M.R.O. 1—77,006—8-6-37.

(1) Number of pages 10

(2) Date of repair 2-9-39

(3) Initials of the Referencer

MADRAS RECORD OFFICE.

Government of Madras.

Finance DEPARTMENT.

G.O. No. 187-188 Press / Mis. 46-47

Dated 25-4- 1867.

46-49 47

Not to be folded or roughly handled

Proceedings of the Madras Government, Financial Department,
25th April 1867.

Read the following papers :—

No. 46. From the Commissioner of Issue of Paper Currency, to the Chief Secretary to Government, Fort Saint George ; dated Madras, 25th January 1867, No 62.

In obedience to Order of Government in the Financial Department, No. 202, 23rd May 1866, I have the honor to forward a Statement, exhibiting the amount of Currency Notes issued by all Treasury Officers in exchange for silver, and in payment of demands on Government, during the experimental period of six months, together with an abstract of the reports by Collectors, and Deputy Collectors in charge of Treasuries.

2. The general opinion of the result of the measure is favorable, though Treasury Officers, for the most part, concur in thinking that the *bona fide circulation* of Notes has not been increased, and that the augmented demand for them is attributable to their use as a means of remitting money from one District to another, and chiefly to the Presidency—an opinion which is corroborated by the large number of Circle Notes that find their way to the Presidency. Thus, the Circle Notes returned to me by the Bank of Madras in six months, ending 30th November 1865, amounted to Rupees 9,50,000 ; in six months ending 31st May 1866, Rupees 2,00,000 ; and in six months ending 30th November 1866, Rupees 14,00,000. Moreover, large quantities of Circle Notes come to the Presidency without being exchanged at the Commissioner's Office for Madras Notes, being, I believe, re-transmitted by the mercantile community to the Provinces. Only a week ago, the Bank of Madras replenished its Branch at Calicut by a remittance of Calicut Notes, amounting to three lakhs, to be converted into coin on arrival there, and this the Bank was able to do from Notes in its possession, without drawing on me for a supply from the Circle Notes in my charge.

3. On examining the Calicut accounts, I find that the value of that Circle Notes outstanding on the 15th of this month was Rupees 12,17,360. If we deduct therefrom Notes in my custody, to the value of 7,21,130, and those that we are aware the Madras Bank had at the time, 3,00,000, the value of Calicut Notes in local circulation becomes reduced to 1,96,230 ; and, to find the real circulation among the people, this amount must be further, and very largely, reduced, by deducting the stock in the Madras Branch Bank at Calicut and in the Hoozoor and all the Taluq Treasuries of Canara, Coimbatore, and Malabar.

4. From the above circumstances, I am induced to believe that the experimental measure now reported on was a great convenience to the public, but that it does not keep a greater quantity of Notes in actual local circulation. The experimental period is too short for me to say whether the indulgence is very prejudicial to the interests of Government. The only objection would be the expense of having to bring coin from Circle Treasuries to Madras in exchange for Circle Notes collected here and returned. Up to the present time, the expenditure on this account has not been serious.

5. Since the opening of the Circle Offices in January 1865, six and a quarter lakhs of Rupees have been brought from Trichinopoly to Madras, at a cost of Rupees 1735-5-1, and two and a half lakhs from Calicut, at a cost of Rupees 890.

6. I still hold Circle Notes as follows:—

Calicut,	of the value of Rupees	...	6,96,130
Trichinopoly	,, ,,	...	3,02,220
Vizagapatam	,, ,,	...	30,000

and should the Banks or mercantile community not withdraw them for remittances to the Provinces, they will eventually all have to be returned by me, and the coin which they represent have to be brought to Madras.

