M.R.O. 1—77,000—8-6-37.

(1) Number of pages 80

(2) Date of repair 2-9-37

(3) Initials of the Referencer

MADRAS RECORD OFFICE.

Government of Madras.

Financial **DEPARTMENT.**

G.O. No. 440	Press / Mis.
Dated 18-9-	18 65.

45-48 17/18

Not to be folded or roughly handled

Proceedings of the Madras Government, Financial Department,
18th September 1865.

Read the following papers:—

No. 45. 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, 28th January 1865, No. 237.

I have the honor to bring to the notice of Government the following suggestions of the Assistant to the Deputy Commissioner of Paper Currency at Calicut, and in which the Deputy Commissioner concurs.

1*st*.—That, as sanctioned in Notification of Government, under date July 29th, 1862, henceforth the New Currency Notes put into circulation at Madras will be received in payment of Government dues in all the Government Treasuries in this Presidency, so the Notes of the three New Circles recently formed may be received at all Treasuries. By Order of Government of India, No. 3274, 15th November 1864, the Notes are only to be received in payment of Revenue and of other claims of Government within the Circle to which they belong. The Deputy Commissioner considers that few Notes of other Circles will find their way to the Treasuries of Calicut for a long time; but an order for their being freely received in payment of Government dues will give confidence, and hereafter; should it be found to lead to inconvenience, it can be modified or rescinded, in which opinion I fully concur, and would observe that paragraph 11 of the printed rules for guidance of the Circle offices provides for the disposal of Notes of other Circles as if the arrangement above proposed had been contemplated. In regard to cashing Currency Notes at Treasuries, the same Officers suggest that Treasury Officers in Malabar might with propriety be enjoined to cash Calicut Notes freely, to the extent of the surplus collections which they would have monthly to remit to the Hoozoor Treasury, and that in the other Districts comprising the Calicut Circle the amount of Currency Notes to be cashed might be regulated by the probable amount of remittance from each to Madras or Bombay, the amounts to be allotted periodically to such Taluqs as may be principal places of trade, or at which Notes are most likely to be presented in any number; and that all cash remittances from the several Districts of the Circle to Madras or Bombay should, as a rule, be made from the Central Treasury at Calicut, where coin would always be obtainable in exchange for the Notes of the Circle.

2. The existing rules regarding cashing Notes at Government Treasuries are contained in Notification as per margin* by the Accountant General. I am not aware whether this Notification refers to Hoozoor Treasuries only, or if Taluq Treasuries are included, but if it has latterly been customary to cash Notes of the Madras Circle at Taluq Treasuries, whereby all Treasury officers have become familiar with them, I presume the objections against the practice in Government Order, No 380, of the 20th May 1862, paragraph 4, no longer exist.

* No. 98, 22nd March 1864. Fort Saint George Gazette, page 523, 22nd March 1864.

3. The circulation of Notes through the Agency of the new Circle offices is at present very limited, being as follows up to the 21st instant, or after the offices had been open three weeks:—

	Number of Notes in circulation.	Aggregate value.
Calicut.....	66	8,060
Trichinopoly..... ...	145	17,210
Vizagapatam.....	433	51,780

And I quite agree with the officers at Calicut, that, if as now suggested greater facilities for cashing the Notes are afforded, public confidence will increase, and the circulation of the Notes be greatly extended.

Referred to the Accountant General for his remarks.

(Signed) A. J. ARBUTHNOT,
Chief Secretary

18*th February* 1865.

No. 46. From F. LUSHINGTON, Esq., Accountant General, to the Honorable A. J. ARBUTHNOT, Chief Secretary to Government, Fort Saint George; dated Fort Saint George, 22nd February 1865, No. 205.

Resource Department.

With reference to the letter from the Commissioner of the issue of Paper Currency, dated the 28th ultimo*, forwarded for my remarks with the Order of Government in the Financial Department of the 18th instant, I have the honor to observe that Colonel Carpendale's proposition, that the Currency Notes of the three new Currency Circles recently established should be received in payment of Government dues by all Government Treasuries in this Presidency, without reference to the particular Circle to which the Notes may belong, appears to me altogether unobjectionable.

* No. 237.

