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MADRAS RECORD OFFICE.

Government of Madras.

Finance DEPARTMENT.

G.O. No. 356. Press / Mis.

47-48.

Dated 28-7- 1865.

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47-48

Not to be folded or roughly handled

Proceedings of the Madras Government, Financial Department, 28th July 1865.

No. 47. Read the following Despatch from the Right Honorable Sir C. WOOD, Bart., Secretary of State for India, to His Excellency the Honorable the Governor in Council, Fort Saint George; dated India Office, London, 8th June 1865, No. 35.

In continuation of my Financial Despatch,* dated the 31st May 1862, No. 77, I forward herewith, copy of correspondence with the Lords Commissioners of the Treasury, relative to the grant of Royal Charters for Banking Companies in India, together with a copy of the Charter of the Asiatic Banking Corporation.

* To the Government of India.

Letter from Treasury, dated 3rd March 1865.
" to " " 7th April "
" from " " 19th " "
" to " " 25th May "

2. From this correspondence, you will observe that a pledge has been given by the Lords of the Treasury, that, in future, Joint Stock Companies will be empowered to establish Agencies or branches in territories under the Government of India, only after they shall have conformed to the local laws, and, also, that permission will not be granted to the Asiatic Banking Corporation, or to other Companies incorporated by like Charter, to establish Agencies or branches in those territories without the previous sanction of the Secretary of State for India in Council.

3. As provision has been made by legal enactment in India for admitting Joint Stock Banking Companies to the privileges of limited liability, I do not consider that it would be expedient to give my consent to the grant of Banking privileges to any Company, until they shall have complied with that law.

From G. A. HAMILTON, Esq, Assistant Secretary, Treasury, to H. MERIVALE, Esq, C. B., Under Secretary, India Office; dated Treasury Chambers, 3rd March 1865, No. 2925.

I am directed by the Lords Commissioners of Her Majesty's Treasury to transmit the enclosed four copies of the Charter of the Asiatic Banking Corporation, and I am to request that you will move the Secretary of State for India in Council to cause one copy to be sent to each of the Governments of Calcutta, Madras, Bombay, and Singapore.

From the Right Honorable Lord DUFFERIN, Under Secretary, India Office, to G. A. HAMILTON, Esq., Assistant Secretary, Treasury; dated India Office, 7th April 1865.

I am directed by the Secretary of State for India in Council to acknowledge the receipt of your letter, dated the 3rd ultimo, No. 2925, which forwarded four copies of the Charter of the Asiatic Banking Corporation, and requested that one copy might be sent to each of the Governments of Calcutta, Madras, Bombay, and Singapore.

2. In reply, I am directed to observe that this Charter appears to grant to the Asiatic Banking Corporation the privilege of limited liability, with the power of establishing "Agencies for exchange, deposit, and remittance in India," and, with the consent in writing of the Lords of the "Treasury, Banks or Branch Banks at any port, town, city, or place in India."

3. With reference to your letter to Mr. Merivale, dated the 21st November 1861, in which it was stated that the Lords of the Treasury considered "that by Mr. Wilson's letter of the "19th February 1853, they were pledged not to consent to the grant of any Royal Charters of "Incorporation for Banking Companies in India, without the concurrence of the Board of Con- "trol, and latterly of the Secretary of State for India," I am directed to observe that it is not stated in your letter what circumstances have induced their Lordships to grant this Charter to the Asiatic Banking Company without communication with the Secretary of State for India.

4. As an Act has been passed by the Governor General of India in Council, providing for the grant of Banking privileges to Joint Stock Companies with limited liability, and as there is, in practice, no real distinction between the establishment of Agencies for exchange, deposit and remittance, and of Branch Banks, the liability in both cases being limited, Sir Charles Wood begs that in all future Charters, Joint Stock Companies should be empowered to establish either Agencies or branches in India, only after they have conformed to the existing Laws of that country.

5. Entertaining this view, Sir Charles Wood begs that the Lords of the Treasury will refrain from granting to the Asiatic Banking Corporation the permission referred to in their Charter for establishing Branch Banks in India.

6. The transmission of the copies of the Charter will be postponed, pending your reply to this communication.

From the Right Honorable F. PEEL, Joint Secretary, Treasury, to the Right Honorable Lord DUFFERIN, Under Secretary, India Office; dated Treasury Chambers, 19th April 1865.

The Lords Commissioners of Her Majesty's Treasury have had before them your letter of the 7th instant, on the subject of the Charter recently granted to the Asiatic Banking Company, and their Lordships have directed me to state, for the information of the Secretary of State for India in Council, that they much regret that any misunderstanding should have arisen regarding the Proceedings of this Board, with reference to the grant of Royal Charters to Companies for carrying on the business of Banking in the Eastern Colonies, with the power of establishing Agencies for deposit, remittance, and exchange in India; but they think that a reference to previous correspondence will satisfy Sir Charles Wood that this Board, in approving of the recent grant of the Charter in question, did not violate the pledge referred to in the passage from Mr. Hamilton's letter of the 21st November 1861, quoted in your Lordship's letter.

