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MADRAS RECORD OFFICE.

Government of Madras.

_____ DEPARTMENT.

G.O. No.	Press / Mis.
Dated	18 ,

22-24

20/21

Not to be folded or roughly handled

Proceedings of the Madras Government, Financial Department,
13th September 1867.

No. 23. Read the following letter from Colonel J. CARPENDALE, R. E., Commissioner of Issue of Paper Currency, Madras, to the Acting Chief Secretary to Government, Fort Saint George ; dated Madras, 31st August 1867, No. 1075.

In reference to Order of Government in the Financial Department, No. 121, 14th March last, I have the honor to forward, for the information of Government, copy of a report to the Head Commissioner of Paper Currency, Calcutta, and I venture to hope that the Governor in Council will be pleased to support my application for the increased salaries to the Accountant and Assistant Accountant from the 1st proximo.

2. Tabular Statement is enclosed.

From Colonel J. CARPENDALE, R. E., Commissioner of Issue of Paper Currency, Madras, to the Head Commissioner of the Department of Issue of Paper Currency, Calcutta ; dated Madras, 31st August 1867, No. 1074.

I have the honor to make the report promised in the latter part of my letter to your address, No. 232, of the 4th April last, relative to the necessity, or otherwise, for an Assistant Commissioner of Paper Currency at Madras.

2. This office, you are aware, was constituted on the 1st of March last, on the occasion of the Madras Bank ceasing to be the Government Agency for the circulation of Notes, and the consequent transfer of the Exchange Office from the Bank to the Mint. I have attentively watched the working of the whole Department since that date, and I continue of opinion that the additional work is, neither in its nature nor extent, such as to necessitate the maintenance of an Assistant Commissioner.

3. In connection with this subject, I beg to draw attention to the enclosed letter to my address from Mr. Tudor Trevor, Assistant Commissioner, on the occasion of his proceeding to England on urgent private affairs. Mr. Trevor regards my opinion of the non-necessity for an Assistant Commissioner of Paper Currency at Madras as a personal grievance, and it is, therefore, right he should be allowed to speak for himself, which is my excuse for submitting his report at all, as, on any other ground, the report would be unnecessary—the Exchange Office not being a separate Department, but a part of my own office, in exactly the same way as the Account Department and the Note Sorting and Cancelling Department are part of my office ; and being in daily personal communication with the Assistant Commissioner, I am intimately acquainted with all that passes in the Exchange Department—but some of his observations require comment from me.

Mr. Trevor attributes the small amount of business done in the Exchange Office—

1*st*—To the radical change in the transfer of this part of the business from the Bank to the Mint, and concludes that it must have filled the Native mind with fear and distrust.

4. There would be some weight in this opinion if it was supported by evidence of a falling off in the Note circulation, but there has been none—rather an increase ; the nominal circulation on 31st March and 30th June being respectively Rupees 64,03,420 and Rupees 27,52,860, while deducting the notes in deposit in the Madras Bank and its Branches and in all Government Treasuries on the same date, the active circulation was Rupees 40,10,520 and Rupees 42,51,290. The nominal circulation on 28th February and 31st July was Rupees 59,22,690 and Rupees 70,88,750, but I have no returns for these dates to deduce the actual circulation. Instead of fear and distrust, I view the small operations of the Exchange Department as evidence of increased confidence in the Notes, probably arising from their being issued and cashed by a strictly Government Office. Distrust would have here followed by an extensive run for cash and a considerable decrease in the circulation.

2*ndly*.—To the locality being unfavorably situated, as it is at one extremity, instead of in the middle, of Black Town, so that the people prefer to pay the commission charged by the Bazaar Shroffs to incurring the trouble of going to the Mint.

3*rdly*. To the trouble which ensues on presenting a stopped note. The presenter's name being notified to the Police.

4*thly*.—Because the Madras Bank now makes as many of its payments in Notes as it can, referring the people to the Exchange Office at the Mint for change, thus lessening the demand for Notes, whereas, formerly, when it was paid a percentage for the circulation of the Notes, the Bank pursued a different course, and consulted the wishes of its constituents.

5. I am of opinion that an Exchange Office is maintained by the Government simply for the purpose of establishing confidence in the Notes; it is an office in which any one may cash, not only a ten or a hundred Rupee note, but notes for as many lakhs as he likes to present, and which could be done no where else—it is not intended for the convenience of the trading community of the Presidency Town only. The Bank of England does not maintain Exchange Offices in the several suburbs of London, and any individual wishing to cash its Notes at a Bank of which he is not a constituent is required to pay a small discount; so also does the Bank of Madras charge a discount for cashing Currency Notes at those of its Branches which have not the Government Treasury balances, as at Bangaloro—and the case of Shroffs in the town of Madras is similar. It would be as reasonable to expect Government to station Shroffs at the corner of each street in Black Town for the purpose of giving copper in exchange for silver at par, as to insist that the Currency Exchange Office for cashing Notes at par should be in the centre of the European trading part of the town, which could not possibly be effected, except at a very great cost for building, establishment, and guards, compared with the present economical arrangement—and the *circulation* of Notes would not be in the smallest degree promoted by such a change.