2. In regard to Colonel Carpendale's second proposition that greater facilities should be granted to the public in the cashing of Notes, I beg to annex copy of a letter addressed by me to the Financial Secretary to the Government of India on the same subject, under date the 17th August† last. My object in making this reference was two-fold, namely, to enable Collectors to remit their surplus balances to the Presidency more frequently, and at less cost and risk to Government, by means of Currency Notes, instead of by Specie remittance, and thus to concentrate the surplus funds of the entire Presidency as much as possible in the Head Treasury, and at the same time to afford the public greater facilities than then existed of converting their Notes into cash. It will be observed from the reply of the Financial Secretary, copy of which‡ is also annexed, that on the first point, I was informed that the arrangement proposed by me instead of economizing the specie would have the contrary effect; and on the second, that it was "inconsistent with the first principle of a Paper Currency, which is that "the arrangements should be so framed as to secure *absolute, instant, never-failing* conver-"tibility." I have been unable, after a careful consideration of the Financial Secretary's letter, to perceive upon what grounds the arrangement proposed by me was considered open to the objections urged against it; but whatever those grounds may be, they will, I conceive, equally apply to the proposition now made by the Commissioner and militate against the adoption of it.

† No. 1908.

‡ No. 2266, dated 5th September 1865.

3. That the new Currency Notes will ever obtain a free circulation, or take the place of Specie, in this Presidency, unless far greater facilities than now exist are given for their conversion, I do not believe. They will however be, as in indeed they now are, taken up for the purpose of making remittances to the Presidency, and the Government will hereafter be saddled with the cost and risk of making the remittances of private parties to an extent of which at present they can have no idea.

From F. LUSHINGTON, Esq., Accountant General, to the Financial Secretary to the Government of India, Simla; dated Fort Saint George, 17th August 1864, No. 1908.

Referring to the instructions of the Government of India, communicated in your letters, Nos. and dates as per margin, I have the honor to inquire whether in those Districts in which there is always a large surplus revenue, and which cannot be drawn away by means of supply Bills, a general authority may be granted to the Collectors of such Districts to cash Currency Notes within the limits of their surplus balances.

No. 1341, dated 11th March 1864.
" 818, dated 11th June "

2. The immediate cause of this inquiry, I beg to remark, is an application made to me by the Agent of the Oriental Bank Corporation that the Collector of Tanjore may be permitted to cash Currency Notes issued by their Branch Bank about to be opened at Negapatam, within certain limits to be fixed by me from time to time, with reference to the state of the Treasury there. I am not aware of any objection to a compliance with the request made by the Agent, as there would be no obligation, either expressed or implied, on the part of the Collector to cash Notes when not perfectly convenient to him to do so, while the advantages to Government from the arrangement are obvious. The remittances from Tanjore in Specie are both large and frequent, entailing a very considerable expense, as the Treasury there is one which cannot be operated upon to any appreciable extent by supply Bills, for which there is a very limited demand.

From E. H. LUSHINGTON, Esq., Secretary to the Government of India, to the Deputy Auditor and Accountant General, Madras; dated Simla, 5th September 1864, No. 2266.

Financial Department.

I am directed to acknowledge the receipt of your letter, dated August 17th last, No. 1908, proposing that a general authority should be given to the Collectors of Districts in which there is always a large surplus Revenue, and which cannot be drawn away by means of supply Bills, to cash Currency Notes, within the limits of their surplus balances, and to state in reply as follows.

2. There is no portion of the Cash Balances which may not at any time be required for the Public Service, and no arrangement can, therefore, be sanctioned which would render any portion unavailable.

3. One main object of the Government Note Currency is to economize Specie, and the Government cannot, therefore, sanction an arrangement which would have a contrary effect by rendering it necessary to maintain Specie in Government Treasuries at an amount equal to any possible demand for cashing Notes.

4. Your remark that "there would be no obligation, either expressed or implied, on the "part of the Collector to Cash Notes *when not perfectly convenient for him to do so*," is inconsistent with the first principle of a Paper Currency, which is that the arrangements should be so framed as to secure *absolute, instant, never-failing* convertibility.

5. Finally, I am directed to observe that the necessity for any new arrangement has been obviated by the establishment of the new Trichinopoly Circle of Issue, in which Tanjore is included.

