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MADRAS RECORD OFFICE.

Government of Madras.

Financial DEPARTMENT.

G.O. No. 343 Press / Mis.

14-15

Dated 1-7- 1864.

14-15

Not to be folded or roughly handled

Proceedings of the Madras Government, Financial Department,
1st July 1864.

No. 14. Read the following letter from E. H. LUSHINGTON, Esq., Secretary to the Government of India; to the Chief Secretary to the Government of Fort Saint George, dated Simla, 11th June 1864, No. 819.

I am directed to forward herewith, for the information of His Excellency the Governor in Council, copy of a letter* this day addressed to the Deputy Auditor and Accountant General, Madras; and to request that the Governor General in Council may be favored with the opinion of His Excellency in Council, on the subject of the establishment of a Currency Circle for Ootacamund and the Western Districts of the Madras Presidency on the footing described in the 4th paragraph of the letter to the Deputy Auditor and Accountant General.

* No. 818, dated 11th June 1864.

From E. H. LUSHINGTON, Esq., Secretary to the Government of India; to the Deputy Auditor and Accountant General, Madras, dated Simla, 11th June 1864, No. 818.

I am directed to acknowledge the receipt of your letter, No. 213 of the 11th ultimo, relating to a proposal made by the Collector of Coimbatore to cash Government Notes at Ootacamund to the extent of one lakh of Rupees per mensem, from April to September inclusive, which, you say, would not only entail the expense of the conveyance of the extra funds from Coimbatore to the hills, but also the cost of conveying funds to Coimbatore from some other District, for the express purpose of cashing Notes. You also state that, under the existing arrangements, Rupees 54,000 are monthly sent to the hills for cashing Notes, and Rupees 30,000 for cashing supply bills.

2. In reply, I am directed to state that the cash balances ought to be kept at the lowest point consistent with the object of carrying on the public expenditure, which they obviously cannot be, if they are employed in making the remittances required by the persons residing at Ootacamund, and in the neighbouring Districts.

3. In order, however, to give time for the formation, at Ootacamund, of private banking establishments, accommodation may be afforded at the existing rate, *i. e.*, Rupees 84,000 per mensem, *for cashing supply bills only* up to the 30th September next, after which date the remittances must be confined to such sums as are required for the public service.

4. The provisions of the Notification in the Financial Department, No. 43, dated the 19th of March 1862, for cashing Currency Notes to a limited extent, and under exceptional circumstances, are not applicable to such a case as that of Ootacamund and the neighbouring Districts; but if the Madras Government is not aware of any valid objection, the Governor General in Council is prepared to establish a new Circle of Issue under the 5th and 7th Clauses of Act XIX of 1861, for Ootacamund and the Western Districts of the Madras Presidency, by direct Government Agency, according to the arrangement which has been adopted for the North-West Provinces, the Central Provinces, and the Punjab.

5. In reference to the inquiry contained in the last paragraph of your letter, I am directed to state that as the management of the Government Paper Currency has been placed by law under the Governor General in Council, you were right in addressing the Government of India; but it is the desire of His Excellency in Council that in this, as in all other matters appertaining to your functions, you should act with the knowledge, and, as far as may be consistent with your instructions, in accordance with the wishes of the Government of Madras.

(A true Copy.)

(Signed) R. H. HOLLINGBERY,
Asst. Secy. to the Govt. of India.

Proceedings of the Madras Government, Financial Department,
1st July 1864.

No. 15. ORDER THEREON, 1st July 1864, No. 343.

The Governor in Council requests that the Accountant General will defer carrying out the instructions conveyed in the letter to his address from the Secretary to the Government of India in the Financial Department, prohibiting the cashing of Currency Notes at the Ootacamund Treasury, pending a reference which will be made immediately to the Supreme Government on the subject.

(True Extract.)

A. J. ARBUTHNOT,
Chief Secretary.

To the Accountant General.

Exd. J, Tulloch.

Fincl Dept
Simla 14 June 64

Rec'd from Fincl Dept 29/6

It is requested that these papers may be substituted for those bearing the same number and dates which were despatched from this Dept. by yesterdays post

A S Billington
Apptd and Secretary

32

To Chief Secy: Govt. Fort St George
Fincl
No 325

No 819.

5a

To The Chief Secretary to the Government
Fort Saint George

Financial Dept. Sir,

No 818 dated 11th June 1864.

I am directed to forward herewith for the information of His Excellency the Governor in Council Copy of a Letter this day addressed to the Deputy Auditor and Accountant General Madras and to request that the Governor General in Council may be favored with the opinion of His Excellency in Council on the subject of the Establishment of a Currency Circle for Cotacamund and the Western Districts of the Madras Presidency on the footing described in the 4th para: of the letter to the Deputy Auditor and Accountant General.