7. Several Collectors and Deputy Collectors express an opinion that Notes will not enter freely into circulation, unless facilities are afforded for cashing them at all Government Treasuries. The Collector of Coimbatore, for example, suggests that Notes of smaller denominations than fifty Rupees should be cashed unconditionally, and considers that, if a feeling was created that the Notes could be converted readily, the demand for Cash in exchange would gradually diminish. I would not limit a measure of this kind to Notes of any particular denomination, as I don't think it would have the effect intended. A man who desired Cash for a thousand Rupee Note would first procure small Notes in lieu thereof, if necessary from Madras, and present them for Cash, but I certainly recommend that greater facilities should be afforded by Government for cashing Notes in the Provinces. Similar proposals were considered by Government on former occasions, and I observe, in Order in the Financial Department, No. 439, 18th September 1865, that the Governor in Council proposed again addressing the Government of India on the subject, since when nothing further has been heard in this office.

Statement showing the Notes issued to Treasury Officers in exchange for silver, and in payment of demands on Government, during the experimental period of six months.

	Notes issued in payment of claims.							Total.						
	10 Rupees.	20 Rupees.	50 Rupees.	100 Rupees.	500 Rupees.	1,000 Rupees.	Total.	10 Rupees.	20 Rupees.	50 Rupees.	100 Rupees.	500 Rupees.	1,000 Rupees.	Total.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
00	150	300	100	400	500	...	1,450	4,040	7,460	13,000	18,800	14,000	1,000	59,200
00	4,860	7,300	13,200	22,500	23,000	47,000	1,17,860	5,510	9,900	16,000	26,100	33,500	52,000	1,43,010
00	590	820	850	4,400	...	...	6,660	1,840	2,940	3,950	7,900	.....	.....	16,630
	...	...	...	.....	...	...	...	700	1,000	1,100	3,900	2,500	4,000	13,200
00	630	620	1,400	5,200	2,000	1,000	10,850	4,640	8,040	12,350	39,800	12,000	30,000	1,06,830
00	500	1,180	3,150	10,500	3,500	3,000	21,830	18,900	32,940	65,000	2,11,100	29,000	31,000	3,87,940
00	740	840	1,150	2,100	...	...	4,830	18,500	22,140	46,050	83,700	18,000	19,000	2,07,390
	.....	...	...	.....	...	...	...	24,900	45,940	70,150	44,300	7,000	9,000	2,01,290
	.....	...	...	.....	...	...	...	24,320	33,500	67,050	1,28,200	.....	.....	2,53,070
	6,110	6,720	11,680	17,800	7,000	7,000	82,700	7,730	12,380	19,300	34,900	7,500	7,000	88,810
0	2,03,360	3,060	4,640	9,300	...	1,000	26,400	14,940	24,820	64,700	98,800	10,500	16,000	2,29,760
0	81,950	1,180	2,360	3,700	1,500	...	19,140	5,150	9,140	18,500	45,300	16,000	7,000	1,01,090
	.....	...	...	...	...	...	...	4,320	11,520	24,250	49,100	7,500	9,000	1,05,690
	84,340	1,000	1,400	2,900	...	...	9,250	4,480	6,960	17,750	42,400	20,000	2,000	93,590
	55,150	1,010	1,660	3,100	...	...	7,870	5,020	8,500	19,100	30,400	.....	.....	63,020
	2,87,980	1,250	2,620	2,200	...	...	9,070	12,380	27,320	46,950	86,400	56,000	68,000	2,97,050
	9,730	...	...	.....	...	...	...	1,250	1,180	2,500	2,800	.....	2,000	9,730
	1,11,610	1,410	3,750	12,900	...	...	19,920	5,970	10,260	18,500	49,800	14,000	33,000	1,31,530
	.....	...	...	.....	..	...	...	3850	5,480	7,850	13,100	6,000	12,000	48,280
	2,33,260	760	4,000	5,000	4,500	2,000	17,260	1,770	3,020	20,150	81,600	57,000	87,000	2,50,540
	.....	...	...	.....	...	...	...	1,000	4,010	12,000	13,000	18,000	10,000	58,010
	18,31,050	23,860	38,280	67,450	1,22,500	42,000	61,000	3,55,090	1,71,210	2,88,450	5,67,100	11,11,400	3,28,500	3,99,000	28,65,660

(Signed) J. CARPENDALE,
Commissioner of Issue of Paper Currency.