6. I fully concur in the opinion that this course is likely to impede in a very great degree the more extended circulation of the Notes. By the orders of the Government of India, "a stopped Note," be it lost or stolen, is promptly cashed on presentation, but the presenter's name and address are simultaneously communicated to the Police in attendance, who at once require the individual, however respectable he may be, if not sufficiently well known to be without doubt identified afterwards, to appear before the Inspector of the District, in order to his accounting for the possession of the lost or stolen Notes, and I have not heard of one case yet in which the Police investigation has resulted in anything but inconvenience to the presenter, the [illegible]ace usually stopping with a Bank or a respectable merchant who does not keep a Register, and can't tell whence he received the stolen Notes. The Notes fall into disfavor also with the badly educated classes—small tradesmen who accept them for what they are told they are worth, and subsequently find that, without a tedious process, they are unconvertible, being mismatched halves, and occasionally mismatched with halves from Calcutta or Bombay. The remedy for this objection has been provided in the new form of Notes, in the Vernaculars of Southern India, now being circulated.

7. This reasoning is not very clear, and I can't think that Mr. Trevor has been correctly informed, as the Bank's constituents would not submit to being paid in any way but the one they each preferred.

8. To sum up, I am of opinion that the transfer of the exchange of Currency Notes from the Bank to the Mint has been attended with increased public confidence; that, although the daily demands for coin, in exchange for Notes and *vice versa*, are very small, compared to what they used to be at the Madras Bank, it is a matter for congratulation rather than regret; that the change will be attended with a considerable annual saving to Government, and eventually a greatly extended circulation.

9. In conclusion, I beg respectfully to recommend, in the strongest terms, a re-consideration of the cases of the Accountant and Assistant Accountant, and to solicit for them the salaries I

formerly proposed, Rupees 200 and Rupees 75 *per mensem*. I append, for facility of reference, that portion of my former report* which related to them, and beg to add that the order I received from you a little while ago, not to re-issue Notes that have been cut in two, adds largely to their responsibility and trouble. I cannot be considered desirous of incurring any undue expenditure in voluntarily dispensing with an Assistant Commissioner somewhat to my personal inconvenience.

*Vide my letter to your address, No. 104, dated 14th February 1867.

10. The usual Tabular Statement will be forwarded through the Government of Madras.

Extract of letter from Colonel J. Carpendale, R. E., Commissioner of Issue of Paper Currency, to the Chief Secretary, to Government, Fort Saint George; dated 11th February 1867, *No.* 88.

* * * *

4. As regards the Accountant and Deputy Accountant, to whom increases of salary have been disallowed, I venture to request a re-consideration of their cases.

The Accountant was appointed five years ago, on the first constitution of the Department, when the circulation of Notes was confined to the Madras Circle, for which 100 Rupees a month was considered a fair remuneration. In January 1865, the new Circles of Calicut, Trichinopoly, and Vizagapatam were formed, which largely increased the issue of Notes and the office correspondence and accounts, adding considerably to the Accountant's work, and very largely to his responsibility; for he is, by the orders of the Government of India, held personally responsible for seeing that each cancelled Note is correctly scored out of the Registers, and, in the event of any loss occurring from his scoring out a wrong number, and leaving a cancelled Note outstanding on the Register, he will be liable to make good the loss—a very serious responsibility, considering that the number of cancelled Notes in the Madras Presidency average three thousand eight

31st August 1867.
Now the average number is 9228, value Rupees 7,87,980.

lakhs; and one error in regard to a hundred Rupee Note en[illegible] [illegible] month's salary—and now, again, the Madras Circle weekly accounts, will give him additional work.

In a lesser degree the Assistant Accountant is deserving of an increase to his salary also; and, having regard to their duties and the salaries paid in other offices, I think the rates proposed, of Rupees 200 and Rupees 75, are moderate enough. I submit fresh Tabular Statement, in accordance with the above remarks, and I trust I have stated the case sufficiently clear to obtain the support of Government in their transmission to the Government of India.

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

From T. TREVOR, Esq., Assistant Commissioner of Paper Currency, Madras, to the Commissioner of Paper Currency, Madras; dated Madras, 13th August 1867.

As the period of six months, which you requested might be allowed before the submission of the report called for by the Secretary of the Financial Department, in his letter to the Head Commissioner of Paper Currency, dated "Fort William, 18th March 1867, No. 1489," will expire during my approaching absence to England, I think it due to myself to detail, for the information of the Supreme and Local Governments, the result of my experience of the duties of this department during the period I have held charge.

2. I have the honor, therefore, to submit the following remarks with that object.

3. I assumed charge of this Office, in accordance with the instructions conveyed in the Financial Secretary's letter to the Accountant General of Madras, No. 774, dated Fort William, 7th February 1867, on the 1st of March following, the date on which the business of the Government Currency Exchange was transferred from the Bank of Madras. I believe you have been furnished with a copy of the Financial Secretary's letter by the Accountant General of Madras, as well as by the Head Commissioner of Paper Currency.

