M.R.O. 1—77,006—8-6-37.

(1) Number of pages 16.

(2) Date of repair 10.7.37.

(3) Initials of the Referencer

MADRAS RECORD OFFICE.

Government of Madras.

Financial DEPARTMENT.

G.O. No. 231 Press / Mis.
113-114.

Dated 31-3- 1863.

113-114 9/9

Not to be folded or roughly handled

No. 113. Read the following letter from J. L. LUSHINGTON, Esq., Acting Deputy Auditor and Accountant General; to A. J. ARBUTHNOT, Esq., Chief Secretary to Government, Fort Saint George, dated 27th March 1863, No. 416.

Resource Department.

I have the honor to forward a letter from the Deputy Collector of Malabar, dated 13th instant,* and request that I may be informed, whether his wish to be supplied with a lakh of Rupees to continue cashing Currency Notes is to be complied with.

* No. 917, to be returned.

2. It will be seen that up to December last, the receipts and issues of Notes were tolerably balanced. In January the receipts exceeded the issues by more than 52,000 Rupees. In February the receipts exceeded the issues by nearly 1,04,000 Rupees. My attention was drawn to the subject by the Collector stating that he was unable to send more than a lakh of Rupees to Bombay, when judging from his quarterly estimate, I thought three lakhs would have been available. In his letter of the 21st February, he explained, that out of a gross expected balance on the 1st March of Rupees 8,55,725, a sum of 4,88,980 was unavailable, comprising the value of Currency Notes, small Coins, as well as supply bills and transfer receipts discharged in excess of his estimate Rupees 50,000. When his cash balance report of the 28th February was received, it showed that Currency Notes to the extent of Rupees 2,31,160 were then in his Treasury.

3. On the 6th instant, previous to the receipt of the Cash balance report, the Collector was requested to state, with reference to his large receipt of Currency Notes, to what extent he had re-issued them, and his attention was drawn to the Circular, No. 119, dated 27th May 1862, forwarding rules laid down by the Government of India; especially to Rule No. 2, which for ready reference is placed in the margin. The Deputy Collector's reply to my letter is enclosed herein. He explains that he was anxious to meet the demand for cash in lieu of Notes as far as possible, in view to full confidence in the facility for cashing Notes being maintained. It is obvious that had other Collectors acted in the same way, very great inconvenience and loss to Government would have ensued: and though the Deputy Collector was, as he supposed, encouraging trade, I have good reasons for believing that he was unknowingly fostering a speculative exchange between Calicut, Madras and Bombay.

RULE 2ND.—That Notes are to be cashed at places where there are no Branch Banks acting as Agents for the Government Currency, and then ONLY TO A LIMITED EXTENT, AND FOR SMALL SUMS as an ACCOMMODATION TO PRIVATE PARTIES OR TRAVELLERS, at the discretion of the Treasury Officer.—Vide Calcutta Gazette, page 1,108, dated 22nd March 1862.

4. In the 5th paragraph of his letter the Deputy Collector says, the withdrawal of 1½ lakh of Rupees for transmission to Bombay has caused a sudden check on the facility heretofore afforded for cashing Notes, and tended greatly to shake the confidence of the Mercantile community, and with a view to restoring confidence, proposes that a further lakh of Rupees be sent to him. It is with regard to this request that I now solicit the orders of Government. My own judgment is adverse to this request. The Deputy Collector by improper means has raised a fictitious confidence in the convertability of the Notes, and now wishes to support it, by continuing to act contrary to the orders of the Supreme Government; and the question arises, will another lakh restore this supposed want of confidence.

5. In conclusion, I beg to state that I can send, if Government so wish, a lakh of Rupees from Travancore, and that I should not have troubled Government on the subject had I not been apprehensive, that my refusal to comply with the Deputy Collector's request might hereafter be said to have been the cause of want of confidence amongst the community of the Western Coast in the convertability of the Currency Notes.

Proceedings of the Madras Government, Financial Department,
31st March 1863.

No. 114. ORDER THEREON, 31st March 1863, No. 231.

The Governor in Council concurs in the view taken by the Acting Accountant General of the matter referred to in the foregoing letter. He should decline to supply the additional lakh of Rupees applied for by the Deputy Collector, and should instruct that Officer to conform more closely to the instructions in force in regard to the cashing of Currency Notes.

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

Exd. T. McMootry.

Fort Saint George
Department
No. 446 Dy. Audrand Acct. Genl's Office
27 March 1863

From
The Acting Deputy Auditor and
Accountant General

To
The Chief Secretary to
Government

Sir.

I have the honor to forward a letter from
ned, the Dy. Collector of Malabar, dated 13th Instant. and
request, that I may be informed, whether his wish to
be supplied with a lakh of Rupees to continue Cash-
-ing Currency Notes is to be complied with.