ABSTRACT of letters from Collectors, reporting results of the measures ordered in Proceedings of Government, Financial Department, No. 202, 23rd May 1866.

Ganjam Collector.—The indulgence of free issue of Notes was of material aid in enabling merchants to import food during the late famine. The experience of the past season warrants the recommendation that the increased issue of Notes should continue.

Vizagapatam Collector.—This unrestricted issue has had no baneful effect on the general circulation of Notes, as far as this Department is aware.

Godavery Collector.—The result of the experiment is satisfactory. It accommodates the public without any inconvenience to the Treasuries, where sufficient supplies are always kept on hand.

Kistna Deputy Collector.—The result is far from satisfactory. No merchants will venture to make use of the Notes for remittance, unless they find that the Notes can be easily cashed in turn at the Treasuries.

Nellore Collector.—The indulgence has been conducive to local circulation; but has reason to believe that it has been availed of chiefly for remittance transactions.

Cuddapah Collector.—The greater part of the Notes seem to have been taken up for remittance purposes, as there is no local circulation to any extent, which is evident from the fact that merchants do not willingly keep them on hand when they receive them, but offer them at the Treasury at once, in exchange for silver.

Bellary Deputy Collector.—Free circulation of Notes impeded by restriction on cashing them. The less enlightened Natives look upon the restriction with suspicion, while those accustomed to the Notes may view the restriction in its proper light.

Kurnool Deputy Collector.—Considers unrestricted issue of Notes attended with inconvenience to the public, as wealthy merchants purchase the Notes to make large remittances to Madras, and for sale to other parties at a premium.

North Arcot Deputy Collector.—The unrestricted issue of Notes did not interfere with the local circulation in any prejudicial manner.

South Arcot Deputy Collector.—The issues of Notes were chiefly to small traders and other private individuals, who required the Notes probably for remittance purposes, and partly to public servants, in part payment of their salaries—the latter generally returned subsequently for cash.

The unrestricted issue of Notes has had no appreciable effect on actual circulation; issues from Treasury for remittance purposes would have been much larger if the supply of large Notes had been unrestricted.

Tanjore Deputy Collector.—Believes that by far the greater portion of the Notes taken up were used for remittance purposes to Madras, Trichinopoly, Salem, &c., and is of opinon that Notes will not enter local circulation largely, unless they are payable on demand at Public Treasuries.

Trichinopoly Collector.—The increase in the demand for Notes during the experimental period clearly indicates a greater amount of circulation than before, although similar facility has not been afforded to the public for cashing Notes freely in Treasuries.

The experiment has not interfered with the financial economy of the Treasuries, nor would the free cashing of Notes of less denomination than 500 Rupees prove so; in fact, it is a matter of wonder and regret to many that this prohibition still continues in force.

Salem Collector.—The local circulation of Notes has increased, in consequence of their unrestricted issue, but the demands would be much greater if the means of cashing them in the Provincial Treasuries were not limited. Notes are more sought after for remittance purposes than for circulation within the District.

Coimbatore Collector.—A large portion of the Notes of smaller denominations, viz., 10 and 20 Rupees, are probably in circulation, whilst those varying from 50 to 1000 Rupees have been used for remittance to Presidency and elsewhere, for the purchase of grain. Issues on account of claims on Government are confined to European Officers, in part payment of salaries.

Considers Notes of smaller denominations than 50 Rupees should be cashed unconditionally; if a feeling was created that Notes could be converted readily, the demand for cash in exchange would gradually diminish.

Malabar Collector.—The convenience of the mercantile classes has been largely met, without any inconvenience to Government; not much progress made in circulation among agricultural classes.

South Canara Collector.—The indulgence was immediately and eagerly availed of, but fears the Notes were used chiefly for remittance purposes.