(True Copies).

(Signed) J. MACKEY,
Acting 1st Assistant Accountant General.

No. 47. ORDER THEREON, 18th September 1865, No. 439.

The Governor in Council directs that the Currency Notes of the three new Currency Circles lately established be received in payment of Government dues by all Government Treasuries in this Presidency, without reference to the particular Circle to which the Notes may belong.

2. In their letter of the 4th July last year, this Government urged upon the Government of India the expediency of directing that Currency Notes should be cashed in all the District Treasuries to the full extent of the funds available. His Excellency in Council will again address the Supreme Government on the subject.

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

No. 48. To the Secretary to the Government of India, Financial Department, dated Fort Saint George, 18th September 1865, No. 440.

Adverting to my letter of the 4th July 1864, No. 349, of which a copy is enclosed for convenience of reference, I am directed by the Governor in Council to request that you will again bring under the consideration of His Excellency the Governor General in Council the recommendation therein made, to the effect that Currency Notes should be cashed in all District Treasuries to the full extent of the funds available.

Fort 1865 Dept
No 1440
To The Secretary to the
Govt of India
No
Dated 18th Sept 65.

No 237.

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

To The Honble A. J. Arbuthnot
Chief Secretary to Government
Fort Saint George

Sir,

1. I have the honor to bring to the notice of Government the following suggestions of the Assistant to the Deputy Commissioner of Paper Currency at Madras and in which the Deputy Commissioner Concurs.

1st. It has sanctioned in Notification of Government under date July 29th 1862 that henceforth the New Currency Notes 5m into circulation at Madras will be received in payment of Government dues in all the Government Treasuries in this Presidency & to the Notes of the three New Circles recently formed may be received at all Treasuries. By order of Government of India, No 3274 15th November 1864, the Notes are only to be received in payment of Revenue and of other claims of Government within the Circle to which they belong. The Deputy Commissioner Considers that few Notes of other

Circles

Circles, will find their way to the Treasuries of Calicut for a long time but an order for their being freely received in payment of Government dues, will give confidence, and hereafter should it be found to lead to inconvenience it can be modified or rescinded, in which opinion I will concur, and would observe that para: 117 of the printed rules for guidance of the Circle Offices provides for the disposal of Notes of other Circles as if the arrangement above proposed had been contemplated. In regard to cashing currency Notes at Treasuries the same Officers suggest that Treasury Officers in Malabar might with propriety be enjoined to cash Calicut Notes freely to the extent of the surplus collections which they would have monthly to remit to the Boozoor Treasury, and that in the other Districts comprising the Calicut Circle the amount of currency Notes to be cashed might be regulated by the probable amount of remittance from each to Madras or Bombay, the amounts to be allotted periodically to such Talooks as may be principal Places of trade or at which

Notes

Notes are most likely to be presented in any numbers, and that all Cash remittances from the several districts of the Circle to Madras or Bombay should as a rule be made from the Central Treasury at Calicut where Coin would always be obtainable in exchange for the Notes of the Circle.

2. The existing rules regarding Cashing Notes at Government Treasuries are contained in Notification as per margin* by the Acctt. General. I am not aware whether this Notification refers to Hoozoor Treasuries only or if Talook Treasuries are included, but if it has latterly been customary to Cash Notes of the Madras Circle at Talook Treasuries whereby all Treasury Officers have become familiar with them, I presume the objections against the practice in Government Order No. 380 of 20th May 1862 para 4: 4. no longer exist.

3. The Circulation of Notes through the Agency of the new Circle Officers is at present very limited, being as follows up to the 21st Instant or

after

* No. 98. 22nd March 1864. Fort Saint George Gazette Page 523 22nd March 1864.

after the Offices had been open three weeks.

	No. of Notes in circulation	Aggregate Value
Calicut	66	8,060
Trichinopoly	145	17,210
Vizagapatam	433	51,780

And I quite agree with the Officers at Calicut, that, if as now suggested greater facilities for casting the Notes are afforded, public confidence will increase, and the circulation of the Notes be greatly extended.

I have the honor to be
Sir
Your most obedient Servant

J Cumming
Commissioner of the
Issue of Paper Currency

Office of the Commissioner of Issue, Madras Mint, 28th January 1865.