On that date, the strength of my establishment was as follows :—

3 Tellers.
3 Shroffs.
3 Gollahs.
1 Peon.

Some immaterial changes, as regards individuals, have occurred during the interval which has elapsed, and, with the exception of an additional Gollah, the strength of my establishment remains as at first.

4. The duties discharged by my establishment have been simply those in connection with the exchange of Notes and coin, some little correspondence in connection with the stoppage of Notes, and with yourself, and the preparation of the necessary accounts; the whole of the business connected with the cancellation of Notes and the bulk of that in connection with the stoppage of Notes, and correspondence with the public, having been performed under your supervision in the Issue and Account Department.

5. I append Statements, marked A and B, showing the amount of transactions for the months I have been in charge of the Department, which exhibit in detail the extent to which the business has increased.

6. On perusal of these figures, it may possibly appear that the quantity of work performed by this Depart[illegible] have been anticipated, or at all in pro[illegible] Calcutta, but I think I can offer sati[illegible]

[illegible]covered that the transfer o[illegible] the business from the Bank [illegible]ed not do more to an Officer of [illegible]our long Indian experience [illegible] well known fact that any change or alteration from the usual routine always fills the Native mind with fear and distrust, and it requires some length of time before it is reassured, and gains a knowledge of the exact nature and reasons for the change, or of the new regulations which are a necessary consequence.

8. Besides this, the locality in which this Office is now situate is extremely unfavorable, being at one extremity, instead of in the midst, of the town, and near all the houses of business and bazaars.

9. This last reason, as well as the fact I have alluded to, that the work in connection with the cancellation and stoppage of Notes is not done in this Department, will also explain why the amount of transactions will not bear comparison with those of the Exchange Department in Calcutta.

10. I have made careful inquiries at different times amongst the Natives who have presented themselves in the course of business at this Office as to—

(*a*). Whether the change of the business from the Bank to the Government has been conducive to the interests of the public.

(*b*). Why the "Note circulation" was so low.

(*c*). Why the preference is shown for coin over Notes.

(*d*). What arrangements could be made to enlarge an increase of the circulation of Notes.

I proceed to give the universal answers and result to these inquiries—

(*a*) Yes.

(*b*). Because the Exchange Office, situate as it now is in the Mint, which is at one extreme end of the town, is so far from the centre of all mercantile transactions, that people prefer to pay the commission charged by the bazaar shroffs (which I may mention they have considerably increased on account of the distance they have themselves to go to procure change), rather than go to the trouble of so long a journey, or sustain the expense of carriage hire to the Mint. And I may mention here that I understand that it is a common practice for people to go to the Bank, and carry on their exchange transactions on the premises there, either before or after having transacted their business, in order to obviate the necessity of having to come to the Mint. Further, that, in consequence of the Stop Note Register, and the trouble which ensues on presenting a stopped Note (the presenter's name being notified to the Police), and the difficulty of identifying the payee of a Note, people forbear to take upon themselves any risk or trouble, so that coin is taken in payment in preference to Notes. Lastly, why the Note circulation is lower than it was as I understand is because the Bank now make as many of their payments in *Notes*, referring people to this Office for change, and thus lessening the demand for Notes, whereas, formerly, when they were paid a percentage for the circulation of the Notes, they pursued a different course, and consulted the wishes of their constituents.

(*c*). Partly on account of many of the foregoing reasons, and partly for the purposes of remittance to people in the Mofussil who fear, to use the words of one of my informants "to buy Notes because they have no sense."

(*d*. The following arran[illegible]ate the circulation of Notes, viz.—
The removal of the [illegible]roximity to the Banking and Mercantile Houses and Native places of bus[illegible]ss.

The frequent publication, for general information, of the numbers of all Notes which have been stopped at the different Currency Offices, so as to prevent their being received in the course of business, and so putting their possessors to much possible trouble and inconvenience.

11. With reference to the new style of Notes recently issued, I beg to remark that the stamp designating the Circle is too small and indistinct, and I would recommend a red stamp of a bolder character of letter being impressed on the vacant spaces at the top right and left hand corners of each Note.

12. It would ill become me, holding the appointment myself, to offer an opinion as to whether there is any necessity or sufficient employment for the services of a specially gazetted Officer in charge of the Paper Currency Exchange Department in this Presidency; but I think I may, without impropriety, point to the fact that a similar appointment exists in both Calcutta and Bombay, and that there is no reason why it should not be continued here, especially (as I venture to foretell) if the office is removed from its present inconvenient locality.

13. I have to bear testimony to the efficiency with which the employés in my establishment have conducted their several duties, and I beg specially to bring to your notice the intelligence, energy, and assiduity displayed by Teremul Row, the Note Receiver.

14. In conclusion, I beg to tender my acknowledgments for the courtesy with which you have treated me, and to reiterate my request that you will do me the favor to submit this letter for the information of the Supreme and Local Governments.

A.

Register of monthly total transactions of Notes.

