M.R.O. 1—77,564—3-6-37.

(1) Number of pages 20

(2) Date of repair 13-5-34

(3) Initials of the Referencer

MADRAS RECORD OFFICE.

Government of Madras.

Finance DEPARTMENT.

G.O. No. 316 Press ~~Mis.~~

57-52.

Dated 23-8- 1866.

51-52 11/12

Not to be folded or roughly handled

No. 51. Read the following Proceedings of the Government of India, Financial Department, dated Simla, 14th July 1866, No. 1509.

Money Order Office.

Administration and Public Departments.

Read the undermentioned papers :—

Financial Proceedings, October 1861 (Accounts), Nos. 200 to 204.
Ditto ditto July 1862 (Accounts), Nos. 16A. to 16M.
Ditto ditto August 1862 (Accounts), Nos. 141 to 144.
Despatch to Secretary of State for India, No. 128, dated 25th September 1862.
Financial Proceedings, October 1862 (Accounts), No. 297.
Ditto (Abstract) Proceedings, November 1862 (Accounts), No. 72.
Ditto Proceedings, January 1863 (Accounts), Nos. 39 to 43.
Ditto (Abstract) Proceedings, April 1863 (Accounts), No. 7.
Letter from Civil Paymaster, Fort Willian, No. 106, dated 18th April 1863.
Letter to ditto ditto No. 1884, dated 6th May 1863.
Letter from Officiating Civil Pay Master, Fort William, No. 117, dated 17th June 1863, with enclosures.
Letter from Civil Pay Master, Fort William, No. 128, dated 26th August 1863.
Letter from the Government of Bengal, No. 1238 T., dated 2nd July 1864.
Ditto ditto No. 425, dated 19th July 1865, with enclosures.
Memorandum, dated December 1865, by the Accountant General, Bengal.

Resolution.—The Governor General in Council, having had under consideration the results of the working of the Money Order Office in the Lower Provinces of Bengal, since its establishment in 1862, is of opinion that the experiment has proved entirely successful, and considers that the time has arrived for permanently establishing the system, and for extending the benefits of its operation throughout India.

2. The present organization, which is clearly detailed in a Pamphlet published under authority by Mr. Sandeman, Accountant General of Bengal, has been found, after a trial of four years, to be simple and effective, and will probably also be found equally well suited to the circumstances of the other Governments and Administrations where it may be introduced.

3. With regard to the arrangements for supervising the working of the system in the Presidencies of Madras and Bombay, His Excellency in Council is of opinion that a Controller should be appointed for each Presidency, in subordination to the Local Accountant General, and that, for the present, the operations of the Money Order Office should be restricted to the territorial limits of each Presidency.

4. For the Bengal Presidency, it remains to be determined whether there should be one Controller in general charge stationed at Calcutta, or whether the management should be divided by the North-Western Provinces, the Central Provinces and Oudh being placed under one Controller, and the Punjab under another, stationed at Allahabad and Lahore respectively, in subordination to the Local Accountants General, and with authority to transact business with the capital towns of the several Administrations of the Presidency outside their own jurisdiction. The former plan will apparently be the most advantageous, and can probably be adopted without any real difficulty.

5. At present the maximum limit of a single Order is Rupees 100 or £10. This will be retained in the Provinces into which the system is to be newly introduced; but in Lower Bengal, where the system has taken root, it may be expedient to raise the maximum tentatively to Rupees 150 or £15, and this will be suggested for the consideration of the Lieutenant Governor. The experiment, if successful, can afterwards be extended.

Ordered that the foregoing Resolution be communicated to the Governments of Madras, Bombay, North-Western Provinces, and the Punjab, for information, together with a copy of the papers

relating to the system in Bengal, with the request to the two-last named Governments that they will favor the Government of India, with their views on the point reserved in paragraph 4 of the Resolution.

Ordered, also, that the Resolution be communicated to the Comptroller General of Accounts, for information, and for report on the same point.

Ordered, further, that the Resolution be communicated to the Government of Bengal, for information and report on the subject of paragraph 5, and that the Resolution be published in the *Gazette of India*.

(Signed) R. H. LUSHINGTON,
Secretary to the Government of India.

[No. 16c.] From H. D. SANDEMAN, Esq., Civil Paymaster, Fort William, to the Secretary to the Government of India, in the Financial Department; dated 9th June 1862, No. 13.

I have the honor, in conformity with your instructions, to submit, for the consideration of His Excellency the Governor General in Council, a detailed scheme for the introduction into India of "Money Order"s, founded upon, and in many respects exactly similar to, that which is known in Great Britain as the "Post Office Order" system.

2. The object of the "Post Office Order" system, as established in England, is to afford to the public the means of safely and economically transmitting small sums of money from any one part of the country to any other; the various Postmasters and Sub-Postmasters being employed as Agents for the transaction of the business.

Object of Post Office Order system in England.

3. It has long been felt that some such convenience to the public is not only needed, but might be advantageously introduced into British India. The Army and few privileged servants of the State have enjoyed the means of remitting money from one district to another by means of Treasury Drafts; but the general public have been, and still are, left to their own resources, and are thus reduced to the necessity of either making their remittances in hard cash, or of submitting to the payment of the almost prohibitory rates of premia, &c., which are charged by the English Banks existing in the country, or by the Native Mahajuns of the several Bazaars.

Want of a simil or system in India.

4. The present Scheme has for its object like the "Post Office Order" system at Home, the convenience of the public at large, by affording to them the means of transmitting small sums of money from one place to another in a secure manner, and at a cost which, while considerably below the high rates now existing, will, it is believed, not only secure the State from any burden of expense on account of establishment or petty details of working, but ultimately yield a very considerable profit.