C.C.

Fin! Department

1865.

From The Commissioner
of Issue
Madras

To The Chief Secretary
to Government
Fort Saint George

No. 237.

Dated 28th
Received 31st January 1865.

No. 55

Brings to notice of Government certain suggestions of the Assistant to the Dy Commissioner of Paper Currency at Calicut relative to receiving and cashing Notes in the Hoozoor and Taluq Treasuries -

Refer[illegible]

Pro: 20th May 62 - 84-86
" 3d Decr 64 - 7-9
Gazette 1st Augt 62 - P - 179

619

Resource Depart.

11

No. 205

Fort Saint George
Accountt. Genl's Office
22 February 1865

From
F. Lushington Esquire
Accountant General

To
The Chief Secretary
to Government
Financial Department

Sir

With reference to the letter from the Commissioner of the issue of Paper Currency dated the 28th Ultimo, forwarded for my remarks with the Order of Government in the Financial Department of the 18th Instant, I have the honor to observe, that Colonel Carpendale's proposition, that the Currency Notes of the three new Currency Circles recently established should be received in payment of Government dues by all Government Treasuries in this Presidency without reference to the particular Circle to which the Notes may belong — appears to me altogether unobjectionable.

* No. 237

2. In regard to Colonel Carpendale's second proposition that greater facilities should be granted to the public in the Cashing of Notes, I beg to annex copy of a letter addressed by me to the Financial Secretary to the Government of India on the same subject under

date

date the 17th August last. My object in making this reference was two fold, namely to enable Collectors to remit their surplus balances to the Presidency more frequently, and at less cost and risk to Government by means of Currency Notes, instead of by Specie remittance, and thus to concentrate the surplus funds of the entire Presidency as much as possible in the Head Treasury, and at the same time to afford the public greater facilities than then existed of converting their notes into Cash. It will be observed from the reply of the Financial Secretary, Copy of which is also annexed, that on the first point I was informed that the arrangement proposed by me instead of economizing the Specie would have the contrary effect; and on the second, that it was "inconsistent with the first prin-"ciple of a Paper Currency which is that the "arrangements should be so framed as to secure "absolute, instant, never failing, convertibility." I have been unable after a careful consideration of the Financial Secretary's letter to perceive upon what grounds the arrangement proposed by me was considered open to the objections urged against it, but whatever those grounds may be, they will, I conceive, equally apply to the proposition now made by the Commissioner, and militate against the adoption of it.

3 That the new Currency Notes will never obtain a free circulation, or take the place of Specie, in this Presidency, unless far greater facilities

† No. 1908

† No. 2261 dated 5 September 1864

facilities than now Exist are given for their Conversion I do not believe. They will however be, as indeed they now are, taken up for the purpose of making remittances to the Presidency and the Government will hereafter be saddled with the cost and risk of making the remittances of private parties to an extent of which at present they can have no idea.

I have the honor to be
Sir
Your most obedient Servant
F. Cuthbertson
Accountant General

Copied
Authenticated

5

Fort-Saint-George
Accountt. Genls Office
17th August 1861.

No. 1908

From
J. Lushington Esquire
Accountant General

To The Financial Secretary
to the Government of India
Simla.

Sir,

Referring to the instructions of the Government of India communicated in your letters Nos and dates as per margin, I have the honor to inquire whether in those Districts in which there is always a large surplus revenue and which cannot be drawn away by means of supply Bills, a general Authority may be granted to the Collectors of such Districts to cash Currency Notes within the limits of their surplus balances.

No 1348 dated 11th March 1861
" 5178 — d — 11th June — "

2. The immediate cause of this enquiry I beg to remark is an application made to me by the Agent of the Oriental Bank Corporation that the Collector of Tanjore may be permitted to cash Currency Notes issued by their Branch Bank about to be opened

R. No 55.
Rec. 20th May 12-8-80

Fort Saint George 15th August 1861.

No. 1908

From
J. Lushington Esquire
Accountant General

To The Financial Secretary
to the Government of India
Simla.

