing Resolution be forwarded to the under-mentioned Department, Governments, and Officers, with a request that the orders contained therein respecting them be attended to :—

Military Department.
Governments of Bengal, North-Western Provinces, Madras* and Bombay*.
Mint Committee, Calcutta.
Officiating Master, Calcutta Mint.
Accountant General to the Government of India.
Deputy Auditor and Accountant General, Bengal.
Sub-Treasurer, Fort William.
Civil Pay Master, ditto.
Directors of the Bank of Bengal.
Clerk of the Legislative Council.

(A true Extract)

Secretary to the Government of India.

* With copy of Resolution, dated 22nd August 1861, and of Agreement with the Bank of Bengal

AGREEMENT WITH THE BANK OF BENGAL.

MEMORANDUM of agreement made and entered into this 26 day of Sept in the year of our Lord, one thousand eight hundred and sixty-one, between the Secretary of State in Council for India of the one part and the Bank of Bengal of the other part.

Whereas the Governor General of India in Council, under and by virtue of the provisions of Act VI of 1839 of the Legislative Council of India, on the eleventh of February, one thousand eight hundred and sixty-one, gave notice, in writing, to the Bank of Bengal, that from and after the expiration of twelve Calendar months, from the date of the said notice, the Bank of Bengal and its then powers and authorities would be modified, and by Act XIX of 1861, the powers and authorities of the said Bank have been accordingly modified, as by that Act appears: And whereas at the time when the said notice was so given, negotiations and arrangements were pending between the Governor General of India in Council (acting in the premises on behalf of the said Secretary of State) and the Directors of the Bank of Bengal, having for their object the transfer to the said Bank of the business of the Government Treasuries at Fort William and elsewhere in the Presidency of Fort William and the Provinces annexed thereto, and the superintendence and management by the said Bank, for the Government of India, of the issue of the

then proposed Government Paper Currency: And whereas the general terms of the said proposed arrangement have now been finally settled and agreed upon between the Governor General in Council and the Directors of the said Bank, and by the said Act of 1861, the said Bank have been empowered to enter into an agreement in that behalf with the said Secretary of State in Council: And whereas by Act XIX of 1861 of the Legislative Council of India provision has been made for the issue by the Government of India of Promissory Notes payable to bearer, on demand: Now this Indenture witnesseth, that for the purpose of carrying out the said arrangement, and in consideration of the payments and covenants herein-after respectively mentioned and contained, and by, and on the part of, the said parties to these presents, respectively, to be paid and performed, each of them, the said Secretary of State in Council and the said Bank of Bengal doth and do hereby, for himself and themselves, and his and their respective successors, covenant and agree with the other of them and their and his respective successors in manner following (that is to say):—

First. From and after the day to be appointed by the notification mentioned in the 20th paragraph of these Presents, the business of receiving and paying money on behalf of the Supreme Government of India and the Government of Bengal, heretofore transacted at the General Treasury at Fort William, shall be carried on and transacted by the Bank of Bengal, subject to the provisions of this agreement, and to such

orders and directions with regard to receipts and payments as may, from time to time, be given to the said Bank by the Governor General in Council or any of the Officers of the Government of India authorized in that behalf, and for the purpose aforesaid, such account or accounts shall be opened in their books by the said Bank with the Government of India and Government of Bengal, as the said Government of India shall, from time to time, direct.

Second. The Cash Balance now in the General Treasury shall, from and after the day appointed by the notification aforesaid, be deposited with the Bank of Bengal, who shall also hereafter receive and hold for the said Government of India and Government of Bengal, respectively, all moneys and balances which, but for these presents, would have been received or held by the said General Treasury, and the Bank shall transact, at their principal office in Calcutta, all such business for the Government of India and Government of Bengal, respectively, regarding the receipt, collection, payment, and remittance of money and securities and other matters, as is usually transacted by bankers for their customers.

Third. That from and after the day appointed by the notification aforesaid, the said Secretary of State in Council shall pay to the Bank the actual costs and expenses of packing and shipping specie remitted under the preceding clause, and for which costs and expenses Contingent Bills shall, from time to time, be submitted to the Civil Pay Master, Fort William, for the time being, and be passed by him, on approval, and

the said Secretary of State in Council shall, from and after the last mentioned day, further pay or cause to be paid to the said Bank the yearly sum of Rupees Forty-three thousand, six hundred and six, in full of all costs and expenses attendant on the maintenance by the said Bank of the establishment of clerks and servants necessary for the carrying on of the said Government Banking account and business, and the Bank shall not charge any interest or commission on the said account, except under such arrangement as in the next following clause mentioned.