	Notes received from the Issue Department.		Notes received from Public for cash or other Notes.		Notes issued to Public for cash.		Notes issued to Public for other		Notes returned to the Issue Department—vide Commissioner's letter, No. 435, dated 10th May 1862, para. 2.		Balance at the end of each month.	
	No. of Note pieces.	Amount.	No. of Note pieces.	Amount.	No. of Note pieces.	Amount.	No. of Note pieces.	Amount.	No. of Note pieces.	Amount.	No of Note pieces.	Amount.
1867.		Rs.		Rs.		Rs.		Rs.		Rs.		Rs.
March.	3,639	2,21,000	2,785	3,51,740	368	34,580	1,58				3,036	2,45,770
April..	500	36,000	2,611	3,19,380	330	43,890	1,28				3,034	4,25,920
May...	710	11,080	2,577	3,10,220	418	57,070	1,63				1,936	1,91,540
June...	600	29,000	2,857	4,25,140	348	51,180	1,04				1,758	1,74,540
July ...	1,005	55,000	2,948	3,58,840	412	68,760	1,28				1,178	1,46,980

	Half Notes paid on Bonds, and forwarded to the Issue Department, for cancellation.		Other Circle Notes returned to the Issue Department.		Notes returned to the Issue Department—vide Commissioner's letter, No. 435, dated 10th May 1862, para. 2.		Balance at the end of each month.	
	No. of Note pieces.	Amount.	No. of Note pieces.	Amount.	No. of Note pieces.	Amount.	No of Note pieces.	Amount.
1867.		Rs.		Rs.		Rs.		Rs.
March.	30	1,560	20	4,080	1,027	2,27,500	1,936	1,91,540
April..	8	180	667	42,560	177	1,42,000	1,758	1,74,540
May...	22	700	...	...	50	50,000	1,178	1,46,980

(Signed) T. TREVOR.

B.

Register of monthly total transactions of coin.

	Cash received from Reserve Account.	Cash received from Public for Notes issued.	Cash paid to Public for Notes received.	Cash delivered to Reserve Account.	Balance at the end of each month.
1867.	Rs.	Rs.	Rs.	Rs.	Rs.
March...	3,00,000	34,580	2,70,490	.....	64,090
April...	2,50,000	43,890	2,55,040	.....	1,02,940
May...	1,00,000	57,070	2,33,750	.....	26,260
June...	3,22,000	51,180	3,76,760	.....	22,680
July...	3,00,000	68,760	2,96,480	.....	94,960

(Signed) T. TREVOR.

No. 24. To the Secretary to the Government of India, Financial Department, dated Fort Saint George, 13th September 1867, No. 414.

I am directed by the Governor in Council to forward copies of a correspondence between the Commissioner of Issue of Paper Currency, Madras, and the Head Commissioner of Paper Currency. This correspondence relates to the question as to whether an Assistant Commissioner of Paper Currency is required at present at Madras, and to a proposed increase to the salaries of the Accountant and Assistant Accountant in the Paper Currency Department.

2. The Governor in Council is of opinion that the recommendations on both these points which are made by Colonel Carpendale are deserving of the favorable consideration of the Government of India.

3. The opinion originally expressed, that an Assistant Commissioner of Currency is not required at Madras, is repeated after a further experience of six months of the working of the office.

4. Colonel Carpendale points out, in respect to the proposed increases of salary to the Accountant and Deputy Accountant, that the number of cancelled Notes in the Madras Presidency has increased from 3800 Notes, valued at 3 lakhs of Rupees, to 9928, valued at 7,87,980 Rupees, and that the proposed salaries of Rupees 200 and Rupees 75 for these Officers is not out of proportion to the labor and responsibility imposed on them.

5. A Tabular Statement, in the prescribed form, is enclosed.

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

Number	Extract from Home Department, of Government of India.	Office to which the proposition refers	Nature of Charge.	Present Scale.	RS	Proposition.	RS.
		Paper Currency Department, Madras.		*Paper Currency Department.*		*Paper Currency Department.*	
				1. Commissioner...	250	1 Commissioner...	250
				Issue Department.		*Issue Department.*	
				1 Bullion keeper and Treasurer... ..	60	1 Bullion keeper and Treasurer.....	60
				1 Deputy do. do.	60	1 Deputy do. do.	60
				1 Assistant do. do.	70	1 Assistant do. do.	70
				1 Head Shroff...	35	1 Head Shroff...	35
				1 Gollah...	10	1 Gollah...	10
				1 Do.	10	1 Do.	10
				Account Department.		*Account Department.*	
				1 Accountant...	100	1 Accountant...	200
				.....		1 Assistant Accountant...	75
				1 Examiner...	50	.....	.....
				1 Register Writer...	50	1 Register Writer...	50
				1 Do.	40	1 Do.	40
				1 Copyist	25	1 Copyist	25
				1 Moochy...	14	1 Moochy...	14
				1 Peon	7	1 Peon...	7
				1 Do	7	1 Do.	7
				1 Sweeper...	4	1 Sweeper...	4
				Exchange Department.		*Exchange Department.*	
				1 Cashier...	75	1 Cashier...	75
				1 Note Receiver.	50	1 Note Receiver...	50
				1 Coin Receiver.	50	1 Coin Receiver...	50
				1 Shroff	25	1 Shroff..	25
				1 Do.	20	1 Do.	20
				1 Register Writer...	20	1 Register Writer...	20
				1 Do.	15	Do.	15
				1 Gollah	10	1 Gollah	10
				1 Do.	10	1 Do.	10
				1 Do.	10	1 Do.	10
				Note Sorting and Cancelling Department.		*Note Sorting and Cancelling Department.*	
				1 Examiner...	30	1 Examiner...	30
				1 Sorter	20	1 Sorter...	20
				1 Pressman...	12	1 Pressman...	12
				1 Ballman...	10	1 Ballman	10
				1 Moochie...	10	1 Moochie.....	10
				Grand Total...	1159	Grand Total...	1284
						Deduct..	...
						Total increase per mensem...	...