Object of present Scheme.

5. The idea of introducing such a Scheme into India is not a novel one: it existed some time ago, and was revived in 1861 by certain Notifications which were issued by the Board of Audit and by the Civil Paymaster, who had then the charge and contract of all Bill operations connected with the State, to the effect that Bills in the Mofussil to private individuals, who had never been legally entitled to them, but who had so generally enjoyed the privilege, as to render a refusal the exception and not the rule, might continue to be allowed on the Presidency only, but that the accommodation thus as it was for the first time authorized, would be withdrawn so soon as the Act for the introduction of a Paper Currency became law, or at the furthest by the first day of January 1862.

Notifications by Board of Audit and Civil Paymaster.

6. From these Notifications it was correctly inferred that the new paper money was expected to supersede the necessity for Bills of Exchange, in the idea that small remittances would be made by transmitting Currency Notes by post.

Inference from the above Notifications.

7. To such a practice, however, there are serious objections. In the first place, *even* sums only could be remitted according to the various denominations of issued Notes; secondly, unless such Notes are remitted whole, every transaction would involve the necessity of despatching two letters and receiving two acknowledgments; thirdly, even in England, the transmission of a Bank Note, unless covered by a registry fee, is deemed very arduous if not imprudent, while the registration of a letter is, after all, no security against the abstraction of the contents of a letter, either before or after it is posted.

Objections to remitting money by Currency Notes.

8. The formation of a Money Order system thus suggested itself, as a means whereby the public might remit their money from one place to another without such risks, and at the same time with very little loss upon the amount of their remittances in the way of premium.

Advisability of introducing a Money Order system.

9. The Accountant General, upon being asked for an opinion upon the subject, expressed his entire concurrence, and submitted the English manual for the transaction of Money Order business, with a recommendation that it should be adopted in its integrity, so far as change of terms, and a few trifling differences in the system of Accounts, &c., would admit.

Accountant General's opinion.

10. He also especially recommended—

And recommendations.

I. That, in order to assist the working of such a system, all "privilege" remittances should be abolished.

II. That, in the case of remittances required by European and Native Soldiery, the fees should be paid by the Commanding Officer and charged to the State in the Military Department in his ordinary Contingent Bills.

III. That some special Officer should be assigned in the first instance to Treasury Officers, to be aided, when necessary, by a special ministerial assistant, whose expenses would be met by income from fees, &c.

V. That the system should, in the first instance, be tried in the Lower Provinces of Bengal only as an experiment, to be gradually extended hereafter.

11. As regards the withdrawal of Privilege Remittance Receipts, there can be but little question that the introduction of the Money Order system is not likely to prove successful if any rival system is permitted to exist. It should, therefore, be made to comprehend and supersede every other means by which small remittances of money are now made. The Accountant General has fully met the only difficulty which was likely to rise on this score, by recommending that, in every case where a soldier desires to remit money at the expense of the State, he shall obtain his Money Order from his Commanding Officer, who will pay the usual commission fee to the Money Order Agent, and charge it in his Contingent Bill, as an item of Military Expenditure. It is not improbable that, in the majority of cases, the soldier will prefer paying the small commission which will be demanded for a Money Order, to going through the form of applying to his Commanding Officer, and thus probably communicating details which he would rather keep to himself.

Withdrawal of Privilege Remittance Receipts.

Proviso in the case of Soldiers' remittances.

12. I would, in addition to the above recommendations, suggest that "Service Receipts" also be discontinued. If they are permitted to have a co-existence with Money Orders, a door will be left open, not only to the detriment of the latter, but by which confusion may occur. In lieu of such receipts, I would submit that in every case where one Treasury Officer desires to remit any sum of money to another on account of the public service only, he should simply inform such Officer by letter (for which a printed form might be adopted) of the transaction, which should then be treated in both accounts as an ordinary "remittance."

Withdrawal of Public Service Transfer Receipts.

13. In order to prevent the possibility of any forms of transfer receipts, whether on account of the public service or on account of privilege remittances, being used after the introduction of Money Orders, Officers in charge of Treasuries from which, or in stations from which, such orders may be directed to be issued, should receive instructions to destroy all forms which they may have in their possession and certify the fact to me. A circular order will be issued to this effect, if the sanction of Government be accorded to it.

Receipt forms should be destroyed.

14. Supply Bills will, of course, not be interfered with by the operation of the Money Order system. These are negotiated for large sums only (above Rupees 100), and are intended to meet the immediate requirements of the State, in clearing or supplying its Treasuries, and are sold in the market at such rates as may be found advisable from time to time. When so offered for sale, they may, of course, be purchased by any person, official or independent, but can only be granted by Collectors under express sanction from the Accountant General to the Government under which they are serving.

Supply Bills not to be interfered with.

15. Stringent orders have, from time to time, been issued to adhere strictly to this rule, and it will be the more necessary under the present proposed system to observe strictness, and report to the local Government every case in which such Bills are issued in an unauthorized manner.

Caution in the issue of Supply Bills.

16. Touching the second recommendation of the Accountant General, that a special Officer should be appointed to organize the details of the scheme, it has pleased His Excellency the Governor General in Council to depute the work to me, and I trust that I shall be able to carry out his instructions in a satisfactory manner. If the principles of this present report are approved, I would ask that a "Controller" be at once appointed, on such salary as the Government may deem fit, to assist me in the preparing and issuing the letters, forms, and general instructions which will be requisite on commencing the work of the Department. There will necessarily be heavy work to perform, and I fear that single-handed I should be unable to get through it satisfactorily, in addition to my duties as Civil Paymaster, without neglecting the latter, and I would therefore be glad to have the aid of a Controller to assist me.

