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MADRAS RECORD OFFICE.

Government of Madras.

Financial DEPARTMENT.

G.O. No. 187 Press / Mis.

46-48

Dated 25-4- 18 67.

15/15

46-48

Not to be folded or roughly handled

Proceedings of the Madras Government, Financial Department, 25*th 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 amount of Currency Notes issued by Treasury Officers in exchange for silver, and in payment of demands on Government, during the experimental period of six months

	Notes issued in exchange for silver.								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.		Rs.
Ganjam	3,890	7,460	13,800	18,400	13,500	1,000	57,750		150	300	100	400	500	...	1,450		59,200
Vizagapatam	650	2,500	2,800	3,600	10,500	5,000	25,150		4,860	7,300	13,200	22,500	...	47,000	1,17,860		1,43,010
Godavery	1,250	2,940	3,100	3,500	.....	.....	9,970		590	820	850	4,400	...	...	6,660		16,630
Kistna	...	.....	.....	.....	.....	.....	.....		...	...	...	...	2,500	4,000	6,500		13,200
Nellore	4,010	7,420	10,950	34,600	10,000	29,000	95,980		630	620	1,400	5,200	12,000	30,000	49,820		1,06,830
Bellary	18,400	31,760	61,850	2,00,600	25,500	28,000	3,66,110		500	1,180	3,150	10,500	29,000	31,000	75,330		3,87,940
Coimbatore	17,700	21,300	44,900	81,600	18,000	19,000	2,02,560		740	840	1,150	2,100	18,000	19,000	41,830		2,07,390
Cuddapah	...	.....	.....	.....	.....	.....	.....		...	...	...	.....	.....	9,000	9,000		2,01,290
Kurnool	...	.....	1,500	2,400	500	15,000	6,110		6,720	11,680	17,800	32,500	7,000	.....	75,700		2,53,070
Madras	1,010	12,380	55,400	90,400	10,500	7,000	2,03,360		3,060	4,640	9,300	8,400	10,500	16,000	51,900		88,810
Malabar	11,880	24,820	14,800	34,900	14,500	81,950			1,180	2,360	3,700	10,400	16,000	7,000	40,640		2,29,760
North Arcot	3,970	9,140	11,520	24,250	.....	.....	84,340		1,000	1,400	3,950	2,900	7,500	9,000	25,750		1,01,090
South Arcot	3,480	6,960	13,800	39,500	20,000	2,000	55,150		1,010	1,660	2,100	3,100	20,000	2,000	29,870		1,05,690
Salem	4,010	8,500	17,000	27,300	.....	.....	84,200		1,016	2,620	3,000	2,200	.....	.....	8,836		93,590
South Canara	11,130	27,320	43,950	84,200	56,000	68,000	2,87,980		1,250	...	...	...	68,000	2,000	72,250		63,020
Tanjore	1,250	1,180	2,500	2,800	.....	2,000	9,730		...	...	...	...	2,000	.....	2,000		2,97,050
Trichinopoly	4,560	10,260	14,750	36,900	14,000	33,000	1,11,610		1,410	1,860	3,750	12,900	33,000	14,000	66,920		2,78,530
Tinnevelly	...	5,480	.....	.....	.....	.....	.....		...	...	...	.....	12,000	6,000	18,000		1,81,530
Madura	...	.....	.....	.....	.....	.....	.....		...	...	...	.....	.....	.....	.....		48,280
Mysore State Treasury at Bangalore	1,010	520	16,150	76,600	52,500	85,000	2,33,280		760	1,000	4,000	5,000	87,000	57,000	1,54,760		2,50,540
Do. Her Majesty's Treasury	...	.....	.....	.....	.....	.....	.....		...	...	...	.....	.....	.....	.....		58,010
Total	88,260	1,46,720	3,17,250	7,37,300	2,45,500	2,94,000	18,31,030		23,860	38,280	67,450	1,22,500	3,99,000	2,57,000	9,48,090		28,65,660

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

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

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.

(True Extract).

Chief Secretary.

To the Commissioner of the Issue of Paper Currency.
" Accountant General.

Exd. J. H. Burns.

Abstract of letters from Collectors reporting results of the measures ordered in Proceedings of Government, Financial Department, No. 202, 23d 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 & 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

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 note 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 & for sale to other parties at a premium.—

North Arcot Dy. Collector.

The unrestricted issue of notes did not interfere with the local circulation in any prejudicial manner.—

South Arcot Dy. 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 the actual circulation;- issues from Treasury for remittance purposes would have been much larger if the supply of large Notes had been unrestricted.-

Believes

5-

Tanjore 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 opinion 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.—

A

Coimbatore Collector.

A large portion of the notes of smaller denominations viz^z. 10 and 20 Rupees are probably in circulation - whilst those varying from 50 to 1,000 Rupees have been used for remittance to Residency 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 denomination 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, but much progress made in circulation among agricultural classes.

South Canara

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 Dy. Collector.

Demand for small notes chiefly by Travellers: if facility in cashing Notes were afforded the demand of large denominations for remittance in Mercantile transactions would be great.—

Tinnevelly Dy. 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 Dy. 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 M. M. Treasury should be made in Notes instead of Specie.—

Madras Dy. Collectors.