Fourth. That so long as the average cash balance for any month in the hands of the said Bank on the said Government Banking account shall not exceed Seventy lacs of Rupees, the said Bank shall be at liberty to use and employ such balance, subject to the provisions of their present Charter Act, or any future Act relating to the said Bank and to appropriate the profits arising from such employment, without being charged with any interest in account: And that when and so often as the monthly average of such cash balance shall exceed Seventy lacs of Rupees, the Directors of the said Bank, for the time being, shall forthwith either set aside such excess or surplus in cash to be kept in reserve in a separate cash room or place of deposit on account of the said Government of India, or shall at the option of the Directors of the Bank invest such excess or surplus on account of the Government of India, either in the purchase of Government Securities, or Railway Debentures guaranteed by Government, in the name of the Account-

ant General, or of such other Officers as the Government of India shall, from time to time, direct, or in the discount of Government acceptances or other claims against the Government, and so that such surplus shall be withdrawn from employment as part of the general funds of the Bank, and so on from time to time, as often as an uninvested surplus cash balance above Rupees Seventy lacs shall, on the taking of the monthly average, appear to be in the hands of the Bank. And the said Bank shall at all times be answerable and accountable to the Government of India for the surplus cash balance for the time being so set apart or invested, but shall be entitled to draw and apply the interest or dividends arising from such investment, from time to time, to their own use. But when and so often as the cash balance in the hands of the said Bank shall, on the taking of the monthly average, appear to have been less than Rupees Fifty lacs, then, in addition to the profit which the said Bank may acquire by the employment of such balance, free from interest as aforesaid, an additional allowance or remuneration by way of compensation shall be made to the Bank by the payment by Government of interest on the difference between the amount of the actual balance of Government and the sum of Fifty lacs, the interest being calculated at the average rate of interest paid by the public on fixed loans during the month.

Fifth. That the books of account, and minutes of proceedings of the Bank relating as well to the said Go-

vernment banking account and business as to the general accounts and business of the Bank, shall, from time to time, and not less than once, and not exceeding four times, in any one year, be submitted to the examination and audit of an Officer or Officers to be, from time to time, appointed or authorized by the Governor General in Council for that purpose, and the report of such Officer or Officers as to the state of the banking account between the Government of India and the Bank, or as to the cash balances invested or uninvested for the time being in the hands of the Bank, or as to any proceeding relating to the said banking account or business shall first be laid before the Directors of the Bank to enable them to furnish any explanation or further information touching any of the matters referred to in the report, and such report, together with the explanation, shall then be submitted to the Governor General in Council whose order, decision, or finding on such report shall be binding and conclusive on the Bank.

Sixth. That from and after the day appointed in the notification aforesaid, an agency of Issue shall be established at the principial office of the Bank of Bengal as the Agency for the Circle of Issue (of Calcutta) under Act XIX of 1861, and that the said Bank shall and will act as Agents for the said Secretary of State in Council and the Government of India, in and for the issue to the public at Fort William, and the circulation of the Government Currency Note established by the said Act, and in the payment and cashing of such

Notes, and in all things required to be done by such Agents or at such Agency, under or by virtue of the said Act.

Seventh. That all demands for the issue of Government Currency Notes that shall be made in the Circle of Issue of Calcutta, under the 9th Section of the said Act XIX of 1861, may be made at the said Agency at the principal office of the Bank of Bengal at Calcutta: and that the said Bank shall and will, from time to time, issue and deliver from and at such Agency, such amount of the said Government Currency Notes as may be duly demanded or applied for at the said Agency, by any person or persons, or body or bodies corporate, desiring and entitled to have the same issued under the provisions of the said Act; and shall and will for that purpose, from time to time, apply to the Head Commissioner of the Department of Issue, established under the said Act, for such Government Currency Notes of such denominations as shall be necessary to enable the said Bank to make such issue and delivery.

Eighth. That whenever the said Bank shall issue and deliver at and from such Agency any Government Currency Notes under the 2nd clause of the said 9th Section of the said Act, in exchange for standard silver bullion, or foreign silver coin, or under the proviso in the said section, in exchange for foreign gold coin or gold bullion, the said Bank shall and will, before such issue and delivery, require the production by the person tendering such coin or bullion of a certificate signed by the Master of the

Calcutta Mint that such coin or bullion has been weighed and assayed and has been deposited in the Mint to the full amount in value of the Notes so to be issued, or shall otherwise satisfy themselves that such bullion or coin to the amount in value of the Notes so to be issued at the rates authorized in the said clause and proviso, respectively, has been deposited with the said Department of Issue to the satisfaction of the said Head Commissioner, according to such mode as shall, from time to time, be directed, with the sanction of the Government of India, by the said Head Commissioner.

