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MADRAS RECORD OFFICE.

Government of Madras.

financial DEPARTMENT.

G.O. No. 108 Press / Mis.

55-55.

Dated 22-2-18 65.

53-55 12/13

Not to be folded or roughly handled

Proceedings of the Madras Government, Financial Department, 22nd February 1865.

Read the following papers :—

No. 53. From Lieutenant Colonel J. CARPENDALE, R. E., Commissioner of the Issue of Paper Currency, to the Honorable A. J. ARBUTHNOT, Chief Secretary to Government, Fort Saint George ; dated Madras, 27th January 1865, No. 236.

I have the honor to request that you will be so good as to obtain the orders of Government on the subject of cashing the halves of Currency Notes which are put in circulation by the Circle Offices of Calicut, Trichinopoly, and Vizagapatam, and which may be presented by parties who are in a position to prove that the other halves have been lost, and can give satisfactory evidence of their ownership of the halves in their possession.

2. Orders of Government, as per margin*, authorized the continuance by the Bank of Madras, as the Agent of Government in the Madras Circle, of the practice that had prevailed in regard to its own Notes, viz., that parties presenting halves of Notes should give satisfactory evidence of their ownership, and advertize the loss in the *Fort Saint George Gazette*, when, after a lapse of three months, the value of the Note was paid, on the half Note being deposited with the Bank, accompanied by a Bond to indemnify the Bank for any legal expenses it may have to incur in resisting a demand for payment of the second halves at any future time ; and a specimen of that Bond is enclosed.

* Financial, No. 693, 30th September 1862.

3. The number of half Notes which the Bank of Madras has cashed up to the present time is 173, of the aggregate value of Rupees 10,800, and they have just been sent to me to be cancelled. This is a tolerably large number in less than three years, and as the opening of new Circles will certainly bring the Currency Notes into more extended use as a means of remittance, a considerable increase may be expected in the number of half Notes lost and stolen.

4. The cashing a half Note is purely an act of favor on the part of Government, and never could be demanded as a matter of right, as the amount is payable only to the bearer of the whole Note, on which account it seems to me that no legal expenses ever could be incurred in resisting a demand for payment of the second half, and that the Indemnity Bond is superfluous ; and I think that it would be ample security against erroneous payments, if Government were to authorize the payment of half Notes at the discretion of the Commissioner of Issue, on the party who presents it affording satisfactory proof of ownership, and of the loss of the other half, and advertising the loss in eight successive issues of the *Fort Saint George Gazette*, and of the *District Gazette* in which the Circle Office is situated ; the Commissioner at the same time advertising that if the missing half Note was not presented at the Circle Office, the amount of the Note would be paid to the party holding the other half, three months after date.

5. This arrangement would entail a great deal of extra labor on this office ; but it appears more suitable that the investigation should be made, and the payment authorized, by this office, than by the Circle Offices.

Referred to the Government Solicitor, for his remarks.

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

7th February 1865.

No. 54. From J. R. BOYSON, Esq., Government Solicitor, Madras, to the Honorable A. J. ARBUTHNOT, Chief Secretary to Government, Fort Saint George ; dated Madras, 10th February 1865, No. 65.

I have the honor to acknowledge the order of Government noted in the margin, requesting opinion upon the proposal of the Commissioner of Issue to discontinue the practice of taking indemnity on payment of halves of Currency Notes, on proof of the loss of the other halves thereof.

Dated 7th February 1865, and made on letter from Commissioner of Issue, Madras, to Government, of 27th February 1865, No. 236.

2. I considered it desirable to submit the matter for the consideration of the Advocate General, and having done so, and conferred with him on the subject,

4. I now forward a copy of his opinion, and return the order above noted, with its enclosure.

Proceedings of the Madras Government, Financial Department,
22nd February 1865.

COPY—OPINION.

I am of opinion that the old practice should be adhered to. It is at once the most convenient and the safest.

2. According to the old law, the Banker was not bound to pay unless the *whole* Note was presented, or the party could show that the whole or part was actually *destroyed*. Thus parties were driven into *equity* for a costly remedy.

3. It is a relief to the holder of the half Note to be paid, and the Government is entitled to an indemnity before paying. I cannot agree with the Commissioner of the Issue of Paper Currency that the Indemnity Bond is useless. On the contrary I can conceive many cases in which it may be very useful. Suppose, for instance, the party, to whom payment has been made upon the half Note presented, has no title, and the real owner subsequently demands payment on *his* half Note? In such a case the Indemnity would be of the highest service.

4. I think a very heavy burthen would be cast upon the officers of Government if they had to take the evidence of ownership and loss. Loss is a question of fact; but ownership is a question of law, not unfrequently involving very nice points, on which it is not to be expected that the Circle Officers have sufficient knowledge, and as to which I do not think any responsibility ought to be cast upon them.

9th February 1865.

(Signed) J. B. NORTON,
Advocate General.

(True Copy).

(Signed) J. R. BOYSON,
Government Solicitor.