Special Officer to organize details.

Appointment of a Controller recommended.

17. He will require no establishment until the system is ripe for working, beyond an ordinary copyist or two.

Establishment.

18. It will be necessary, upon determining the salary of a Controller, to make a special grant in the Budget for 1867-68, and also to fix an allowance for stationery and printing, unless the latter can be performed in your office, or in that of the Accountant General.

Additional Budget Grant.

19. I concur in the recommendation of the Accountant General that the duties be entrusted in the first instance to Treasury Officers; but I would relieve them of all work beyond a general supervision. The Ministerial Assistant under him should be styled "Money Order Agent," and his expenses should eventually be defrayed from the income of commission and fees. He should likewise sign all orders, receive all advices direct, render accounts, and, in short, transact all the business of the Agency, being only subordinate to the Collector as his Treasury or other clerk, and receiving for the present the pay only of his substantive appointment. It will be time enough to settle the actual remuneration by commission after a short experience of the working of the system.

Duties in Provincial Offices by whom to be performed.

20. The last recommendation by the Accountant General appears to be prudent, that the experiment be for the present confined to the Lower Provinces of Bengal, and then extended, as means and circumstances may justify.

Money order system to be confined in first instance to Lower Provinces of Bengal.

21. It has been contended that the sum of Rupees 50 should be fixed as a maximum limit for Money Orders, and as this suggestion has apparently met the general approval of the Council, I have adhered to that limit in the "Description" and in the "Rules" which are appended to this report. I would, however, with great diffidence venture to urge the substitution of a limit of Rupees 100 for that of Rupees 50; such a sum would in no way interfere with banking or exchange operations, and would have the advantage of meeting the minimum of Supply Bills, which should on no account be ever granted for a smaller sum. It may be observed that £10 is the sum now allowed in England.

Limit of Money Order, Rupees 50.

Limit of Rupees 100 recommended.

22. So long as the limit of a Money Order is not sufficiently high to interfere with Banking operations, I do not see that any advantage will accrue by stopping short of that limit. If, with a limit of Rupees 50 a person is desirous of remitting Rupees 100, he has but to purchase two Orders, instead of one, at an equal cost to himself, but at the cost, to the Issue Office, of double labor and double expense.

23. I would, therefore, advocate Orders up to 100, and a charge of 1 per cent. commission, which appears to be a fair rate, as follows :—

For Orders of 10 Rupees and under	2 Annas.
" " above 10 Rupees and under Rupees 25	4 "
" " above 25 Rupees and under Rupees 50	8 "
" " above 50 Rupees and under Rupees 75	12 "
" " above 75 Rupees.	1 Rupee.

24. In the Description and Rules, however, I have (as before stated) provided for Orders up to Rupees 50 only, and further that no Order shall contain the fractional portion of an Anna.

25. It is suggested by the Accountant General that, on the extension of the Money Order system beyond the limits of the Bengal Provinces, a graduated scale of fee might be introduced, by which the amount of commission will be made to depend upon the distance of the place to which the money is remitted. It will not be difficult to introduce such a plan, but I would respectfully urge that it will be preferable to adhere to an uniform scale, unless a graduated one is found to be absolutely necessary as a financial precaution against loss. Undoubtedly, as India is now circumstanced, it would not be prudent for the State to undertake to remit money from one end of the country to another at so small a rate of premium as 1 per cent, but it must be remembered that this position is daily altering, and that, with the extension of rail and the improvement of other means of communication, the cost of such remittances will materially diminish, while an uniform scale has the advantage of simplicity—an advantage not only to the Department in the keeping of its accounts and the working of its system, but also to the public—and the argument which admitted of the introduction of the cheap postage system, that small distances pay for the great ones, will apply with equal force to the Money Order system which it is now intended to establish.

Graduated scale of fees on extension of system.

Objections.

26. Touching the places where it would be advisable to establish Money Order Offices at first, I would suggest that they be opened at every present Civil Treasury in Lower Bengal. The business in Calcutta of paying and issuing will be performed at the Chief Office, and if experience should show that one or more additional offices are required, it will be easy to

Places where Money Order Offices are recommended. All Civil Treasuries, Calcutta.

open them in the southern division of the Town at Soaldah, or wherever it may appear that they are desirable and likely to be self-supporting. In like manner, Collectors in the Mofussil may be invited to suggest any Towns or large marts in their districts were they think the establishment of Order Offices would be beneficial to the public and self-supporting in themselves.

Mofussil.

27. It will be observed, on examination of the patterns which follow the "description," that they are much fewer in number than those contained in the English manual. I think, however, that they will be found to comprise everything that is absolutely necessary in this country, while I have rigidly adhered to the English system in the account-keeping and several rules of pay and issue.

Remarks in patterns.

28. I observe in the English manual that there is a printed form for every possible sort of letter that could ever issue from or be received at a Post Office, but it must be remembered that in England these are very necessary; many Post Masters in, for instance, small towns and villages, are little better than illiterate, and to write an intelligible letter on a matter of business would, to many of them, be a work of hours, if it could be done at all. Again with the vast business that is transacted in England, it is a considerable saving of labor to the Chief Office to receive only printed letters which experienced sorters and examiners can deal with very rapidly. Should business increase in India as it has done in England, it will never be too late to print forms of letters for the sake of convenience, and possibly as a matter of economy, but I have not thought it advisable to introduce them at present.

Number of printed forms used in England.

29. All correspondence, except in a few exceptional cases, may be carried on by the half-margin memorandum (Pattern), or the counterfoil memorandum (see Pattern.)

