M.R.O. 1—77,005—8-6-37.

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(3) Initials of the Referencer _____

MADRAS RECORD OFFICE.

Government of Madras.

Financial DEPARTMENT.

G.O. No. 486 Press / Mis.

49-50

Dated 24-12- 18[illegible].

6/7

49-50

Not to be folded or roughly handled

No. 486.

FROM

A. J. ARBUTHNOT, ESQ.,
Chief Secretary to the Government of Fort Saint George,

To

THE SECRETARY TO THE GOVERNMENT OF INDIA,
HOME DEPARTMENT.

SIR,

Referring to the 2nd paragraph of your letter of the 30th October last, No. 5979, conveying the assent of His Excellency the Governor General to the Act* noted in the margin, with the reservation that the power given by Section 28 to the Bank, as to drawing Bills of Exchange out of India, is not to be exercised, so long as the Government connection with the Bank continues, without the sanction of the Government of India, I am directed to submit the annexed copy of a letter from the Directors of the Madras Bank, representing the loss and inconvenience which would be entailed on the Bank by the operation of the restriction in question.

* For repealing Madras Act V of 1862, and for regulating the Bank of Madras.

6th December 1866, No. 47-1097.

2. The Directors explain that the privilege of drawing Bills out of India in favor of its constituents in the Agency Department, was conceded to the Bank in 1862, and that it has had the effect of considerably increasing the number of its constituents ; that the resolution of the Government to suspend this privilege will cause serious loss, by diminishing the Bank's English Agency business ; that there is not more risk in the purchase of first class English Bills on London than in that of the Indian Bills of Exchange, which the Bank is permitted to purchase ; and that the inconvenience to the Bank's Constituents, of having to seek outside for the mode of making remittances, will be very great.

3. The Directors, therefore, request that the power heretofore possessed by the Bank, of drawing Bills on the Bank of England, be continued, with only the limitation imposed by the new Act in the proviso at the end of Section 28.

4. The Governor in Council considers the application of the Directors to be but reasonable, and I am directed to submit it for the favorable consideration of the Supreme Government.

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

FORT SAINT GEORGE,
24th December 1866.

Chief Secretary.

From the Secretary and Treasurer, Bank of Madras, to the Chief Secretary to Government, Fort Saint George ; dated Madras, 6th December 1866, No. 47-1097.

I have the honor, by desire of the Directors of the Bank of Madras, to acknowledge receipt of the Proceedings of the Madras Government, Legislative Department, with Order thereon in the Financial Department, dated 26th November 1866, No. 445, calling attention of the Directors to paragraph 2 of letter from the Government of India, of date 30th October last, No. 5979 ; and, with reference thereto, I have been directed to make the following remarks.

2. The privilege of drawing Bills payable out of India in favor of its constituents in the Agency Department, was conceded to the Bank in 1862, which privilege has had the effect of considerably increasing the number of these constituents. The resolution now come to by the Government of India, to suspend this privilege, will, if persisted in, be a serious loss to the Bank, by diminishing its English Agency business.

3. The Directors would urge that there is not more—not indeed so much—risk in the purchase of first class Bills on London, as in that of the Indian Bills of exchange, which the Bank is permitted to purchase, and, while the profit has been considerable, the Bank has suffered no loss

hitherto by this description of business. The inconvenience also to the Bank of having to seek outside for the mode of making remittances to its constituents will be very great.

4. The Directors would therefore ask this Government to use its influence with the Government of India, that the power now possessed by the Bank of drawing Bills on the Bank of England be continued, with only the limitation prescribed by the new Act, and that, to that end, the sanction contemplated in paragraph 2 of the Proceedings referred to, be granted.

Ex^d. J. H. Burns.

Bank of Madras
Madras 6^th Dec^r 1866.

The Hon. A. J. Arbuthnot
Chief Secretary to Government
Fort St George.

Sir.

1. I have the honor by desire of the Directors of the Bank of Madras to acknowledge receipt of the Proceedings of the Madras Government Legislative Department with order thereon in the Financial Department dated 26^th November 1866 N^o 445, calling attention of the Directors to Para 2 of letter from the Government of India of date 30^th October last N^o 5979, and with reference thereto, I have been directed to make the following remarks.

2. The privilege of drawing Bills payable out of India in favor of its Constituents in the Agency departments was conceded to the Bank in 1862, which privilege has had the effect of considerably increasing the number

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of these constituents. The resolution now come to by the Government of India to suspend this privilege, will, if persisted in, be a serious loss to the Bank by diminishing its English agency business.

3. The Directors would urge that there is not more - not indeed so much - risk in the purchase of first class Bills on London, as in that of the Indian Bills of Exchange which the Bank is permitted to purchase, and while the profit has been considerable, the Bank has suffered no loss hitherto by this description of business. The inconvenience also to the Bank of having to seek outside for the mode of making remittances to its constituents will be very great.

4. The Directors would, therefore, ask this Government to use its influence with the Government of India, that the power now possessed by the Bank of drawing bills on the Bank of England be continued, with

with only the limitation prescribed by the new act, and that, to that end, the sanction contemplated in para 2 of the Proceedings referred to, be granted.

I have the honor to be
Sir
Your most obed[t] Servant
J W Ilbert
Secretary & Treasurer.

desp 74/12
per P.O. Steamer
"Candia"

Financial Department.

No. 486

To

The Secretary to the Government
of India,
Home Department.

Sir,

Referring to the 2nd para of your letter of the 30th October last No 5979 conveying the assent of His Excellency the Governor General to the Act noted in the margin, with the reservation that the power given by Section 28 to the Bank as to drawing Bills of Exchange out of India is not to be exercised so long as the Govt: connection with the Bank continues, without the sanction of the Govt: of India, I am directed to submit the annexed copy of a letter from the Directors of the Madras Bank, representing the loss and inconvenience which would be entailed on the Bank by the operation of the restriction in question—

The

* For repealing Madras Act I of 1862 and for regulating the Bank of Madras—

N

6 Dec/66—No 27/1099

Rec. 26th March 67—No 71 Financial

From
Secy of Chamber of Commerce
Madras, Bank
Dated 23/12/1867

Rec'd 6 Jan'y 68

Ans. 6 Jan'y 68

Pkt 91 of 67.

Requests from the Govt. of India a declaration that the Bank of Madras is not liable to the penalties of the Provincial Usury Laws Act, on the ground of its having been established by Charter of the United Kingdom of Great Britain and Ireland.

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The Directors explain that the privilege of drawing Bills out of India in favor of its Constituents in the Agency Department, was conceded to the Bank in 1862 and that it has had the effect of considerably increasing the number of its Constituents; that the resolution of the Govt: to suspend this privilege will cause serious loss by diminishing the Bank's English Agency business; that there is not more risk in the purchase of first class English Bills on London than in that of the Indian Bills of Exchange which the Bank is permitted to purchase and that the inconvenience of the Bank's Constituents of having to seek outside for the mode of making remittances to the Bank will be very great.

The Directors therefore request

request that the power heretofore possessed by the Bank of drawing Bills on the Bank of England be continued with the only limitation imposed by the new Act in the proviso at the end of Section 28.

The Governor in Council considers the application of the Directors to be but reasonable, and I am directed to submit it for the favorable consideration of the Supreme Government.

Fort St George
26th Dec 1866.

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N° 486.

To

The Secy: to the Govt.

of India

Dated 24 December 1866

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69 50.

69 52