No. 55. ORDER THEREON, 22nd February 1865, No. 108.

His Excellency the Governor in Council observes that under the opinion of the Advocate General above recorded, the practice of requiring an Indemnity Bond on cashing the halves of Currency Notes must be maintained; but he sees no objection to the proposal of the Commissioner of Issue in other respects, as stated in the second part of paragraph 4 of his letter of the 27th ultimo. The Commissioner is accordingly authorized to cash, at his discretion, half Notes issued from the Mofussil Circle Offices, on the conditions specified.

(True Extract).

Chief Secretary.

To the Commissioner of Issue of Paper Currency.
" Deputy Auditor and Accountant General.

Exd. J. Burns.

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No. 65.

Madras 10th February 1865.

From

John Robert Boyson
Government Solicitor Madras

To

The Honble A. J. Arbuthnot
Chief Secretary to Government
Madras.

Sir,

1. I have the honor to acknowledge the Order of Government noted in the margin, requesting opinion upon the proposal of the Commissioner of Issue to discontinue the practise of taking Indemnity on Payment of halves of Currency Notes, on proof of the loss of the other halves thereof.

Dated 7th February 1865 and made on letter from Commissioner of Issue Madras to Government of 27th January 1865. No. 236.

2. I considered it desireable to submit the matter for the consideration of the Advocate General, and having done so, and conferred with him on the subject.

3. I now forward a Copy of his opinion, and return the Order above noted, with its enclosure.

I have the honor to be,
Sir,
Your most obedient Servant,

J R Boyson

Govt Solr.

Copy Opinion

I am of opinion that the old practise should be adhered to. It is at once the most convenient and the safest.

2. According to the old law the Banker was not bound to pay unless the whole Note was presented, or the party could show that the whole or part was actually destroyed. Thus parties were driven into Equity for a costly remedy.

3. It is a relief to the holder of the half Note to be paid, and the Government is entitled to an indemnity, before paying. I cannot agree with the Commissioner of the Issue of Paper Currency that the Indemnity Bond is useless. On the contrary I can conceive many cases in which it may be very useful. Suppose for instance the party to whom payment has been made upon the half Note presented has no title, and the real owner subsequently demands payment on his half Note? In such a case the Indemnity would be of the highest service.

4. I think a very heavy burthen would be cast upon the Officers of Government if they had to take the evidence of ownership and loss. Loss is a question of fact; but ownership is a question of Law not unfrequently involving very nice points on which it is not to be expected that the Circle Officers have sufficient knowledge;

knowledge; and as to which I do not think any responsibility ought to be cast upon them..

/Signed/ John V Bruce Norton
Advr: Genl.

9th Feb/65.

True Copy
L R Boyson
Govt Solr

Know all Men by these presents, that I

of

am held and firmly bound to **The Bank of Madras** in the penal sum of

Rupees of lawful money, current in Madras, in the East Indies, to be paid to the said Bank of Madras, or to their certain Attorney, Successors or Assigns. For which payment to be well and truly made, I bind myself, my Heirs, Executors, and Administrators, and every of them, firmly by these presents, sealed with my seal, dated this

day of in the Year of Our Lord One Thousand Eight Hundred and Sixty

Whereas the above bounden

hath represented to the Directors of the said Bank of Madras, that he, the said of hath now in his possession the **Government Currency Note,** No. and dated and that the other half part thereof been either lost, mislaid or stolen, and hath applied to, and requested the Directors of the said Bank, to pay to him the sum of in liquidation of the said half Note so in his possession as aforesaid. And whereas the Directors, acting for and on behalf of the said Bank of Madras, have been pleased to sanction the payment to the said of the said sum of on his delivering up to the said Bank of Madras the half **Government Currency Note** in his possession as aforesaid, and on adequate security being given to indemnify the said Bank of Madras against any claims or demands which may hereafter be made against the said Bank upon, or in respect, or under color of the said **Government Currency Note** or of the half part thereof so stated to have been lost, mislaid or stolen. And whereas the above bounden at or immediately before the execution of these presents, hath received from the said Bank of Madras the sum of Rupees, being the value of the said Note.

Now the Condition of the above written Bond or obligation is such, that if the above bounden his Heirs, Executors or Administrators, do and shall from time to time, and at all times hereafter, defend, save and keep harmless, and indemnify the said Bank of Madras, their Successors, and Assigns, and their Lands and Tenements, Goods and Chattels, of from and against the payment of the of the said **Government Currency Note** so represented to be lost, mislaid or stolen as aforesaid: and of from and against all, and all manner of actions, suits, claims and demands whatsover, for, or on account, or in respect, or under color of the payment to him the said of the said sum of as aforesaid; or for, or on account, or in respect, or under color of the of the said **Government Currency Note** so represented to be lost, mislaid or stolen as aforesaid, or either of them; and of from and against all damages, costs, charges and expenses whatsoever, which they, the said Bank of Madras, their Successors or Assigns, or their Agents, or any of them may hereafter sustain, or be put to for, or on account, or by reason, or under color of the payment of the said sum of to him the said as aforesaid; or for, or on account, or by reason, or under color of the non-payment of the said half part of the said **Government Currency Note** so represented to be lost, mislaid or stolen, as aforesaid. Then the above written Bond, or Obligation, shall be void, and of no effect, but otherwise shall be and remain in full force and virtue.