FORT SAINT GEORGE,
13th September 1867.

Proposition.				Casual or Extraordinary.	Grounds of Proposition.	Local Government's recommendation.	Orders of the Government of India.		
Permanent.		Temporary.					Home Department.	Financial Department.	
Increase per month.	Decrease per month.	Increase per month.	Decrease per month.				Remarks.	Remarks.	Orders.
		Period.	Period.						
RS.	RS.								
100									
75									
.....	50								
	50				Vide letter to the Secretary to the Government of India, Financial Department, dated 13th September 1867, No. 414.	Favorable.			
175									
50									
125									

Forwarded for sanction to the Financial Department of the Government of India.

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

Madras 13th August 1867.

Paper Currency Exchange Department.

From

Tudor Trevor Esqre

Assistant Commissioner of Paper Currency

Madras.

To,

Colonel J. Carpendale R. E.

Commissioner of Paper Currency

Madras.

Sir,

In the period of 6 months which you requested might be allowed before the submission of the report called for by the Secretary of the Financial Depart=ment in his letter to the Head Commissioner of Paper Currency dated Fort William 18th March 1867 No 1489 will expire during my approaching absence to England, I think it due to myself to detail for the information of the Supreme & Local Governments the result of my ex=perience of the duties of this department during the period I have held charge.

2 I have the honor therefore to submit the following remarks with that object.

3 I assumed charge of this Office in accord=ance with the instructions conveyed in the Financial Secretary's

Secretary's letter to the Accountant General of Madras No 774 dated Fort William 7th February 1867, on the 1st of March following, the date on which the business of the Government Currency Exchange was transferred from the Bank of Madras. I believe you have been furnished with a Copy of the Financial Secretary's letter by the Accountant General of Madras as well as by the Head Commissioner of Paper Currency.

On that date the strength of my establishment was as follows

3 Tellers
3 Shroffs
3 Golahs
1 Peon

Some immaterial changes as regards individuals have occurred during the interval which has elapsed & with the exception of an additional Golah the strength of my establishment remains as at first.

4 The duties discharged by my establishment have been simply those in connection with the exchange of notes & coin, some little correspondence in connection with the stoppage of notes & with yourself & the preparation of the necessary accounts. The whole of the business connected with the cancellation of notes & the bulk of that in connection with the stoppage of notes & correspondence with the public having been performed under your supervision in the Issue & Account Department.

5 I append statements marked A & B shewing the amount of transactions for the months I have been in charge of the department which exhibit in detail the extent to which the business has increased.

6. On perusal of these figures it may possibly appear that the quantity of work performed by this department has not been so much as might fairly have been anticipated or at all in proportion to what is done by the Exchange Department in Calcutta but I think I can offer satisfactory answers to both of these objections.

7 In the first place it must be remembered that the transfer of the business from the Bank has been a radical change. And I need not do more to an Officer of your long Indian Experience, than to allude to the well known fact that any change or alteration from the usual routine always fills the native mind with fear & distrust & it requires some length of time before it is reassured & gains a knowledge of the exact nature & reasons for the change or of the new regulations which are a necessary consequence.

8 Besides this the locality in which this Office is now situate is extremely unfavorable being at one extremity, instead of in the nearest of the town & near all the houses of business & bazaars.

9. This last reason as well as the fact I have alluded to that the work in connection with the cancellation & stoppage of notes is not done in this department will also explain why the amount of transactions will not bear comparison with those of the Exchange Department in Calcutta.

10. I have made careful enquiries at different times amongst the natives who have presented themselves in the course of business at this office as to whether

(a) in favour of the Bank views from the Bank to the Government has been conducive to the interests of the public.

(b) Why the "note circulation" was so low

(c) Why the preference is shewn for coin over notes

(d) What arrangements could be made to enlarge an increase of the circulation of notes.

I proceed to give the universal answers & result to these inquiries.