Correspondence.

I have already introduced these forms of correspondence elsewhere, and have found them to answer successfully.

30. The accounts to be kept at the Chief Office are made up on a plan precisely similar to that obtaining in England, and a quarterly statement showing the general working and progress of the system will be submitted either to your office or to that of the Accountant General, as you may deem most advisable.

Accounts.

31. The Commission fees on all renewed or duplicate orders are to be paid in to the Chief Office by means of Postage Stamps. In England where the Money Order system is a branch of the Post Office, the Stamps so received are gummed on to a piece of paper, obliterated, and periodically destroyed, after crediting the amount of their value to the Department as "Commission."

Postage Stamps on account of fees for renewal, &c.

32. The same course may be pursued in this country, or, if it is deemed preferable, they might, without obliteration, be returned to the Post Office, and their value credited to the Department on a receipt taken for their value, the stamps being thus available for re-sale.

33. As a matter of account, the latter course would appear preferable, inasmuch as without some such system the value of every postage stamp paid into the Money Order Department on account of Commission will be twice credited to the State, that is to say, first, under the head of "sale of postage stamps," and, again, under that of "Commission on Money Orders."

34. I will only further observe that I have given *four* instead of *three* months as the limit of time for presentation of an Order for payment, on the consideration that in India we have greater distances and less rapid means of communication than in England.

Limit of time.

[No. 16k.]

RESOLUTION.

No. 4573, Financial Department, Fort William, the 8th July 1862.

With a view to afford to the public the means of safely and economically transmitting small sums of money from any one part of the country to any other, the Governor General in Council is pleased to determine that the system of "Money Orders" in force in England be at once introduced, experimentally in the first instance, into the Lower Provinces of Bengal, where, if successful, the experiment may be extended to other parts of the country.

The details for the working of the scheme, and the rules for the guidance of Treasury Officers concerned, which have been prepared by the Civil Paymaster, Mr. H. Sandeman, are approved generally, with modifications as follow.

The limit for Money Orders will be fixed, as recommended by Mr. Sandeman, at Rupees (100) one hundred, instead of Rupees 50, as previously proposed.

It is proposed in Rule 4 to limit to Rupees (500) five hundred the aggregate of Money Orders which may be issued by a Money Order Office in one day. But the advantage of such a Rule would be doubtful, especially as the business of different Money Order Offices must vary so much, that if one given amount is fixed, beyond which no Money Order Office is to issue in any one day, it will probably be found that the amount, while perhaps, unduly cramping one or two of the most important Offices, will be much above what the general run of Offices will ever be called upon to issue, and, therefore, be practically inoperative. His Excellency in Council therefore deems it advisable to leave the limit to the discretion of Collectors.

That limit, however, must always be confined within the scope of the Money Order system. It will, therefore, be in the discretion of every Collector to refuse compliance with requisitions for Money Orders, if he sees reason to believe that they are applied for otherwise than for the purpose for which the system is established, viz., that of affording the public the means of safely and economically transmitting *small sums* of money. In the subsidiary instructions for giving effect to this Resolution, the responsibility of Collectors should be accurately defined.

As the scheme is limited for the present to the Lower Provinces of the Bengal Presidency, the question of a scale of fees, varying according to distance, need not now be determined.

Pending further orders, the Privilege Remittances allowed in the Military Department will not be affected by the Money Order system.

The Civil Paymaster is entrusted with the general direction of the entire agency for working the Money Order system, and he will arrange all necessary details, with the previous sanction of this Government.

To aid him in these duties, and with a view to the immediate introduction of the system, His Excellency the Governor General in Council is pleased to appoint Mr. J. C. Ross, late Inspecting Postmaster at Cuttack, to be Controller of the Money Order Office.

Ordered that copy of this Resolution be communicated to the Accountant General to the Government of India, the Auditor General of India, the Deputy Auditor and Accountant General, Bengal, the Civil Paymaster, Fort William, and the Secretary and Treasurer to the Bank of Bengal.

[No. 161.] From the Honorable E. DRUMMOND, Secretary to the Government of India, Financial Department, to J. C. ROSS, Esq., Inspecting Postmaster, Cuttack; dated 8th July 1862, No. 4502.

I am desired to state that His Excellency the Governor General in Council, having resolved to introduce the English Money Order system into the Lower Provinces, Bengal, has been pleased to appoint you to the Office of Controller.

2. You will, in that capacity, act under the general supervision of the Civil Paymaster, Bengal, arranging all necessary details under his guidance, and with the previous sanction of this Department.

3. Your salary will be Rupees (300) three hundred per month, in the first instance, increasing hereafter, according to circumstances and the success of the experiment.

4. The Civil Paymaster will submit, on your account, a schedule of your Office Establishment, not exceeding two Copyists, and you will be allowed stationery from the Government stores. Your printing work will be done at the Accountant General's Press.

5. You are requested to take up your appointment at once.

Ordered that a copy of the foregoing be forwarded to the Auditor General of India, the Accountant General, India, Deputy Auditor and Accountant General, and the Civil Paymaster, Bengal.

NOTIFICATION.

[No. 16m.] Financial Department, Fort William, the 8th July 1862, No. 115.

His Excellency the Governor General in Council having resolved to introduce the English Money Order system into the Lower Provinces, Bengal, Mr. J. C. Ross has been appointed to the Office of Controller.

Forwarded to the Right Honorable the Secretary of State for India, in Financial letter, No. 108 of 1862, and the 25th September.

[No. 141.] From HUGH SANDEMAN, Esq., Civil Paymaster, Fort William, to the Secretary to the Government of India, in the Financial Department; dated Calcutta, 23rd July 1862, No. 17.