Paper Currency appears to be desired more for remittance than for local circulation.

Circulation impeded by the restriction on cashing.

Has ascertained that at Mercara, in Coorg, while a draft on Madras on any well known House could be cashed at a discount of one per cent., a Currency Note would not be convertible into cash, except at a discount of three or four per cent.

Madura Deputy Collector.—Demand for small Notes chiefly by Travellers. If facilitiy in cashing Notes were afforded, the demand of large denominations, for remitance in mercantile transactions, would be great.

Tinnevelly Deputy Collector.—The unrestricted issue of small Notes was very beneficial to the people, enabling them to make remittances readily, without resorting to native merchants for Hoondies; and the issue of large Notes being restricted, the smaller denominations were taken up in larger quantities for making remittances.

Mysore Deputy Auditor and Accountant.—Demand for Currency Notes is almost constant throughout the year, not only at Bangalore but in the District Treasuries throughout the Province.

Supplies for Her Majesty's Treasury should be made in Notes, instead of specie.

Madras Deputy Collector.—Considers the unrestricted issue of Notes beneficial to the public, though it will doubtless increase the work in the Treasury Department.

Office of the Commissioner of Issue,
Madras Mint,
25th January 1867.

(Signed) J. CARPENDALE,
Commissioner of Issue of Paper Currency.

Referred to the Accountant General, for his remarks.

Fort Saint George,
9th March 1867.

(Signed) A. J. ARBUTHNOT,
Chief Secretary

No. 47. From the Accountant General, Madras, to the Chief Secretary to Government, Fort Saint George; dated Fort Saint George, 23rd March 1867, No. 437.

Budget and Resource Department.

I have the honor to acknowledge the receipt of the Order of Government in the Financial Department, dated the 9th instant, forwarding, for my remarks, a letter from the Commissioner of Issue of Paper Currency, No. 62, dated 25th January last, in which that Officer submits his report upon certain measures sanctioned by the Government of India, in their Financial Resolution, No. 185, dated 26th April last, for the purpose of promoting the free circulation of Currency Notes throughout India.

2. The measures above referred to, which, as an experiment, subject to report at the end of six months, the Supreme Government were pleased to order, were—

1st.—"That Treasury Officers should supply to all comers, on demand, freely and without "inquiry, such Currency Notes of any value as they have in hand, whether they are asked for in "exchange for silver, or in payment of demands on Government.

2nd.—"That the Accountant General should not comply with Treasury Officer's Indents "for Notes of a higher value than Rupees 100, until it is reasonably shown that they are all "required for circulation."

3. The facility afforded to the public by the first of the above measures, in obtaining Notes in exchange for silver, has been largely availed of at all the Treasuries, but there is reason to believe that the Notes so obtained were almost entirely for remittance purposes, and that the bona

fide active circulation has been but little increased thereby. The total amount for which Indents for Currency Notes from the Mofussil Treasuries were complied with by this Department during the six months ending 30th November 1866 was Rupees 16,62,500, or Rupees 3,21,000 in excess of the amount complied with during the corresponding period of the previous year. The total balance of Currency Notes in the Mofussil Treasuries on the 30th November 1866 was Rupees 9,70,750, against a balance of Rupees 10,56,360 on the 30th November 1865.

4. The inevitable tendency of the order directing the free issue of Notes from all the Provincial Treasuries, while at the same time a close restriction was placed on the cashing of them, was to draw away the silver from the Treasury at Madras, where it was required, to the Provincial Treasuries, where it was not wanted, and hence the necessity spoken of by the Currency Commission of moving down to Madras large specie remittances from the head-quarters of the Currency Circles. The Government were, in point of fact, acting as the bullion carriers of the trading community.

5. This restriction has now been removed, and it may be expected that the payments of silver into, and from, the Provincial Treasuries, on account of the Currency Notes, will partly balance each other, and thus, in some measure, obviate the necessity of sending down large remittances of specie from the Currency reserves. It may be also hoped that when the Native community find that they can, as a rule, readily obtain cash for Notes at all the Revenue Treasuries, they will acquire greater confidence in their convertibility, and the result will be a large increase in the local circulation.