(a) Yes

(b) Because the Exchange Office situate as it now is in the Mint which is at one extreme end of the town is so far from the centre of all mercantile transactions that people prefer to pay the Commission charged by

by the bazaar Shroffs (which I may mention they have considerably increased on account of the distance they have themselves to go to procure change) rather than go to the trouble of so long a journey or sustain the expense of carriage here to the Mint. And I may mention here that I understand that it is a common practice [illegible] Bank and Carry on [illegible] actions in the bren[illegible] or after having [illegible] in order to obviate the [illegible] having to come to the [illegible] Further that on [illegible] stop note registering [illegible] ensues on presen[illegible] (the presenters name [illegible] to the police) and the [illegible] identifying the payee of a note that people for bean to take upon th[illegible] any risk or trouble, so th[illegible] taken in payment in pr[illegible] to hold.

(c) Lastly why the note circu[illegible] is lower than it was as I understand is because the Bank now make as many of their payments in notes referring

people

Never has been the case.

people to this Office for change and thus lessening the demand for notes, whereas formerly when they were paid a per centage for the circulation of the notes they pursued a different course and consulted the wishes of their Constituents.

C. Partly on account of many of [illegible] and partly for remittance to people [illegible] who fear to use the [illegible] of my informants" to [illegible] because they have no [illegible]

[illegible] following arrangements [illegible] state the circulation of notes.

[illegible] of the Exchange [illegible] whose proximity to the [illegible] Mercantile Houses & [illegible] of business.

And the frequent publication for general information of the numbers of all notes which have been stopped at the different Currency Offices so as to prevent their being received in the course of business & so putting their possessors to much possible trouble and inconvenience.—

With

17

12 With reference to the new style of Notes recently issued I beg to remark that the stamp designating the Circle is too small and indistinct & I would recommend a red stamp of a bolder character of letter being impressed on the vacant spaces at the top, right and left hand corners of each Note.—

13 It would ill become me holding the appointment myself to offer an opinion as to whether there is any necessity or sufficient employment for the Services of a specially Gazetted Officer in Charge of the Paper Currency Exchange Department in this presidency. But I think I may without impropriety point to the fact that a similar appointment exists in both Calcutta and Bombay, and that there is no reason why it should not be continued here especially (as I venture to foretell) of the Office is removed from its present inconvenient locality.

14 I have to bear testimony to the efficiency with which the employés in my establishment have conducted

their

their several duties and beg specially to bring to your notice the intelligence energy and assiduity displayed by Jeremiah Row the Note Receiver-

15 In conclusion I beg to tender my acknowledgments for the courtesy with which you have treated me and to reiterate my request that you will do me the favor to submit this letter for the information of the Supreme & Local Governments.

I have the honor to be

Sir

Your most obedient Servant

Tudor Trevor

Assistant Commissioner of Paper Currency

Madras

19

Return of Monthly Abstract of Connections of Notes. A

Office of the Commissioner of Issue
Madras Mint 31st August 1867

No. 1074.

24

From

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

To

The Head Commissioner
of the Department of Issue
of Paper Currency
Calcutta.

Sir,

I have the honor to make the report promised in the latter part of my letter to your address No 222 of the 4th April last, relative to the necessity or otherwise for an Assistant Commissioner of Paper Currency at Madras.

2. This Office you are aware was constituted on the 1st of March last on the occasion of the Madras Bank ceasing to be the Government Agency for the circulation of Notes and the consequent transfer of the Exchange Office from the Bank to the Mint. I have attentively watched the working of the whole Department since that date, and I continue of opinion that the additional work

Inclosure to Letter from the Commissioner of Issue of Paper Currency, to the Govt. of India, Finance Department, No 1074, dated 31st August 1867.

Register of Monthly Total Transactions of the Cash Office.

B

	Cash received from Treasury	Cash paid on account of Notes issued	Cash received from Public Treasuries for Notes issued	Cash paid on account of Remittances	Balance at the end of each month
1867.					
March	30,000	24,580	2,70,490	"	6,090
April	2,50,000	13,890	2,55,040	"	102,940
May	1,00,000	5,070	2,33,750	"	26,260
June	32,2,000	31,180	3,16,760	"	22,680
July	3,00,000	68,760	2,96,480	"	24,960

Mr. Francis Report

Rupees 1,00,000
Ld £ 25

Ag. P.C.G. 5/12

work is neither in its nature nor extent such as to necessitate the maintenance of an Assistant Commissioner.

3. In connection with this subject I beg to draw attention to the enclosed letter to my address from Mr. Tudor Trevor, Assistant Commissioner, on the occasion of his proceeding to England on urgent private affairs. Mr. Trevor regards my opinion of the non-necessity for an Assist.-ant Commissioner of Paper Currency at Madras as a personal grievance, and it is therefore right he should be allowed to speak for himself which is my excuse for submitting his report at all, as on any other ground the report would be unnecessary: the Exchange Office not being a separate Department but a part of my own Office in exactly the same way as the Account Department and the Note sorting and cancelling Department are part of any Office, and being in daily personal communication with the Assistant Commissioner, I am intimately acquainted with all that passes in the Exchange Department, but some of his observations require comment from me.