With reference to the concluding portion of the 5th paragraph of the Resolution of His Excellency the Governor General in Council, No. 4573, dated 9th instant, on the subject of Money Orders, to the effect that the responsibility of Collectors should be accurately defined in their relations to the Money Order Agents, I have now the honor to submit, for the consideration of His Excellency in Council a draft of a Circular which I would propose to issue, with the sanction of Government, to Collectors, in which I have endeavoured to define the control which they will be expected to exercise over the Agents.

2. Should the Circular meet with approval, I would propose to send with it, to each Collector, a copy of the printed rules which have been prepared for the guidance of Money Order Agents.

3. I would observe that the instructions in the Circular are not intended to apply to the Chief Office in Calcutta, which will be immediately superintended by the Controller himself.

4. The balance of Rupees 500 would naturally be too small for him to work with conveniently, and it would also be inconvenient for him to transmit his sealed bag and cash balances every day to the Bank.

5. I would beg to propose, therefore, that the Chief Office be regarded as exceptional, and that the Controller shall pay to, and draw from, the Bank, according to his discretion, under an ordinary pass-book and unstamped Cheques, or by the forms of receipts already prescribed for Money Order Agents and Collectors in the Mofussil.

6. I would also suggest that the Controller be furnished with a strong iron safe, for the custody of his balance during the night, which should never exceed, say, Rupees 5000.

7. The iron safe should be furnished with double locks, and the cash be held under the joint responsibility of the Controller and his Head Cashier, each of whom should have a key to one of the locks only, so that the presence of both will be necessary to gain access to the chest.

8. Annexed is a list of the stations at which I would at once propose to establish Money Order Offices, and which is submitted for the favorable consideration of Government.

9. The date of commencing the system may, it is submitted, be fixed as soon as the Office is formed, and the requisite forms, which the Controller, Mr. J. C. Ross, is engaged in preparing, approach completion.

10. I would beg to suggest that instructions be issued to the Postal authorities to receive and carry, without frank, all Advices of Money Orders that are posted without envelope.

List of Stations at which it is proposed to establish Money Order Offices.

Backergunge	Cossiah Hills	Gowalparah	Mymensing	Rajmehal, S.P.
Beerbhoom	Cuttack, C. D.	Hazareebaugh	Moorshedabad	Rungpore
Bancorah	Cuttack, N. D. Balasore	Hooghly	Maunbhoom	Sahebgunge S.P.
Behar	Do., S. D. Puree	Jessore	Nuddea	Sarun
Bhaugulpore	Chumparun	Jorehaut	Nowgong	Shahabad
Bhulooah			Nya Doomka, S.P.	Singbhoom
Bograh	Dacca	Kamroop		Sylhet
Burdwan	Dinagepore		Patna	Sunderbuns.
	Darjeeling	Lukhimpore	Pakoor, S.P.	
Cachar	Durrung	Lohardugga	Pubna	Tipperah
Chittagong	Deoghur, S. Pergunnah	Maldah	Purneah	Tirhoot
Calcutta		Midnapore		
	Furreedpore	Monghyr	Rajshahye	24 Pergunnahs

[No. 142.] Circular from H. D. SANDEMAN, Esq., Civil Paymaster, Fort William, to the Collector of dated Calcutta, 1862.

I have the honor to transmit, for your information and guidance, a set of Rules which I have drawn up, under the authority, and with the sanction, of the Supreme Government, for the regulation of Offices under the Money Order System, which His Excellency the Governor General in Council has been pleased to resolve shall be at once introduced into the Lower Provinces of Bengal.

2. The "Money Order System" is founded upon, and is in many respects exactly similar to, that which is known in Great Britain as the "Post Office Order System": its object is to afford to the public the means of safely and economically transmitting small sums of money from one place to another, and it is the intention of the Supreme Government, in the event of the experiment, which is to be for the present confined to the Lower Provinces of Bengal, proving successful, to extend the operation of the System to other parts of the country.

3. The Supreme Government have approved generally of the details for the working of the scheme, and the rules for the guidance of Officers connected with it, as set forth in the accompanying Pamphlet; and have instructed me to define accurately the extent of responsibility which will rest upon Collectors, a subject which was purposely omitted from the Manual itself, which was intended solely to guide Money Order Agents in the performance of their duties.

4. The object of the present Circular, therefore, is to supply that omission, and to define the duties of Collectors in their connection with Money Order Officers. The instructions which it contains have been approved by His Excellency the Governor General in Council, and the Circular is issued under his authority and sanction.

5. It is necessary, before proceeding to a definition of the control which you will have to exercise over Money Order Agents, to make a few observations on the different forms of Bills which now exist, and to show how they will be affected by the introduction of the new Money Order System.

6. Bills are now issued by Revenue Treasuries in three forms, viz:—

1.—Privilege Remittance Transfer Receipts.

2.—Public Service Transfer Receipts.

3.—Bills of Exchange.

7. Of the first of these, it is sufficient to say that, within the range of the Money Order System, they will entirely cease from the date on which the new System may come into existence, so that all parties wishing to remit money must, for the future, apply to the Money Order Office, and all question of "privilege" in the Civil Departments will cease to exist.

8. The question of Officers and Sepoys' Family Remittances is still under the consideration of Government, and separate instructions will hereafter be issued regarding them.

9. Public service transfer receipts will continue to be issued as at present, when required for *bona fide* public purposes.

10. The form known as the "Bill of Exchange" is only intended to be used for purposes of "Supply," and its use is restricted to those Treasuries which have the express permission of the Deputy Auditor and Accountant General to issue such Bills for sums of not less than Rupees 100.