2. My Lords desire to refer Sir Charles Wood to Sir T. Redington's letter of the 13th August 1853, which brought to a close the correspondence which had arisen on the subject of the Charter of the Oriental Bank, and signified the consent of the Board of Control and the Court of Directors of the East India Company to the grant of Royal Charters to other Banking Companies, with privileges similar to those granted to the Oriental Bank, but subject to like limitations; the restriction against the issue of Notes being specially referred to.

3. The India Board observed that the concurrence on the part of the Court was expressed on an assurance contained in a passage of a letter from Sir T. Redington, of 14th July 1853, as follows:—"The Charter of the Oriental Bank restricts that establishment from issuing Notes without the consent of the Lords Commissioners of Her Majesty's Treasury, and under such conditions as they shall approve. The Board have already expressed to their Lordships that they consider that such sanction should not be given, as far as regards the Indian Territories, without previous communication with them and with the Court of Directors, and they have received the assurance that there is no intention of giving practical effect to that provision of the Charter as regards India, except in accordance with the views of this Board."

4. It was intimated that the acquiescence of the India Board was conceded on the assurance that the course above indicated would be invariably pursued. Although the restriction against the issue of Notes appears to have been principally in view of the India Board and the Court of Directors at the time, my Lords have always considered their pledge to apply generally to the restrictions contained in the Charter of the Oriental Bank, and they have adhered to it in the case of all Charters subsequently granted, including that of the Asiatic Banking Company.

5. The case alluded to in Mr. Hamilton's letter, of the 21st November 1861, related to a Charter of a different character granted to the Agra and United Service Bank, without the cognizance of this Board, under the powers of which that Bank claimed to have the right of carrying on the business of Banking in India generally, without any of the restrictions contained in the Charter of the Oriental Bank.

6. My Lords thought it right when the fact of the grant of this Charter came under their notice to cousult immediately the Law officers of the Crown as to the effect of it; and in communicating the opinion of the Attorney and Solicitor General to the Secretary of State for India in Council, my Lords were anxious to shew that they had no part in the Proceedings, and that they still considered themselves bound by the understanding of 1853. The nature of that understanding must be gathered from the correspondence of that year, and not from a casual allusion to it in the Treasury letter of 1861.

7. My Lords will attend to the wish now expressed by Sir. C. Wood, "that in all future Charters, Joint Stock Companies should be empowered to establish either Agencies or branches in India, only after they have conformed to the existing laws of that country."

8. Their Lordships will also refrain from granting not only to the Asiatic Banking Corporation, but to other Banking Companies incorporated by like Charter, the permission referred to for establishing Branch Banks in India, without the previous concurrence of the Secretary of State for India in Council.

From the Right Honorable Lord DUFFERIN, Under Secretary, India Office, to G. A. HAMILTON, Esq., Assistant Secretary, Treasury; dated India Office, London, 25th May 1865.

I am directed by the Secretary of State for India in Council to acknowledge the receipt of your letter of the 19th ultimo, and to acquaint you, in reply, that, on the understanding therein expressed that, in future, Joint Stock Companies will not be empowered to establish Agencies or Branches in territories under the Government of India until they shall have conformed to the laws passed by that Government, and also that permission will not be given to the Asiatic Banking Corporation, or to other Banking Companies incorporated by like Charter, to establish Branches in those territories without the previous sanction of the Secretary of State for India in Council, copies of the Charter of the Asiatic Banking Corporation will now be forwarded to the several Governments in India.

2. A copy of this correspondence will be also transmitted to those Governments who will be informed that, as provision has been made by legal enactment in India for admitting Joint Stock Banking Companies to the privileges of limited liability, Sir Charles Wood does not consider that it would be expedient to give his consent to the grant of Banking privileges to any Company, until they shall have complied with that law.

No. 48. ORDER THEREON, 28th July 1865, No. 356.

Ordered that a copy of the foregoing Despatch, and of the correspondence which accompanied it, be furnished to the Accountant General, for information, and that the copy of the Charter of the Asiatic Banking Corporation be deposited in the iron chest of the Government Record Office.

(True Extract).

Chief Secretary.

To the Accountant General.
" Government Record-keeper.

Exd. J. H. Burns.

Ex. Railway Department.

Read

PROCEEDINGS of the MADRAS GOVERNMENT.

Read despatch from the R. of the Secy: of State for India.

/Dated 8th June '65 No 35/

Order - 28 July 1865 No 350.

Ordered that a copy of the foregoing despatch & of the correspondence which accompanied it be furnished to the Accountant General for information; & that the copy of the Charter of the Asiatic Banking Corporation be deposited in the Iron Chest of the Govt. Record Office.

To Acct. General
Govt. Record Keeper
with the Charter

Legislative
H.B.P.
2/8/65.

List of Corrt.

Financial 1865. Department.

No. 356

PROCEEDINGS OF GOVERNMENT.

Dated 28 July 1865

Furnishing to the Accountant Genl for information a Copy of a Despatch and of the correspondence with the Lords Commissioners which accompanied it relative to the grant of Royal charters to Banking Companies in India together with a copy of the charter of the Asiatic Banking Corporation and directing that the Copy of

of the charter of the Asiatic Banking Corporation be deposited in the Iron chest of the Govt Record Office

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