2 It will be seen that upto December
last, the receipts and Issues of Notes were tolerably
balanced. In January the receipts exceeded the issues,
by more than 52,000 Rupees. In February the receipts
exceeded the issues by nearly 104,000 Rupees. My attention
was drawn to the subject, by the Collector stating that he
was unable to send more than a lakh of Rupees to
Bombay, when judging from his quarterly estimate, I
thought 3 lakhs would have been available. In his letter
of 21st February, he explained, that out of a gross
-pected balance on the 1st March of Rupees 8,55,725-,
a sum of 4,88,980 was unavailable, Comprising the Value
of Currency Notes, small Coins, as well as supply bills
and Transfer Receipts discharged in excess of his
Estimate Rupees 50,000. When his Cash Balance report

of

of the 28th February was received, it shewed that Currency Notes, to the extent of Rupees 2,31,160 were then in his Treasury

3 On the 6th Instant, previous to the receipt of the Cash balance report, the Collector was requested to state, with reference to his large receipt of Currency Notes, to what extent he had re-issued them, and his attention was drawn to the Circular No 119 dated 27th May 1862 forwarding rules laid down by the Government of India, especially to Rule No 2. which for ready reference is placed in the Margin. The Deputy Collector's reply to my letter is enclosed herein. He explains that he was anxious to meet the demand for Cash in lieu of Notes as far as possible, in views to full Confidence in the facility for Cashing Notes being maintained. He observes that had other Collectors acted in the same way, very great inconvenience and loss to Government would have ensued: and though the Dy Collector was, as he supposed, encouraging trade, I have good reasons for believing that he was unknowingly fostering a speculative exchange between Calicut, Madras, and Bombay.

Rule 2nd That Notes are to be Cashed at places where there are no Branch Banks acting as Agents for the Government Currency and then only to a limited extent, and for small sums as an accommodation to private parties or Travellers, at the discretion of the treasury Officer - Vide Calcutta Gazette page 1108 dated 22nd March 1862 -

4 In the 5th para of his letter, the Dy Collector says, the withdrawal of 1½ lakh of Rupees for transmission to Bombay has caused a sudden check on the facility heretofore afforded for Cashing Notes, and tended greatly to shake the Confidence of the

the Mercantile Community, and with a view to restoring Confidence, proposes that a further lakh of Rupees be sent to him - It is with regard to this request that I now solicit the orders of Government - My own judgment is adverse to this request. The Deputy Collector by improper means has raised a fictitious confidence in the Convertability of the Notes, and now wishes to support it; by Continuing to act Contrary to the orders of the Supreme Government; and the question arises, will another lakh restore this supposed want of Confidence.

5 In Conclusion I beg to State that I can send, if Government so wish, a lakh of Rupees from Travancore, and that I should not have troubled Government on the subject had I not been apprehensive, that my refusal to Comply with the Dy Collectors request might hereafter be said to have been the cause of want of Confidence amongst the Community of the western Coast in the Convertability of the Currency Notes -

I have the honor to be
Sir
Your obedient Servant

G. J. Johnstone
Dy Sy. Sud. & Asst Govt

Copied C Bamboo

Encl. 5 to the letter from the Dy Deputy Auditor & Acctt General. dated 27 March 1863. No 446.

My views having been requested on the matter of this letter, I beg to submit that Mr Peters, the Dy Collector of Malabar, has gone far beyond the instructions contained in the Rules laid down by the Govt of India, and his proceedings in causing Currency Notes to that extent has that reported by the Acctt General are liable to cause serious embarrassment to Govt if Mr Peters was disposed to go further than the plain letter of the rules laid down for his guidance, in order, as he states, to encourage trade, he should not have done so without previous reference to the Accountant General and so ascertaining that Officer's instructions as to how far he should meet the great demand on his Treasury for

Encl. 2 to Mr Peters letter dated 24th March 1863 No 58
Encl. 3 to Mr Peters letter dated 24th March 1863 No 58
Encl. 4 to Mr Peters letter dated 24th March 1863 No 58

No. 29 dated June 62 — 110
" 9 dated June 62 — 3-4
" 20 dated May 62 — 84-90
" 15 dated May 62 — 59 to 61

Wm Hamilton Maxwell

From The Acctt & Audr General
To The Chief Secretary to Government

Dated 27th March 1863
Rec'd 2nd April 1863

No 446

Forwards a letter from the Dy Collector of Malabar requesting to be informed whether his views as to the rate of Batta to be allowed to Peons employed in escorting Currency Notes is to be complied with

No 255

Sent

for cashing Notes. I think that the Assistant General is quite correct in the views expressed in paragraph of his letter, and also in the last three lines of the preceding para- and being under the same consideration, I am of opinion that the Dy Collector's application should not be complied with. The Mercantile Community on the Western Coast must be made to understand that Notes could be cashed at the District Treasury only to a limited extent, and for small sums as an accommodation to private parties or Travellers, and that the Treasury Officer has in this instance greatly exceeded the discretion allowed him. There can be no great loss of confidence under such circumstances, and even if there be, the Deputy Collector must endeavour to restore it by strictly regulating like proceedings according

according to rule, and treating the demand for Cash in lieu of Notes only to such an extent as would make the receipts & issues of Notes balance.

A.D.C.T.

30 March, 1863.

Mem. Don the applica-
-tion of the Dy Collector
of Malabar for a Lakh
of Rs. to continue casting
Currency Notes.

Comml
proceedings

(13)

Fin. Department.

PROCEEDINGS of the MADRAS GOVERNMENT.

Read the following
letter from the Actg. Deputy
Auditor and Accountant
General.

(Here enter 27th March 1863
№ 446)

Order thereon 31 March 1863 No. 251.

The Governor in
Council concurs in the
view taken by the Acting
Accountant General of
the matter referred to in
the foregoing letter. He
should decline to supply
the additional Lakh of
Rupees applied for by the
Deputy Collector and
should

should instruct that
Officer to conform more
closely to the instructions
in force in regard to the
cashing of Currency Notes.

To the Ag. Accn't General dcsptd 31st
With Enclosure Ret'd "

Fin[illegible] 1863. Department.

No. 231

PROCEEDINGS OF GOVERNMENT,

Dated 31 March 63

With reference to his application for an additional lakh of Rupees the Dy Collector instructed to conform more closely to the instructions regarding the cashing of Currency Notes.

1134 114