Considers the unrestricted issue of Notes beneficial to the Public

Public though it will doubtless increase the work in the Treasury Department

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

J. Arbuthnot
Commissioner of Issue of Paper Currency.

Enclosure to letter from the Commissioner of Issue of Paper Currency to Government No. 62 dated 25th January 1867.

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

Pros. 25th April 1867 No 246

In Fnl Nos 35/67.

Statement showing the amount of Currency Notes issued by Treasury Officers in Exchange for Silver, and in payment of demands on Government during the experimental period of Six months.—

	Notes issued in Exchange for Silver.—							Notes issued in payment of Claims.						Total.—						
	10 Rs.	20 Rs.	50 Rs.	100 Rs.	500 Rs.	1000 Rs.	Total.	10 Rs.	50 Rs.	100 Rs.	500 Rs.	1000 Rs.	Total.	10 Rs.	20 Rs.	50 Rs.	100 Rs.	500 Rs.	1000 Rs.	Total.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Ganjam	3,890	7,160	13,800	18,400	13,500	1,000	57,750	150.	300.	100.	400	500	"	1,450	4,040	7,460	13,900	18,800	14,000	1,000	59,200
Vizagapatam	650.	2,600	2,800	3,600	10500	5,000	25,150	4,860.	7,200	13,200	22,500	23,000	47,000	11,786	5,510	9,900	16,000	26,100	33,500	52,000	143,010
Godavery	1,250	2,120	3,100	3,500	"	"	9,970	590.	320	850	4,400	"	"	6,660	1,840	2,940	3,950	7,900	"	"	16,630
Kistna	"	"	"	"	"	"	"	"	"	"	"	"	"	"	700.	1,000	1,100	3,900	2,500	4,000	13,200
Nellore	4,010	7,420	10,950	31,600	10,000	20,000	95,980	630	620	1,400	5,200	2,000	1,000	10,850	4,640	8,040	12,350	39,800	12,000	30,000	106,830
Bellary	15,400	31,760	61,850	2,00,600	25,500	28,000	3,66,110	500.	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
Coimbatore	17,760	21,300	44,900	81,600	18,000	19,000	2,02,560	740.	840.	1,150	2,100	"	"	4,830.	18,500	22,140	46,050	83,700	18,000	19,000	2,07,390
Cuddapah	"	"	"	"	"	"	"	"	"	"	"	"	"	"	24,900	45,940	70,150	44,300	7,000	9,000	2,01,290
Kurnool	"	"	"	"	"	"	"	"	"	"	"	"	"	"	24,320	23,500	67,050	128,200	"	"	2,53,070
Madras	1,010	700	1,500	2,400	500.	"	6,110	6,720	480	17,850	22,500	7,000	17,200	65,700	17,730.	18,550	24,300	34,900	7,500	7,000	88,810
Malabar	11,880	20,180	56,400	90,400	10,500	15,000	2,03,360	3,060	240	9,300.	8,400	"	1,000	26,400	14,940.	24,820	64,700	98,800	10,500	16,000	2,29,760
North Arcot	3,970.	6,780	11,800	34,900	14,500	7,000	81,950	1,180	260	3,700	10,400	1,500	"	19,140	5,150	9,140.	18,500	45,300.	16,000	7,000	1,01,090
South Arcot	"	"	"	"	"	"	"	"	"	"	"	"	"	"	4,320	11,520	24,250	49,100	7,500	9,000	1,05,690
Salem	3,480	6,660	13,800	39,500	20,000	2,000	84,340	1,000	1,100.	3,950	2,000	"	"	9,250.	4,480	6,960	17,750	42,400	20,000	2,000.	93,590.
South Canara	4,010	6,840	17,000	27,300	"	"	56,150	1,010.	1,160	2,100	3,100	"	"	7,870	5,020	8,500	10,100	30,400	"	"	63,020
Tanjore	11,130	24,700	43,950	84,200	56,000	68,000	2,87,980	1,250.	2,220	3,000	2,200	"	"	9,070	12,380	27,320	46,950	86,400	56,000	68,000	2,97,050
Trichinopoly	1,250	1,180	2,500	2,800	"	2,000	9,730	"	"	"	"	"	"	"	1,250	1,180	2,500	2,800	"	2,000	9,730.
Tinnivelly	4,560	8,400	14,750	36,900	14,000	33,000	1,11,610	1,410	1,160	3,750	12,900	"	"	19,920	5,970	10,260	18,500	49,800	14,000	33,000	1,31,530.
Madras	"	"	"	"	"	"	"	"	"	"	"	"	"	"	3,850	5,480	7,850	13,100	6,000	12,000	48,280
Mysore State Treasury at Bangalore	1,010	2,020	16,150	76,600	52,500.	85,000	2,33,280	760.	2,100	4,000	6,000	4,500	2,000	17,260	1,770	3,020	20,150	81,600	57,000.	87,000	2,50,540
Dr. to Mr's Treasury	"	"	"	"	"	"	"	"	"	"	"	"	"	"	1,000.	4,010	12,000	13,000	18,000	10,000	58,010.
Total.—	88,260	148,720	317,250	7,37,300	2,45,500	2,94,000	18,31,030	23,860	30,080	67,450	122,500	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
	3	4	4	4	4	4	5	3	3	3	4	3	3	4	4	4	4	4	4	4	5

Office of the Commissioner of Currency
Madras Fort 25th January 1867

J. Grundale
Commissioner of Currency of Paper Currency.

Office of the Commissioner of Issue.
Madras Mint, 26th January 1867.