Mr. Trevor attributes the small amount of business done in the Exchange Office,

1st. To the radical change in the transfer of this part of the business from the Bank to the Mint, and concludes that it must have filled the Native mind with fear and distrust.

4. There would be some weight in this opinion if it was supported by evidence of a falling off in the Note circulation, but there has been none- rather an increase. The nominal circulation on 31st March and 30th June being respectively Rs. 64,03,426 and Rs. 72,52,860, while deducting the Notes in deposit in Madras Bank and its branches and in all Government Treasuries on the same date, the active cir-culation was Rs. 40,10,520 and Rs. 42,57,290. The nominal circulation on 28th February and 31st July was Rs. 59,22,690 and Rs. 70,88,750, but I have no returns for these dates to deduce the actual circulation. Instead of fear and distrust I view the small operations of the Exchange Department as evidence of increased confidence in the Notes, probably arising from them being issued and cashed by a strictly Govt. Office. Distrust would have

here

here followed by an extensive run for cash and a considerable decrease in the circulation.

2.ª To the locality being unfavorably situated as it is at one extremity instead of in the middle of Black Town, so that the people prefer to pay the Commission charged by the bazaar Shroffs to incurring the trouble of going to the Mint.

5. I am of opinion that an Exchange Office is maintained by the Government simply for the purpose of establishing confidence in the Notes, it is an Office in which any one may cash not only a ten or a hundred rupee note, but Notes for as many lacs as he likes to present, and which could be done no where else. it is not intended for the convenience of the trading community of the Presidency Town only. The Bank of England does not maintain Exchange Offices in the several suburbs of London and any individual wishing to cash its notes at a Bank of which he is not a constituent is required to pay a small discount: so also does the Bank of Madras charge a discount for cashing Currency

Rs.

Notes at those of its branches which have not the Government Treasury balances, as at Bangalore, and the case of Shroffs in the Town of Madras is similar. It would be as reasonable to expect Government to station Shroffs at the corner of each street in Black Town for the purpose of giving Copper in exchange for Silver at par, as to insist that the Currency Exchange Office for cashing Notes at par should be in the centre of the European trading part of the Town which cannot possibly be effected except at a very great cost for building, Establishment and Guards, compared with the present economical arrangement and the circulation of Notes would not be in the smallest degree promoted by such a change.

3.ª To the trouble which ensues on presenting

6. I fully concur in the opinion that this course is

likely

presenting a stopped note. The presenters name being notified to the Police.

likely to impede in a very great degree the more extended circulation of the Notes. By the Order of the Government of India "a stopped Note" be it lost or stolen is promptly cashed on presentation, but the Presenters name and address are simultaneously communicated to the Police in attendance who at once require the individual, however respectable he may be, if not sufficiently well known to be without doubt identified afterwards, to appear before the Inspector of the District in order to his accounting for the possession of the lost or stolen notes, and I have not heard of one case yet in which the Police investigation has resulted in any thing but inconvenience to the Presenter the trace usually stopping with a Bank or a respectable merchant who does not keep a Register, and can't tell whence he

received

received the stolen notes. The Notes fall into disfavour also with the badly educated classes. Small tradesmen who accept them for what they are told they are worth, and subsequently find that without a tedious process they are unconvertible. being mismatched halves and occasionally mismatched with halves from Calcutta or Bombay. The ~~is~~ dis- for this objection has been provided in the new forms of Notes in the Vernaculars of Southern India now being circulated

4th. Because the Madras Bank now makes as many of its payments in Notes as it can, referring the people to the Exchange Office at the Mint for change, thus lessening the demand for Notes, whereas formerly when it

7. This reasoning is not very clear, and I can't think that Mr. Trevor has been correctly informed, as the Bank's Constituents would not submit to being paid in any way but the one they each preferred.

it was paid a per-
centage for the circula-
tion of the Notes the
Bank pursued a
different course and
consulted the wishes
of its Constituents.

8. To sum up, I am of opinion that the transfer of the Exchange of Currency Notes from the Bank to the Mint has been attended with increased public confidence: That although the daily demands for Coin in exchange for Notes and Vice Versa are very small compared to what they need be at the Madras Bank, it is a matter for congratula-
-tion rather than regret: That the change will be attended with a considerable annual saving to Government, and eventually a greatly extended circu-
-lation:

9. In conclusion, I beg respectfully to recommend in the strongest terms a re-consideration of the cases of the Account-
-ant and Assistant Accountant, and to solicit for them the salaries I formerly proposed, Rs. 200 and Rs. 75 per mensem. I append for facility of reference that portion

× Vide. my letter to your address No. 104 dated 14th Feb. 67.

portion of my former × report which related to them, and beg to add that the order I received from you a little while ago not to re-issue Notes that have been cut in two adds largely to their responsibility and trouble. I cannot be considered desirous of incurring any undue expenditure in voluntarily dispensing with an Assistant Commissioner somewhat to my personal inconvenience.

10. The usual tabular Statement will be forwarded through the Govern-
-ment of Madras.

I have the honor to be
Sir
Your most obedient Servant

(Signed) J. Harpendale
Commissioner of Issue
of Paper Currency.