Sir,

Referring to the instructions of the Government of India communicated in your letters Nos and dates as per margin, I have the honor to inquire whether in those Districts in which there is always a large surplus revenue and which cannot be drawn away by means of supply Bills, a general Authority may be granted to the Collectors of such Districts to cash Currency Notes within the limits of their surplus balances.

No 1348 dated 11th March 1861
" 5178 — d — 11th June — "

2. The immediate cause of this enquiry I beg to remark is an application made to me by the Agent of the Oriental Bank Corporation that the Collector of Tanjore may be permitted to cash Currency Notes issued by their Branch Bank about to be opened

Rs 50 K. Rec. 13th Aug. 1861.

Value of Rs 50 K. Rec. 28th February 1865

No. 205. 12th

No. 143.

Bills received to the order of Government of Fort St. George dated 8th August 1861 referred to Collector of Tanjore and Agent Oriental Bank Corporation.

Bills received to the order of Government of Fort St. George dated 8th August 1861 referred to the Collector of Tanjore and Agent Oriental Bank Corporation.

opened at Negapatam within certain limits to be fixed by me from time to time with reference to the state of the Treasury there. I am not aware of any objection to a compliance with the request made by the Agent as there would be no obligation either expressed or implied on the part of the Collector to cash Notes when not perfectly convenient to him to do so, while the advantages to Government from the arrangement are obvious. The remittances from Tanjore in Specie are both large and frequent, entailing a very considerable expense, on the Treasury there is one which cannot be operated upon to any appreciable extent by supply Bill for which there is a very limited demand.

I have the honor to be
Sir
Your most obedient Servt
(Signed) F. Lushington
Accountt General

To

No. 2266

Financial Departt

To The Deputy Auditor & Accountant Genl
Madras

Sir,

1 I am directed to acknowledge the receipt of your letter dated August 17th last No. 1908 proposing that a general authority should be given to the Collectors of Districts in which there is always a large surplus Revenue and which cannot be drawn away by means of supply Bills, to cash Currency Notes within the limits of their Surplus Balances; and to state in reply as follows.

2 There is no portion of the Cash Balances which may not at any time be required for the Public Service, and no arrangement can therefore be sanctioned which would render any portion unavailable.

3 One main object of the Government Note Currency is to Economize Specie, and the Government cannot, therefore, sanction an arrangement which would have a contrary effect by rendering it necessary to maintain Specie in Government Treasuries at an amount equal to any possible demand for cashing Notes.

4 Your remark that "there would be "no obligation either expressed or implied, on the "part of the Collectors to cash Notes when not "perfectly convenient for him to do so" is inconsistent with the first principle of a Paper Currency, which is that the arrangements should be so framed as to secure absolute, instant, never failing convertibility.

Finally

Finally, I am directed to observe that the necessity for any new arrangement has been obviated by the Establishment of the new Trichinopoly Circle of Issue in which Tanjore is included.

I have the honor to be
Sir
Your most obed.t Servant
(Signed) Ed.d H. Sushington
Secretary to the Government
of India

Simla
the 5 September
1864

(True Copies)
Illegible
Agt.e Aff.e Acctt Genl

Ch Pitkin

1865 D.
No 113.

19

Names of Districts Treasuries	Amount of Currency Notes issued during six months ending 30 June 1865	amount of Notes in deposit at the beginning that period viz 1st January 1865	Amount of Notes in deposit at the end of 6 months ending 30 June 1865	Cash Balance on the 30 June 1865	Amount remitted by other than Supply Bills during 6 months ending 30 June 1865	Remarks
Travancore	28,130	6,330	9,200	94,550	325,000	
Ganjam	29,900	26,590	28,790	608,638	"	
Vizagapatam	102,590	19,560	135,980	638,022	"	
Godavery	194,500	42,080	69,520	848,625	100,000	4 Lakhs of this amount remitted to Calcutta
Kistna	121,200	1,820	38,500	906,389	1,600,000	5 Lakhs of this amount remitted to Calcutta.
Nellore	58,100	2,660	152,310	1,323,828	1,852,600	
Madras District	118,550	9,770	44,680	473,107	1,684,814	
North Arcot	97,740	24,520	63,530	546,597	1,000,000	
South Arcot	115,280	47,290	57,640	1,124,014	1,350,000	
Tanjore	90,810	12,500	75,280 ×	1,644,217	1,850,000	12 Lakhs of this amount remitted to Bombay
Trichinopoly	78,250	22,710	25,000	832,249	600,000	30 Thousand of this amount remitted to Hyderabad.
Madura	181,170	26,110	11,100	896,567	1,750,000	
Timevelly	123,360	24,070	80,420	1,160,349	1,000,000	
Malabar	12,400	65,490	150,550	1,135,884	4,000,000	Remitted to Bombay
South Canara	193,840	50,750	34,340	614,328	1,000,000	6 Lakhs of this amount remitted to Bombay
Coimbatore	269,680	29,120	14,320	1,230,355	"	
Salem	210,540	22,030	20,930	744,060	1,250,000	
Cuddapah	187,500	10,160	18,730	743,819	600,000	
Bellary	161,600	15,400	116,760	1,255,895	900,000	
Kurnool	253,110	1,730	6,440	695,161	"	
Total	26,78,250	4,69,690	11,53,520	17,56,654	17,28,414	
				Deduct	3,30,000	Remitted to other Presidencies &c
				Nett	13,98,414	