No. 48. Order thereon, 25th April 1867, No. 187.

The first of the foregoing letters contains the report of the Commissioner of the Issue of Paper Currency on the operation of the measure sanctioned in the Resolution of the Government of India, under date the 28th April 1866, No. 185, with a view of promoting the free circulation of Currency Notes.

2. It appears from this report that the facilities afforded to the public of obtaining Notes in exchange for silver have been largely availed of, but chiefly, it would appear, for the purpose of remittance, and that the local circulation of Notes has but little increased. The Government, however, anticipate great advantages from the Order issued by the Government of India, under date the 4th January last, directing that all Notes presented at Government Treasuries should be cashed to the full extent of the funds available.

3. The Commissioner of the Issue of Paper Currency and the Accountant General will report the result of the operation of this Order on the 1st July next. The Governor in Council presumes that due publicity has been given to the Order in question in the *District Gazettes*. He desires to be informed whether, at those places at which the Government Treasuries have been superseded by Branches of the Bank of Madras, the Currency Notes of the Circle are cashed freely at those Banks at par. The Accountant General will report on this point.

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

No. 49. To the Secretary to the Government of India, Financial Department, dated Fort Saint George, 25th April 1867, No. 188.

Adverting to the Resolution of the Government of India, dated the 28th April 1866, No. 185, I am directed to transmit, for the information of the Governor General in Council, the annexed copies of letters from the Commissioner of the Issue of Paper Currency and from the Accountant General, reporting the result, during the six months ending on the 30th November last, of the measure sanctioned in the Resolution in question, with the view of promoting the free circulation of Currency Notes.

2. It will be seen from the letters now sent that the facilities afforded to the public of obtaining Notes in exchange for silver have been largely availed of, but chiefly, it would appear, for the purpose of remittance, and that the local circulation of Notes has but little increased. The Govern-

ment, however, anticipate great advantage from the Order issued by the Government of India, under date the 14th January last, directing that all Notes presented at Government Treasuries should be cashed to the full extent of the funds available.

3. The Commissioner of the Issue of Paper Currency and the Accountant General have been instructed to report the result of the operation of this Order on the 1st July next.

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

Financial Department.

No. *188.*

To

The Secretary to the Government of India,

Financial Department.

Sir,

Adverting to the Resolution of the Government of India dated the 28 April ult, N. 185, I am directed to transmit for the information of the Governor General in Council the annexed copies of letters from the Commissioner of Issue of Paper Currency and from the Accountant General reporting the result during the six months ending on the 30th November last of the measure sanctioned in the Resolution in question with the view of promoting the free circulation of Currency Notes.

2 It will be seen from the letters now sent that the facilities afforded to

the

the Public of obtaining Notes
in exchange for Silver have
been largely availed of
but chiefly it would ap-
-pear for the purpose of
remittance and that the
local circulation of notes
has but little increased.
The Government however
anticipate great advantage
from the Order issued by
the Government of India
under date the 14 January
last directing that all
Note presented at
Government Treasuries
should be cashed to the
full extent of the funds available.
3 The Commissioner
for the Issue of Paper
Currency and the Accountant
General have been in-
structed to report the
result of the operation of
this Order on the 1st July
next.

Letter to follow 12/0
Ex. 2 of the letter 6/0

Fort St George
25 April 1864

Survey of Ridge

(D)

Financial Office, Shepherdstown
Nov. 1809

Sir,

I have the pleasure to enclose you, a Plat and Certificate of Survey for 258 450 – 497 Acres of Land, lying in Berkeley County, on the Waters of Tuscarora Creek, which I have surveyed for Jacob Hite, Junr. assignee of Thomas Lord Fairfax, and which I have executed in pursuance of a Warrant from the Land Office, bearing date the 25th April 1798.

49

Shepherd
18