(True Copy.)
J. Harpendale
Commissioner of Issue
of Paper Currency.

Extract of letter from Colonel J. Carpendale, R.E., Commissioner of Issue of Paper Currency to the Chief Secretary to Government, Fort Saint George, dated 11th February 1867, No. 88.

× × ×

4. As regards the Accountant and Deputy Accountant, to whom increases of salary have been disallowed, I venture to request a re-consideration of their cases.

The Accountant was appointed five years ago on the first constitution of the Department, when the circulation of Notes was confined to the Madras Circle, for which a hundred rupees a month was considered a fair remuneration. In January 1865 the new Circles of Calicut, Tuticorin, and Vizagapatam were formed, which largely increased the issue of Notes, and the Office correspondence and accounts, adding considerably to the Accountants work and very largely to his responsibility; for he is by the orders of the Government of India held personally responsible for seeing that each cancelled

cancelled Note is correctly scored out of the Registers, and in the event of any loss occurring from his scoring out a wrong number and leaving a cancelled Note outstanding on the Register, he will be liable to make good the loss. A very serious responsibility, considering that the number of cancelled Notes in the Madras Presidency average three thousand eight hundred per mensem, value three lacs; and one error in regard to a hundred Rupee note entails a possible penalty of forfeiture of a months salary: and now, again, the Madras Circle weekly accounts, similar to those of the other Circles will give him additional work.

31st Augt 67 - Now the average number is 9228, Value Rs 7,87,980

In a lesser degree the Assistant Accountant is deserving of an increase to his salary also. And having regard to their duties and the salaries paid in other Offices, I think the rates proposed, of Rupees two hundred and Rupees seventy five, are moderate enough. I submit fresh tabular statement in accordance with the above remarks, and I trust I have stated the case sufficiently clear to obtain the support of Government in their transmission to the Government of India.

(Sd.) J. Harpendale,
Commissioner of Issue
of Paper Currency.

True Copy.
J. Harpendale
Commissioner of Issue
of Paper Currency

Office of the Commissioner of Issue
Madras Mint 31st August 1867.

No. 1075.

From

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

To

The Honorable R. S. Ellis.
Ag. Chief Secretary to Government
Fort St. George.

Sir,

In reference to Order of Government
the Financial Department, No. 121, 14th
March last, I have the honor to forward
for the information of Government Copy
of a report to the Head Commissioner
of Paper Currency [illegible] and I
venture to hope that the Governor in
Council will be pleased to support
my application for the increased
Salaries to the Accountant and Assistant
Accountant from the 1st proximo.

Tabular Statement is enclosed.

I have the honor to be
Sir
Your most obedient Servant
J. Carpendale
Commissioner of Issue
of Paper Currency

Enclosure to Letter from
Commissioner of Issue of
Paper Currency to the Ag.
Chief Secretary to Government
Fort St. George, No. 1075,
dated 31st August 1867.

Copy of Establishment
Employed.

Rs. 400

Rs. 228

Financial Department.

No. 414.

To

The Secretary to the Government
of India,
Financial Department.

Sir,

I am directed by the Governor in Council to forward copies of a correspondence noted between the Commissioner of Issue of Paper Currency and the Head Commissioner of Paper Currency. This correspondence relates to the question as to whether an Assistant Commissioner of Paper Currency is required at present at Madras and to a proposed increase in the salaries of the Accountant and Assistant Accountant in the Paper Currency Department.

2 The Governor in Council is of opinion that the recommendations on both these points which are made

by

No. 14. March 1/7 41-43

Bnl. Financial Dept. Letter No. 1567 dated 13 Sept. 1913 from the Commissioner of Issue of Paper Currency to the Secretary to the Govt. of India, Financial Dept.

Dated 31st August 1913
Received 3 —

No. 1075
Enclosures 3 —
H.H. 4.12.

Submitting copy of correspondence with the Head Commissioner of Paper Currency relative to the appointment of an Assistant Commissioner of Paper Currency for Madras. Requesting sanction to the salaries of the Accountant and Assistant Accountant from 1st instant and to the grant of a temporary allowance to the Accountant from 1st instant.

23.

C11-Sept. 1913.

by Colonel Carpendale are deserving of the favorable consideration of the Govt of India

3 The opinion originally expressed that an Assistant Commissioner of Currency is not required at Madras is repeated after a further experience of six months of the working of the Office.

4 Colonel Carpendale points out in respect to the proposed increase of salary to the Accountant and Deputy Accountant that the number of cancelled Notes in the Madras Presidency has increased from 3,000 Notes valued at 3 lacs of Rupees to 9,920 valued at 7,87,900 Rs and that the proposed salaries of Rs 200 and Rs 75 for these Offices is not out of proportion to the labor and responsibility imposed on them.

5 I submit the Statement

Fort St George
13 Sept 1867

No 9.

in the present Letter is enclosed

Financial 1867 Departt

No. 414

To

The Secy to the Govt

of India

No. 538

Dated 13 September 1867

23.24.

C.W.S. 1913.