11. As a strict adherence to this rule is essential to the success of the Money Order System it will be an instruction to the Controller to report every instance in which the rules have been departed from.

12. I will now endeavour to define the control and check which you are expected to exercise over the Money Order Agent at your Station; and here I may observe that, as the introduction of the System is, after all, a mere substitution of one description of work for another, it is expected that you will be able to introduce it into your District without any difficulty or increased expense.

13. The appointment of an Agent will rest with *yourself*, subject to the confirmation of the Financial Department. I would, however, beg to suggest the advisability of your delegating the work, in addition to his other duties, to the Clerk who now transacts your Treasury business, supposing always that you deem him capable of performing the duties of a Money Order Agent. It is the intention of Government, eventually, to remunerate the Agents by the percentage commission out of the fees received on issue of Orders; but until the System is in full operation, and some practical idea can be formed as to the profits that will accrue from it, no calculation can possibly be made as to what that remuneration will be. In the meanwhile, therefore, the Money Order Agent whom you may be pleased to appoint must be a Clerk in Government employ, and he will receive for the present the salary attached to the office which he may hold, with such further liberal allowance from the Local Returns of the Money Order Office as the Government may see fit to prescribe.

14. You are requested, therefore, at your early convenience, to acquaint me with the full name of the Agent whom you may appoint, in order that I may submit it to the Financial Department for confirmation. When confirmed, the names of the Agents at the several Money Order Stations will be published for general information.

15. The Money Order Agent will be required to give his own Bond for Rupees 500, and that of one or more respectable parties for the same amount, as security for the faithful discharge of his duties.

16. It is intended that the Money Order Agent shall himself perform all the current duties of his Office. He will sign all Orders, receive advices direct, render accounts under his own signature, and in short transact all the business of the Agency, referring to you only in cases of difficulty or of doubt.

17. The control which you will be expected to exercise over the Agent may, therefore, be said to be of a general nature, although it will be to a certain degree absolute, and will apply to his issues and to his Cash Balance, as well as to his office or establishment.

18. It was originally proposed to limit the aggregate issue of Money Orders in each office to, say, Rupees 500 in one day, but the advantage of any uniform rule on this point was deemed doubtful, inasmuch as the business of different Money Order Offices must vary very much, and if any one given amount were fixed beyond which no office should issue in one day, it would probably be found that the amount, while unduly cramping one or two of the most important offices, would be much above what the general run of offices might ever be called upon to issue, and, therefore, be practically inoperative. His Excellency the Governor General in Council has, therefore, deemed it advisable to leave the limit to the discretion of the Collectors.

19. You will have, therefore, to use *your* discretion in this point, and it will be in *your* option to refuse compliance with requisitions for Money Orders when *you see* sufficient reasons for so doing. For instance, should you see that requisitions for Orders are being made to such an extent as to embarrass you with more coin than you deem it prudent to retain in *your Treasury*, or should you have reason to believe that they are made otherwise than *for* the purpose for which the system is established, viz., the means of *safely* and economically transmitting *small sums of* money without interfering with the exchange operations of the country, you would have good cause for refusing compliance.

20. All Orders drawn upon you must, of course, be cashed without any such considerations, but it would be your duty, in the event of any one Office drawing upon the Agent at your station for very large sums, which, if continued, it would be inconvenient for you to meet, to report the circumstance to the Controller, as well as to the Deputy Auditor and Accountant General, after cashing the Orders.

21. Your control over the Cash Balances is, to a certain extent, defined in the rules which govern Money Order Agents. It is provided that Agents are never, at the close of a day's business, to retain a larger sum in hand than 500 Rupees, and that whenever their balance attains that sum, it is to be paid into the Treasury, and the Collector's receipt (prepared by the Agent) taken for the amount.

22. Should you be of opinion that 500 Rupees is too large a sum (with reference to the average daily amount passing through your Money Order Office) for the Agent to retain at any one time, it is discretional with you to fix a smaller amount for his ordinary reserve, acquainting the Controller that you have done so.

23. On the other hand, when an Agent is in need of funds, he is to draw upon the Collector, handing to him a receipt for the amount, and presenting with it a copy of the receipt to be attested by the Collector for the satisfaction of the Controller.

24. I would suggest that any advances to the Money Order Agent should always be made in sums of even hundreds of Rupees.

25. At the close of each day's business, the Agent is directed to deposit any Cash Balance that he may hold under 500 Rupees in your Treasury in a sealed bag for safe custody. This sealed bag you are at liberty at any time to open and examine; indeed, you should make a point of doing so at uncertain intervals, to avoid the invidiousness of making such an examination exceptional.

26. Your Cash-keeper should daily acknowledge the receipt of this bag; and again take a receipt from the Agent when he delivers up the bag in the morning.

27. For this purpose, a small Receipt Book might be kept up in the following form :—

Date.		Acknowledgment of Money Order Agent to receipt of sealed bag at commencement of business.	Acknowledgment of Treasurer to receipt of sealed bag at close of business.
Sept.	2	N. Joachim, M. O. A.	Wooma Churn Roy.
	3	N. Joachim, M. O. A.	Wooma Churn Roy.
	4	N. Joachim, M. O. A.	

28. The Money Order Agent is also directed to hand you in his *whole* balance on the last day of each month, both above and under 500 Rupees, before the hour of 4 P. M., in order that you may include the amount in your Monthly Cash Balance Report.

29. When the last day of a month happens to fall on a Sunday or a recognized holiday, this must be done on the preceding day, at or before the same hour.