I have the honor to be
Sir
Your Most Obedient Servant

Ed. Harington
Secy to the Govt of India

Simla
The 11th June 1864

No 818

To.

The Deputy Auditor and
Accountant General
Madras

Financial Dept. Sir

I am directed to acknowledge the receipt of your letter, No 213, of the 11th Ultimo, relating to a proposal made by the Collector of Coimbatore to cash Government Notes at Cotacamund to the extent of one Lakh of Rupees per mensem, from April to September inclusive, which, you say, would not only entail the expense of the conveyance of the extra funds from Coimbatore to the Hills, but also the cost of conveying funds to Coimbatore from some other District, for the expres purpose of Cashing Notes. You also state, that under the existing arrangements, Rupees 54,000 are monthly sent to the Hills, for Cashing Notes, and Rupees 30,000 for Cashing Supply Bills.

2 In reply, I am directed to state, that the Cash balances ought to be kept at the lowest point consistent with the object of carrying on the public expenditure, which they obviously cannot be, if they are employed in making the remittances required

required by the persons residing at Cotacamund and in the neighbouring districts.

3 In Order, however, to give time for the formation, at Cotacamund, of private Banking Establishments, accommodation may be afforded at the existing rate, i e Rupees 84,000 per mensem. for cashing Supply Bills only, up to the 30th September next, after which date, the remittances must be confined to such Sums as are required for the public Service.

4 The provisions of the Notification in the Financial Department, No 43, dated the 19th of March 1862, for cashing Currency Notes to a limited extent, and under exceptional circumstances, are not applicable to such a case as that of Cotacamund and the neighbouring districts, but, if the Madras Government is not aware of any valid objection, the Governor General in Council is prepared to establish a new Circle of Issue under the 5th and 7th Clauses of act XIX of 1861, for Cotacamund and the Western Districts of the Madras Presidency, by direct Government Agency according to the arrangement which has been adopted for the North West Provinces, the Central Provinces and the Punjab.

5 In reference to the enquiry contained in the last Paragraph of your Letter, I am directed to states that, as the management of the Government Paper Currency has been placed by law under the Governor General in Council, you were right in addressing the Government of India, but it is desire of His Excellency in Council that in this, as in all other matters appertaining to your functions, you should act with the knowledge, and, as far as may be consistent with your instructions, in accordance with the wishes of the Government of Madras.

I have the honor to be
Sir
Your most obedient Servant
H. B. Harington
Offg Secy to the Govt of India

The 11th June 1864

(A true Copy)
H. B. Harington
Offg Secy to the Govt of India

14/6

Fort Saint George,
Accountant Genl's Office.
11th May 1864

No. 213.

From
J. L. Lushington Esquire
Accountant General

To
The Secretary to Government of India
Financial Department.

Sir,

1. I have the honor to forward Copies of letters from the Collector of Coimbatore, dated the 19th and 30th ultimo, requesting permission to Cash Currency Notes on the Peelgherries, to the extent of one lakh of Rupees per mensem from April to September inclusive, instead of Rupees 54,000 as heretofore.

2. To enable Government to form an opinion on the subject, I propose to narrate what has been previously done in this matter.

3. In April 1863, the Collector complained to me, that he was not allowed to cash more than Rupees 500 worth of Currency Notes. On examining his Issues and receipts it was found, that the former averaged about 26,000 Rupees per mensem. I therefore informed him, that he was at liberty to cash Notes to the same extent as he was able to issue them, so that taking

Rupees

14

Read 12 June 1864

No 343
1864 May 19

From
Collr of Coimbatore
To
Accountant General
Dated 19th May 1864
Rec'd 23rd do

No 225

Requests the sanction of the Board of Revenue for his drawing Bills on the Presidency Chest for Rupees 1 Lac monthly from April to September inclusive instead of Rupees 54,000 as heretofore.

Rupees 26000 as his average monthly issue he might Cash Notes monthly to this esclent without affecting his Cash balance. This amount would allow him to cash Notes worth Rupees 1000 daily, or double the amount he had been in the habit of cashing.

4 In addition to the above, a further sum of Rupees 60000 was set apart for cashing Supply Bills drawn on the Collector of Coimbatore, so that a total sum of Rupees 86000 was monthly set apart for cashing Notes and bills in this District.

5 In June last, the Local Government in an order dated 19th June No. 395 upon a letter from the Collector of Coimbatore not communicated to this Office, enquired, whether a larger sum than Rupees 60000 per mensem could not be set apart for bills.