Ninth. That whenever the said Bank shall issue and deliver at and from such Agency any Government Currency Notes under the 1st or 3rd clause of the 9th Section of the said Act XIX of 1861, in exchange for current silver coin of the Government of India, or for other Currency Notes of the Government of India, payable to bearer on demand, of other amounts issued within the said Circle, or under the proviso in the said section, in exchange for gold coin of full weight of the Government of India, the said Bank shall carry the amount of the said current silver coin or notes, or gold coin of the Government of India, received by it in exchange for the notes so issued, to the credit of the Issue Department of the said Government in such account as the said Head Commissioner, with the sanction of the Government of India, shall, from time to time, direct for that purpose.

Tenth. That the said Bank shall not issue or deliver any of the Government

Currency Notes provided and supplied to it by the said Head Commissioner for the purpose of being issued under the said Act, except to such person or persons, or body or bodies corporate as shall be entitled to demand the same according to the provisions of the said Act and shall have complied with the conditions of the 9th Section thereof, or otherwise than according to the provisions of the said Act.

Eleventh. That the said Bank shall and will, during the continuance of these Presents, pay and satisfy on demand to the holders, the amount of all Government Currency Notes duly issued according to the provisions of the said Act XIX of 1861, either in Calcutta, or in any other Circle of Issue within the Presidency of Fort William in Bengal, which shall be presented for payment or conversion into cash at the principal office of the Bank in Calcutta.

Twelfth. That a settlement shall take place at least twice in every week, and if required by the Bank or by the Head Commissioner of the Issue Department, daily at the office of the Bank in Calcutta, between the Bank and the said Department of Issue, in respect of the notes issued, the bullion or coin, and notes in exchange for which the same have been issued, and the notes cashed or converted, under these presents or the said Act, by the Bank, and the difference in Government Currency Notes or in cash and bullion (as the case may be) shall on such settlement be adjusted, transferred, and paid.

Thirteenth. That so much of the business of the said Issue Department

as shall, from time to time, be carried on at the Bank's office, shall be under the direct control and inspection of the Head Commissioner of the said Department of Issue.

Fourteenth. That the Bank shall, if required by the officer in charge of the Government Issue Department so to do, provide and keep a separate strong room or strong box for the reception and safe keeping of all Currency Notes, coin, and bullion belonging to the said Issue Department, and such room or box shall be under the separate control of the said Issue Department, and its contents shall always be kept separate from the Bank funds and property, and shall be at the exclusive risk of the Government of India, except in case of loss through the neglect, default, or misconduct of the Bank or any of its officers or servants.

Fifteenth. That the Bank shall at any time during the continuance of this agreement, when, and if, required by the Governor General in Council, but not otherwise, provide a sufficient and convenient office for the Department of Issue at Calcutta, and for the Head Commissioner of the said office, upon the premises of the said Bank in Calcutta, at which office the said Head Commissioner shall and may conduct the whole, or any such part, of the business of issue of the said Department of Issue as the Governor General of India in Council may, from time to time, direct, and that the Bank shall and will provide the necessary accommodation and establishment of clerks and servants for carrying out the current duties of the said office.

Sixteenth. That the whole responsibility for loss or damage that may be occasioned by, or arise in respect of, the theft or loss of any Government Currency Notes made under the said Act XIX of 1861, from and after the time of the said Currency Notes being delivered from the said Department of Issue to and at the said Bank for issue, or to any servant or agent of the said Bank for delivery to the said Bank for issue, and the whole responsibility for any loss or damage that may be occasioned in respect of the wrongful payment, exchange, or satisfaction, through mistake, or otherwise, at or by the said Bank of any Government Currency Notes, which ought not to be paid, exchanged or satisfied, or of any forged or spurious Notes purporting to be Government Currency Notes, or in respect of the forgery or alteration of any Government Currency Notes, or in respect of any error or mistake committed by the said Bank or by any of its officers or agents in conducting the Agency aforesaid, although the same shall have been conducted under the control and inspection of the said Head Commissioner of the Issue Department, shall, as between the said Secretary of State for India in Council and the said Bank, rest solely and entirely with, and shall be borne by, the said Bank, who shall have no claim upon the said Secretary of State in Council for compensation or indemnity for and in respect of any such loss.