Signed, Sealed, and Delivered by the above named

at Madras

aforesaid in the presence of

From
Lieut. Colonel J. Carpendale, R.E.
Commissioner of the
Issue of Paper Currency

To
The Hon'ble A. J. Arbuthnot.
Chief Secretary to Government
Fort Saint George.

Sir,

1. I have the honor to request that you will be so good as to obtain the Orders of Government on the subject of cashing the Values of Currency Notes which are now in Circulation by the Circle Offices of Calicut, Trichinopoly, and Vizagapatam, and which may be presented by parties who are in a position to prove that the other Values have been lost, and can give satisfactory Evidence of their ownership of the Values in their possession.

2. Orders of Government as per Marginal Financial No. 693 30th Sep. 1862. are authorized to the Continuance by the Bank of Madras, as the Agent of Government in the Madras Circle, of the practice that had prevailed in regard to its own Notes, viz. that parties presenting Values of Notes should give satisfactory

Evidence of their ownership, and advertize the loss in the Fort Saint George Gazette, then after a lapse of three months the value of the Note was paid on the half Note being deposited with the Bank accompanied by a Bond to indemnify the Bank for any legal Expences it may have to incur in resisting a demand for payment of the second halves at any future time, and a specimen of that Bond is enclosed.

3. The number of half Notes which the Bank of Madras has cashed up to the present time is 173 of the aggregate value of Rs: 10,800, and they have just occurred to me to be Cancelled. This is a tolerably large number in less than three years, and as the opening of new Circles will Certainly bring the Currency Notes into more Extended use as a means of Remittance, a Considerable increase may be Expected in the numbers of half Notes lost and stolen.

4. The Cashing a half Note is purely an act of favor on the part of Government, and never Could be demanded as a matter of right, as the amount is payable only to the bearer of the Whole Note, on Which account it Seems to me that no legal Expences ever Could be incurred in resisting a demand for payment of the second half, and that the indemnity Bond is superfluous, and I think that it would be ample security against Erroneous payments if Government were to authorize the payment of half Notes at the discretion of the Commissioner of Issue on the party who presents it affording satisfactory proof of ownership and of the loss of the other half: and advertising the loss in Eight Successive Issues of the Fort Saint George Gazette, and of the District Gazette in Which the Circle Office is situated: the Commissioner at the same time advertising that if the missing half Note was not presented at the Circle Office the amount of the Note would be paid to the party holding the other half three months after date.

5. This Arrangement Would entail a great deal of Extra labor on this Office but it appears more Equitable that the investigation should be made

made, and the payment authorized by this Office, than by the Circle Offices.

I have the honor to be

Sir

Your most Obed.t Servant

J. Gubbins

Commissioner of the Issue of Paper Currency

Office of the Commissioner of Issue, Madras Mint. 27th January 1885.

Encl.

Financial Department.

PROCEEDINGS of the MADRAS GOVERNMENT.

Read the following papers:

From the Commissioner of Issue of Paper Currency. (Dated 24th January 1865. No. 256)

From the Govt. Solicitor (Dated 10th February 1865)

Order. 22nd February 1865. No. 108.

H. E. the Governor in Council observes that under the opinion of the Advocate General above recorded, the practice of requiring an Indemnity Bond on carrying the balance of Currency Notes must be maintained; that he sees no objection to the proposal of the Commissioner of Issue in other respects, as stated in the second part of para 4 of his letter of the 24th ultimo. The Commissioner is accordingly

Rev. 30th Feb 62 - 01-13

From Commissioner of Paper Currency
To Chief Secretary to Government
No. 256
Dated 24th January 1865
Received 28th January 1865
Submitted
Requests Orders on the subject of taking the Indemnity Bonds required from Native Treasurers on carrying Balances of Currency Notes.

No. 108

From the Govt. Solicitor
To Chief Secretary to Government
No. 236
Dated 10th February 1865
Received 21st February 1865
Submitted
Returns the Indemnity Bonds executed by Native Treasurers on carrying Balances of Currency Notes, with his opinion that the practice of requiring such Bonds should be discontinued.

Reports + Bonds herewith returned

Fy. Secretary 1865

Madras 7th Feby 1865

Rec'd 8th Aug. Returned 10th February 1865
Date 11th Feby

accordingly authorized to cash, ~~at the Treasury~~ at his discretion, half Notes issued from the Respective Circle offices, on the conditions specified.

To the Commissioner of Issue of Paper Currency.
" Auditor & Asst Genl P.O.

Financial 1836 F. Department.

No 108

PROCEEDINGS *of* GOVERNMENT.

Dated 22 February 65.

58 @ 55