30. It will be your duty to supply the Money Order Agent with Copper or small Silver in exchange for Rupees, or *vice versa*, according to his requirements.

31. It will also be your duty to keep the Deputy Auditor and Accountant General well informed as to the working of the Money Order System, as affecting your Cash Balances, especially informing him of any unusually large receipts or payments under that head.

32. You will receive instructions from the Auditor General as to opening a new head in your Treasury Account on account of Money Orders.

33. You are requested to furnish to the Controller, on the 1st (or as soon after as possible) of each month, a return showing the amounts paid into, or drawn from, your Treasury by the Money Order Agent during the preceding month, for comparison with the returns rendered by the Money Order Agent to the same authority. The account may be rendered in the following form :—

Account with the Money Order Agent for the month of September 1862.

Date.		Paid to the Money Order Agent.			Received from the Money Order Agent.		
October.	1	200	0	0	500	0	0
	5	...	...	...	500	0	0
	10	...	...	...	500	0	0
	16	...	...	...	...	...	...
	17	150	0	0	...	...	...
	18	100	0	0	...	...	...
	...	100	0	0	...	...	...
	25	...	...	...	500	0	0
	31	...	...	...	365	4	9

Error——,
1st *October* 1862.

A. B.
Collector.

34. Your control over the Office of the Money Order Agent will be of a general nature. It will be your duty to see that the office is kept uniformly open during the hours usually devoted to public business ; that the rules laid down in the accompanying Manual are generally adhered to ; that every facility is given to the public both in obtaining orders and receiving payment for them ; that the Blank Order Forms are kept in safe and proper custody, so as to preclude the possibility of loss ; that the Agent keeps himself properly supplied with forms of all sorts ; and so forth. In short, without defining your power of supervision, I would simply say that you are expected to see generally that the work of the Money Order Office is in every way properly and efficiently carried on.

35. In case of misconduct on the part of the Money Order Agent, you are authorized at any time to suspend him from his functions, and appoint another Agent to act in his place, communicating your reasons in full to the Controller at the Chief Office. In the event of no person being available whom you consider competent to carry on the Agency, you will have to undertake the duties yourself until provision can be made in the Chief Office to supply the vacancy.

36. Money Order Agents will not have authority to frank letters. The rules provide that advices shall be sent without envelope, and that no frank to them will be necessary. Any answer, pendence or returns made by the Agent, requiring a frank, should be franked by yourself, or your Assistant, or any other Officer under you possessing the requisite authority to do so.

37. You are requested to apply, without delay, for instructions upon any point regarding which you may entertain a doubt, and, on the expiration of six months from the date of commencement of the Money Order System, to report on the general working of the scheme, stating not only the number of Orders paid and issued, and the amount of commission received, and so forth, but also whether the system is one that meets with popular approval, or giving the public a facility which they have not yet possessed, viz., that of remitting small sums, in a safe and secure manner, at a small and reasonable cost.

38. You will, in that report, also take the opportunity of offering any suggestions that you may wish to make for the improvement of the scheme, the establishment of offices in any large towns or marts in your District where you anticipate they will pay their own expenses and be appreciated by the public, or the extension of the system to other parts of India which may have money dealings in small amounts with your station.

[No. 143.] From the Honorable E. DRUMMOND, Secretary to the Government of India, Financial Department, to the Civil Paymaster, Fort William ; dated 30th August 1862.

I am directed to acknowledge the receipt of your letter, No. 17, dated the 23rd ultimo, submitting, for approval, a draft of a Circular Letter of instructions to Collectors, on the subject of their relations to Money Order Agents, and, in reply, to return, for issue, a copy of the draft as revised in this Department.

2. These instructions, it is observed, will not apply to the Head Office.

3. Orders will issue, hereafter, respecting the limit and custody of the Cash Balance in the hands of the Controller.

4. The list of Stations is approved, and the system should be commenced, if possible, on the 1st November.

A copy of the above, together with a copy of the revised draft, to the Government of Bengal, to the Auditor General of India, and the Deputy Auditor and Accountant General, Bengal.

OFFICE MEMORANDUM.

[No. 144.] FINANCIAL DEPARTMENT, FORT WILLIAM, THE 30TH AUGUST 1862.

The Civil Paymaster, Fort William ; having applied* for orders regarding the transmission, without frank, of all Advices of Money Order Agents that are posted without envelope, the undersigned has the honor to request that the Secretary in the Home Department will be good enough to issue the necessary orders on the subject to the Postal Authorities in Bengal. This will obviate the addition of Money Order Agents to the list of Franking Officers, and will prevent trouble to Collectors in franking the Letters of Advice.

*Letter, No. 17, dated 23rd July 1862.

[No. 207.] From the Honorable E. DRUMMOND, Secretary to the Government of India, Financial Department, to the Civil Paymaster, Fort William, dated 30th October 1862, No. 701a.

Adverting to my letter, No. 258a, dated 30th August 1862, reporting the limit and custody of the cash balance of the Money Order Office, I am directed to state that any balance remaining in the hands of the Controller at the close of business each day, should be transmitted to the Bank of Bengal, under such arrangements as may be found most convenient ; and that the funds which may be necessary for his daily requirements in cashing the Money Orders drawn upon him should be obtained, as necessary, by Cheques to be drawn by you upon the Bank, and a permanent credit in your favor will be established at the Bank, by which the Cheques will be debited to the Money Order Office.

Copy of the foregoing to the Bank of Bengal, the Government of Bengal, the Auditor General of India, and the Deputy Auditor General, Bengal.

No. 52. ORDER VERBOS, 23rd August 1866, No. 216.