Seventeenth. That as and by way of remuneration to the Bank for their conducting, as aforesaid, the said Agency for the issue of the Government Paper

Currency and for cashing and converting such notes after issue, the Bank shall be entitled to charge the said Secretary of State in Council, with a commission, calculated at the rate of three-fourths per cent. per annum, on the daily average amount of Government Currency Notes outstanding and in circulation through the said Agency of the Bank at Calcutta, and which commission may be debited to the said Secretary of State in Council in the said Banking account between the Government of India and the Bank, the amount of such cost to be established (if required) to the satisfaction of the officer for the time being in charge of the said Issue Department.

Eighteenth. That in case a separate office shall be provided by the said Bank for the said Head Commissioner of Issue, upon the requisition of the Governor General in Council, under the 14th clause of these Presents, the Bank shall also be paid by the said Secretary of State in Council the cost of providing such separate office and of any especial establishment that may be provided for, and any special expense incurred by the Bank in respect of the same.

Nineteenth. That if at any time during the continuance of this agreement, the said Bank shall establish a Branch office at any town or place other than Calcutta, and the Governor General of India in Council shall offer to the Directors of the said Bank for the time being, and the said Directors shall on behalf of the Bank accept, the business of Bankers to the Government of India for the district or locality within

which such Branch shall be established, or the business of issuing and circulating the Government Paper Currency within such district or locality, then, and in every such case, the business so arranged to be taken up and performed by the said Bank, shall be carried on, under and subject to the provisions of this agreement and on the basis of the clauses cited in the margin, being the 3rd and 5th paragraphs of the Government memorandum of the 20th of March 1861, relating to the establishment of such Branch Bank, except in so far as the provision of this agreement or of the said clauses may be modified or altered by any special agreement which the said Secretary of State in Council, through the Governor General of India in Council, may, from time to time, enter into with the said Bank in reference to the business so to be carried on at the particular Branch Bank.

3. As regards the establishment of Branch Banks, the Government will in each Presidency prefer dealing with the Presidency Banks when the ground is unoccupied. But when other Banks have been established before the Presidency Bank thinks fit to establish a Branch, the Government considers that they will have a preferable claim, on equal terms, and finding proper security.

5. If it be clear that the interest on the average Cash Balance at such place is not enough to make a fair contribution towards the expenses of the Branch Bank, the Government will give such fixed annual payment as may be agreed upon, in each case, not exceeding the saving of cost to the Government at such place by the Bank taking its business.

Twentieth. That this agreement and the powers and authorities herein contained, and the covenants hereby entered into, shall come into operation from and after a day to be fixed by the Governor General in Council, by notification, in that behalf, which shall be published in the *Calcutta Government Gazette* within Six Calendar months from the date hereof and continue for the term of five years from this date, at the expiration of which time the

same shall and may, by notice, in writing, from the Governor General in Council to the Directors of the said Bank for the time being, be renewed, with or without any modifications, as may be agreed on between the Governor General in Council and the said Directors.

Financial Department.

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PROCEEDINGS of the MADRAS GOVERNMENT.

Read Extract from the Proc: of the Govt: of India in the Financial Deptt:-

Dated 3d. Sept.r 1862. (No 51)

Order thereon 20th Jan.y 1863. No 55.

Resolved, that a copy of the foregoing Extract from the Proceedings of the Govt: of India & the papers which accompanied it be forwarded to the Accountant General, & that he be requested to report at pn early date the detailed arrangements which he would propose to make with the Bank

Bank of Madras -
the extent of the
Presidency Currency
circulation - date of
commencement
of transfer of Treasury
business & introduc-
tion of the Papers Cur-
rency - with any other
particulars which
he would recommend
in view to carrying
out the arrangements
in general accordance
with those sanctioned
for Calcutta.

To Acctt. General
with 3 papers in Original
to be returned

Desp. 20 3/11/60

Fin'l 1862. Department.

No. 55

PROCEEDINGS of GOVERNMENT.

F. No. 2 50/62

Dated 20th Jany

Forward to the Secretary Genl. papers read from the Govt. of India with a request to report at an early date the detailed arrangements which he would propose to make with the Bank of Madras in connection with the introduction of the Madras Currency —

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4360] Madras—Printed at the Government Press.