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MADRAS RECORD OFFICE.

Government of Madras.

 g DEPARTMENT.

G.O. No.	<u> 690 </u>	Press <u> Mis. </u>
Dated	<u> 29-9- </u>	18 <u> 62 </u>

58-59

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Not to be folded or roughly handled

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*Proceedings of the Madras Government, Financial Department,
29th September 1862.*

No. 58. Read the following letter from the Honorable E. DRUMMOND, Secretary to the Government of India, Financial Department; to the Chief Secretary to the Government of Madras, dated Fort William, Council Chamber, the 30th August 1862, No. 320 G.

I am directed to draw your attention to my letter, No. 4,341, dated the 30th June last, and, in forwarding a copy of the opinion of the Directors of the Bank of Bengal, to request that any observations which the Government of Madras, or the authorities of the Presidency Bank, may have to offer on the subject of the letter therewith forwarded, may be submitted to this Department without delay.

Extract from the Proceedings of the Government of India, in the Financial Department, dated 30th August 1862.

From G. DICKSON, Esq., Secretary and Treasurer, Bank of Bengal, to the Honorable E. DRUMMOND, Secretary to the Government of India, Financial Department, dated Calcutta, 9th July 1862.

I have the honor to acknowledge receipt of your Despatch, No. 4,340, enclosing communication from the Secretary and Treasurer, Bank of Bombay, to the Acting Chief Secretary to the Government of Bombay, complaining of the inferior quality of the paper used for the new Government Currency Notes. Having as requested by you submitted the communication of the Bank of Bombay for any observations which my Directors may have to offer on the subject, I am instructed to acquaint you generally, that in the opinion of the Board, sufficient time has not yet elapsed to warrant the expression of a decided judgment on the subject.

Noticing in detail the several points touched upon by the Secretary and Treasurer of the Bank of Bombay, I am to observe—

1st. That the statement of the paper upon which the new Notes are printed “being entirely unsuited for circulation” does not accord with the experience of this Bank. Although the paper used is of a thin fabric, it is tough.

2nd. In regard to the presentation and payment of tattered Notes, there ought to be no difficulty. Mutilated or soiled Notes should be paid at once by the Bank. In cases of doubt, the usual Bond of indemnity should be taken. The responsibility pointed at is clearly an obligation on the Bank, under deed of agreement with Government.

3rd. On the comparative suitableness of the paper for an English and Indian circulation, I am to observe, that the system of re-issue was abandoned by the Bank of England not because of the unfitness of the material of which the paper was made, but on entirely different grounds. To maintain the lower denomination of Note circulation actually entails a positive loss on the Bank of England, seeing that the cost of each piece is 4½d. By adopting the re-issue system, the Indian Government is saved at least one-half the sum which otherwise would be required for the circulation.

4th. Notes should be kept out so long as they are “for ordinary use, and withdrawn only when unfit for circulation.

5th. Experience shews that a thick spongy fabric, is not well adapted for Note paper, being not only more injuriously affected by damp, but much more easily tampered with for fraudulent purposes than a thin consistent texture with a highly finished water mark.

FINANCIAL DEPARTMENT, FORT WILLIAM, THE 30TH AUGUST 1862.

ORDER.

Copy forwarded to the Government of Bombay, for information and communication to the Bank of Bombay.

(A true Extract.)

(Signed) C. BERNARD,

Under Secretary to the Government of India.

(A true Copy.)

(Signed) C. BERNARD,

Under Secretary to the Government of India.

Proceedings of the Madras Government, Financial Department
29th September 1862.

No. 59. ORDER THEREON, 29th September 1862, No. 690.

It is observed that a reply to the letter referred to was forwarded under date the 10th instant

(Signed) T. PYCROFT,
Chief Secretary.

No. 5004

FROM THE HON'BLE E. DRUMMOND,

SECRETARY TO THE GOVERNMENT OF INDIA,

FINANCIAL DEPARTMENT;

TO THE CHIEF SECRETARY TO THE GOVERNMENT OF MADRAS.

Fort William, Council Chamber, the 30th August 1862.

Financial Department.

SIR,

I AM directed to draw your attention to my letter, No. 4341, dated the 30th June last, and, in forwarding a copy of the opinion of the Directors of the Bank of Bengal, to request that any observations which the Government of Madras, or the authorities of the Presidency Bank, may have to offer on the subject of the letter therewith forwarded, may be submitted to this Department without delay.

I have the honor to be,

SIR,

Your most obedient servant,

E. Drummond

Secretary to the Government of India.

Pro = 15 July 16

ml 1862 Sept

Order thereon - 29 September 1862. No 690.

It is advised that a copy of the letter referred to was forwarded under date the 10th of Sept.

ml of 29th 1862

[Signature]

From
The Secy to the Govt
of India. F.L.D. = 3209.

Of 30th Augt
Ref 24th Sept } 1862

Since 1862
No. 460 Sp. = Copies

Forward in ref: This
Letter No. 4341 of 30th June
last a copy of the opinion
of the Directors of the Bank
of Bengal regarding the
quality of the paper used
for the new Govt. Currency
Notes & request the submis-
sion to that D^t without delay
of any observations which this
Govt or the authorities of the
Press may have to offer
on the within Order.

58 & 59