The Governor in Council observes that, so far back as July 1863, the Madras Government advocated the introduction into this Presidency of the Money Order system referred to in the foregoing papers, and applied to the Supreme Government for permission to make the necessary arrangements, but that no orders were received on the application.

†, Government of India, 15th July 1863, No. 418.

2. Resolved that the Resolution of the Government of India above recorded, and its accompaniments, be communicated to the Accountant General and Board of Revenue.

3. Mr. Lushington will be good enough, in concert with the Board, to consider carefully the system adopted in Bengal, as set forth in the printed Manual published under authority by the Accountant General of Bengal, and to report whether any, and what, alterations or modifications are required to suit the system to the circumstances of this Presidency. The method of Account should also be carefully examined, with a view to simplification, where practicable.

(True Extract).

Secretary to Government.

To the Accountant General, with the Manual.
— Board of Revenue.

Ext. J. H. Batts.

No. 1519

GOVERNMENT OF INDIA.

FINANCIAL DEPARTMENT.

Administration and Public Departments.

SIMLA, *the 14th July* 1866.

Money Order Office.

READ the undermentioned papers—

Financial Proceedings, October 1861 (Accounts) Nos. 200 to 204.
Ditto ditto July 1862 (Accounts) Nos. 16A. to 16M.
Ditto ditto August 1862 (Accounts) Nos. 141 to 144.
Despatch to Secretary of State for India, No. 128, dated 25th September 1862.
Financial Proceedings, October 1862 (Accounts) No. 237.
Ditto (Abstract) Proceedings, November 1862 (Accounts) No. 72.
Ditto Proceedings, January 1863 (Accounts) Nos. 39 to 43.
Financial (Abstract) Proceedings, April 1863 (Accounts) No. 7.
Letter from Civil Pay Master, Fort William, No. [illegible], dated 19th April 1863.
Letter from ——— dated ditto No. 1888, dated 6th May 1863.
Letter from Officiating Civil Pay Master, Fort William, No. 117, dated 17th June 1863, with enclosures.
Letter from Civil Pay Master, Fort William, No. 128, dated 26th August 1863.
Letter from the Government of Bengal, No. 1238T., dated 2nd July 1864.
Ditto ditto No. 425, dated 19th July 1865, with enclosure.
Memorandum, dated December 1865, by the Accountant General, Bengal.

RESOLUTION.—The Governor General in Council having had under consideration the results of the working of the Money Order Office in the Lower Provinces of Bengal since its establishment in 1862, is of opinion that the experiment has proved entirely successful, and considers that the time has arrived for permanently establishing the system and for extending the benefits of its operation throughout India.

2. The present organization, which is clearly detailed in a Pamphlet published under authority by Mr. Sandeman, Accountant General of Bengal, has been found, after a trial of four years, to be simple and effective, and will probably also be found equally well suited to the circumstances of the other Governments and Administrations where it may be introduced.

3. With regard to the arrangements for supervising the working of the system in the Presidencies of Madras and Bombay, His Excellency in Council is of opinion that a Controller should be appointed for each Presidency in subordination to the Local Accountant General, and that for the present the operations of the Money Order Office should be restricted to the territorial limits of each Presidency.

4. For the Bengal Presidency it remains to be determined whether there should be one Controller in general charge stationed at Calcutta, or whether the management should be divided by the North-Western Provinces, the Central Provinces and Oudh, being placed under one Controller, and the Punjab under another, stationed at Allahabad and Lahore respectively, in subordination to the Local Accountants General, and with authority to transact business with the capital towns of the several Administrations of the Presidency outside their own jurisdiction. The former plan will apparently be the most advantageous, and can probably be adopted without any real difficulty.

5. At present the maximum limit of a single order is Rs. 100 or £10. This will be retained in the Provinces into which the system is to be newly introduced; but in Lower Bengal, where the system has taken root, it may be expedient to raise the maximum tentatively to Rs. 150 or £15, and this will be suggested for the consideration of the Lieutenant Governor. The experiment, if successful, can afterwards be extended.

Ordered that the foregoing Resolution be communicated to the Governments of Madras, Bombay, North-Western Provinces and the Punjab, for information, together with a copy of the papers relating to the system in Bengal, with the request to the two last named Governments that they will favor the Government of India with their views on the point reserved in paragraph 4 of the Resolution.

Ordered also that the Resolution be communicated to the Comptroller General of Accounts for information and for report on the same point.

Ordered further that the Resolution be communicated to the Government of Bengal, for information and report on the subject of paragraph 5; and that the Resolution be published in the *Gazette of India*.

Ed. H. Lushington
Secretary to the Government of India.

39 14

Financial Department.

PROCEEDINGS of the MADRAS GOVERNMENT.

Read the following Resolution of the Govt of India Home under the 11th July 1866 No 1509.

Order. 23d August 1866 No 316.

The Governor in Council observes that so far back as July 1863, the Madras Government advocated the introduction into this Presidency of the Money Order System referred to in the foregoing Paper and applied to the Supreme Govt for permission to make the necessary arrangements, but that no orders were received on the application.

Resolved that the Resolution of the Govt of India, above recorded and the accompaniments be communicated to the Accountant General and

and Board of Revenue.

3 Mr. Darlington will be good enough to consult with the Board to consider carefully the system adopted in Bengal as set forth in the printed Manual published under authority by the Accountant General of Bengal and to report whether any and what alterations or modifications are required to suit the system to the circumstances of this Presidency. The method of Account should also be carefully examined with a view to simplification where practicable

G.K.

dated 7th { To the Accountant General Board of Revenue

Secretary's Office Department.

No. 56

Proceedings of Government

Dated 29th August 1834