× 10,500 Rs. of Bank Notes & Post Bills included in this item.

25 July 1865

Financial Department. 7 23-

PROCEEDINGS of the MADRAS GOVERNMENT.

Read the following papers.

From the Commissioner of the Issue of Paper Currency.	dated 28th Jany. 1865 No 237.
From Accountant General.	dated 22d Feby — " — " 205.

Order thereon. 18th September 1865 No 439

The Governor in Council directs that the Currency Notes of the three new Currency Circles lately established be received in payment of Govt. dues by all Govt. Treasuries in this Presidency without reference to the particular circle to which the Notes may belong.

2. In their letter of the 4th July last year this Govt. urged upon the Govt. of India the expediency

expediency of directing that currency Notes should be cashed in all the District Treasuries to the full extent of the funds available. His Excellency in Council will again address the Supreme Govt on the subject.

Accountant Genl.
Commr. of Issue of Papers Currency
Collectors of the several Distts.

Currency Notes

Financial 186 5. Department.

No. 459

PROCEEDINGS OF GOVERNMENT.

Dated 18th December 1865

Recd 19/12

with copy of letter No. 349

Financial Deptt

No 440

To The Secretary to the Govt of India
Financial Deptt

Sir

Adverting to my letter of the 4 July 1864 No 349 of which a copy is enclosed for convenience of reference, I am directed by the Governor in Council to request that you will again bring under the consideration of His Excellency the Governor General in Council the recommendation therein made to the effect that Currency Notes should be cashed in all the District Treasuries to the full extent of the funds available

2 This recommendation was not alluded to in your reply to the letter in which it was made but a similar proposal subsequently

subsequently made by the Accountant General at Madras has been negatived by the Supreme Govt. on the alleged ground that it would render it "necessary "to maintain Specie in Govt. "Treasuries at an amount "equal to any probable "demand for cashing notes"- with reference to a remark made by Mr. F. Lushington that there would be no obligation either expressed or implied on the part of the Collector to cash notes when not perfectly convenient for him to do so, it is observed in your letter to that officer under date the 5th September last that such an arrangement would be "inconsistent with the first principle of a Paper Currency which is that the arrangements should be so framed as to secure absolute, instant, never failing convertibility

The

The Governor in Council is altogether unable to understand the force of this reasoning. If it be distinctly made known that the Govt. do not pledge themselves to cash notes at other than certain specified treasuries, it cannot he thinks in any way diminish the confidence of the Public in the convertibility of the notes that they should be informed that the notes will be cashed in any Treasury in which the funds available may admit of it, having due regard to the requirements of the District and to the amount of cash required at the Presidency Treasury. It will be seen from the annexed statement that during the six months ending on the 30th June last no less

a

a sum than 13998114 was remitted in cash to the General Treasury at Madras, much of which there can be no question might have been more economically and more conveniently remitted in the form of Currency Notes, had the present restrictions on the cashing of such notes not been in force.

Fort St. George
18th September 1865

Financial 1865. Depart.
Desp. of September
No. 440

To

The Secretary to the
Govt. of India
Finl. Depart.

Dd 18 September 1865.

45. @ 48.