6 Mr. Lodwick then Acting Accountant General replied, that Rupees 60000 per mensem was far above the requirements of the Public, as the highest amount drawn in any one month was Rupees 28700 and the average Rupees 19000 and that if a larger sum was set apart for Cashing bills, the Treasury would require aid.

Again

7 Again in an order No. 446 dated 8th July, Government enquired, whether double the amount for cashing Notes could not be placed at the disposal of the Collector, diminishing proportionably the amount set apart for cashing bills.

8 In reply, Mr. Lodwick proposed to diminish the amount set aside for cashing supply bills to Rs. 30000, and to give the additional Rupees 30000 to Cash Notes. This arrangement was approved of by the Local Government and exists at the present time.

9 This arrangement was a departure from the restrictions laid down in the orders of the Government of India No. 43 Financial Department, dated 19th March 1862, and contrary to the principle, that the receipts should be regulated by the issues, but perhaps was justified by the exceptional circumstances of the district. It likewise entailed upon Government the expense of conveying Rs. 30000 to the Bills.

10. Under existing arrangement there Rupees 54000 are monthly sent to the Hills for cashing Notes, ~~and Rupees 30000 for cashing Notes~~ and Rupees 30000 for cashing supply bills

54000
30000
84000

General Dispatch

bills. The Expense connected with the latter is met by charging ½ per Cent premium on bills drawn.

11 The Collector now proposes to cash Notes to the extent of one Lakh of rupees per mensem, from April to September inclusive. This would entail not only the expense of the Conveyance of the extra funds from Coimbatore to the Hills, but also the cost of conveying funds to Coimbatore from some other district, for the express purpose of cashing Notes.

12 On receiving this proposition from the Collector, I enquired, whether the whole amount was required for the visitors and residents only of the Hills, or for the Merchants and planters as well. In reply the Collector states it is probable that the drafts of the Planters and Merchants (by which he probably means Notes) may be more than a 3rd of the Amount.

13 From this reply it would seem that the Collector wishes Government at a loss to themselves, to interfere with the legitimate exchange operations of the Hills, to the extent say of Rupees 35,000, for the benefit of the planters and Merchants, in fact the proposal is very similar to that reported

reported in my letter to the Financial Secretary No. 3728 dated the 19th February last in which the Commissioner of Mysore proposed to cash Notes at a loss to Government, for the benefit of the planters and Merchants of Coorg, which proposal the Government of India declined to sanction.

14 Excluding then the sum of Rs. 35,000 on this account, the further proposition of the Collector is to cash Notes to the extent of 65,000 rupees, for the convenience of visitors and residents on the Hills. Of this sum under the order of the Local Government Rupees 54,000 are now monthly sent to the Hills leaving a further sum of Rupees 11,000 to be sent.

65,000
54,000
Rs. 11,000

15 If it be thought desirable to place this additional amount of Cash on the Hills, I beg to suggest that the sum allotted for supply bills be increased to 40,000 from Rupees 30,000. By this means Government would be reimbursed the expence of conveying funds to the Hills for the accommodation of the Residents and visitors to the Hills and they would only have one thousand Rupees less accommodation than the amount proposed for them by the Collector.

In

General. dispd 4/7

16 In conclusion I beg to be informed whether I am right in addressing the Government of India on this subject: the original rules and restrictions were prescribed by them, and the Currency Notes Act does not seem to confer any authority on the Local Government to decide such questions—

I have the honor to be
Sir,
Your most obedient servant.
(Signed) J. L. Lushington
Accountt. Genl.

/True Copy/

Compd Eoc

Sir
I am directed to
acknowledge the receipt of your letter

3

Fin. Department. 15a

PROCEEDINGS of the MADRAS GOVERNMENT.

Read the following letter from the Secy to the Govt. of India Fin. Depte
Dated 11th June 1864 No 819

Order thereon 1st July 1864 No 343

The Governor in Council requests that the Accountant General will defer carrying out the instructions conveyed in the letter to his address from the Secretary to the Government of India in the Financial department prohibiting the cashing of currency notes at the Cotacamund Treasury, pending a reference which will be made immediately to the Supreme Government on the subject.

To the Accte General. dispd 1/7

26 July 1864
Sept 18
Oct 8
Nov 2

Fin. Cons. 1864. Department.

No. 343.

PROCEEDINGS *of* GOVERNMENT.

Dated 2d July 1864

Accountant sent in.
structed to defer carrying
ut the orders of the Govt
f India prohibiting the
ashing of Currency Notes
t Ootacamund

14 015