No. 62.

From

Colonel J. Harpendale, R.E.
Commissioner of Issue
of Paper Currency.

To

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

Sir,

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 favourable, 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

Enclosure to Collr. from the Commissioner of Issue Paper Currency, No. 62 dated 26th January 1867.

Statement showing the amount of Currency Notes issued by Treasury Officers in exchange for Silver and in payment of demands on Government during the experimental period of 6 months.

From 26th April 1866
to 25th October 1866.

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 Rs. 9.50.000 - In six months ending 31st May 1866, Rs. 2,00,000 - and in six months ending 30th November 1866, Rs. 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 retransmitted 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 lacs 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 196,230, 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

2170 2

Hoozoor and all the Talook 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 lacs of Rupees have been brought from Trichinopoly to Madras at a cost of Rs. 1735 . 5 . 1, and two and a half lacs from Calicut at a cost of Rs. 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

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 Sept. 65, that the Governor in Council proposed again addressing the Govt: of India on the subject since when nothing further has been heard in this Office.

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

J Aspinwall

Commissioner of Issue
of Paper Currency.

Budget and Resource Depart.

Fort Saint George
Account. Genl's Office
23 March 1867

No. 1137

From
F. Lushington Esquire
Accountant General

To
The Honorable A. J. Arbuthnot
Chief Secretary to Government

Sir

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 asked for in exchange "for silver, or in payment of demands on Govern-

That-

Fort St. George Gazette Pt. 1 Supplement 25 April 1867

Pub. 25 April 1867

Read 23rd May 66 — 46-47
18 Sept 65 — 45-47

Financial Department

Rec'd 28th March 1867

88/187 No. 1700

The Commissioners of Currency
&c &c &c

Rec'd 28th January 1867

The Chief Secretary to Government Fort St. George

Sir

Enclosure No. 63.

Enclosure 2. D.V. 7 N. 132

Extract from Minutes of Consultation dated 25th January 1867.

Read the following letter from the Commissioners of Currency, dated 25th January 1867, No. 62.

Letter from the Commissioners of Currency, dated 25th January 1867, No. 62.

Sir

I have the honor to submit my report upon the measures sanctioned by the Government of India in their Financial Resolution No. 185 dated 26th April 1866, 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 asked for in exchange for silver, or in payment of demands on Government

That

Read 25th January 1867

Ordered, That the Accountant General be requested to report upon the measures adopted by the Government of India, as mentioned in the letter from the Commissioners of Currency, dated 25th January 1867, No. 62.

True Extract

[illegible]
Secretary

Pub. 25 April 1867

2nd " That the Accountant General should not
" comply with Treasury Officers' Indents for Notes
" of a higher value than Rupees 100, until it is rea-
" sonably shewn 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 bonâ 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 1662,500 or Rs. 321000 in excess of the amount complied with — shewing the Corresponding period of the previous year: the total balance of Currency Notes in the Mofussil Treasuries on the 30th November 1866 was Rupees 970,750 against a balance of Rupees 1056,360 on the 30th November 1865.

4 The inevitable tendency of the Order measure of 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.

I have the honor to be
Sir
Your most obedient Servant
C. Cushington
Accountant General

Compd C.S.
Cpd C. Cushington

Financial Department.

297 10

PROCEEDINGS of the MADRAS GOVERNMENT.

Read the following Papers—

From the Commissioner of Issue of Paper Currency — Here enter 25 January 67 No 62

— " — Accountant General — " — 23d March 67 No 437.

Order. 25th April 1867 No 187.

The first of the foregoing letters contains the reports of the Commissioner of the Issue of Paper Currency on the operation of the measure sanctioned in the Resolution of 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 these reports — that the facilities afforded to the public of obtaining Notes in exchange for silver have been largely availed

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 advantage from the order issued by the Govt. 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 for the Issue of Paper Currency and the Accountant Genl 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. We desire to be

How is it in place at Government and Treasuries when the Treasuries have been withdrawn by branches of the Bank of Madras? Bank of Bengal? Are notes paid at par cashed at par? Bombay at par? JP

× informed whether at those places at which the Govt. Treasuries have been withdrawn by Branches of the Bank of Bengal the currency notes of the Commr of Issue of Paper Currency

— Accountant Genl —

dcp 27/4

are cashed freely at those Banks at par. The Accountant General will report on this point.

16 Lacs 180

Financial 1867. Department.

No. 107

PROCEEDINGS OF GOVERNMENT.

Dated. 25 April 1867.

457/47

46549.