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(3) Initials of the Referencer

MADRAS RECORD OFFICE.

Government of Madras.

Financial DEPARTMENT.

G.O. No. 2554	Press / Mis.
Dated 19-5-	18 63

49-51

17/18

Not to be folded or roughly handled

K.V

No. 254.

FROM

THE HONORABLE R. S. ELLIS, C. B.,
Chief Secretary to the Government of Fort Saint George,

To

THE SECRETARY TO THE GOVERNMENT OF INDIA,
FINANCIAL DEPARTMENT.

SIR,

I am directed by His Excellency the Governor in Council to transmit the correspondence noted in the margin, relative to the system which prevails at present in the Bank of Madras in respect of "Stopped Notes."

Proceedings of Government, dated 8th November 1867, Nos. 29 to 33.
Proceedings of Government, dated 10th February 1868, Nos. 18 to 20.
Proceedings of Government, dated 9th March 1868, Nos. 27 & 28.
Letter from the Secretary and Treasurer of the Bank of Madras, dated 1st April 1868, No. 50-734.
Letter from Accountant General, dated 17th April 1868, No. 12.

2. During the past year it was brought to the notice of Government that the Bank kept a Register of Lost Notes, but only entered in it the particulars of those that were communicated direct to the Bank, and that no notice was taken of advertisements in the *Fort Saint George Gazette.*

That the Bank compared with its list of Stopped Notes, those Notes only which were presented at the Counter in the Bank, but that no examination was made with the object of detecting lost and stolen Notes of the large quantity of Currency Notes which the Bank Peons received at other Banks and Houses of Agency in payment of Cheques.

3. This system of check being considered insufficient, the Directors of the Bank were requested by the Government to cause a Register to be carefully kept of all Notes, the loss of which is either advertised in the *Fort Saint George Gazette*, or reported direct to the Bank, and that a system of examination be carried out daily of all Notes received over the Counter, or through the collecting Peons of the Bank.

4. Again in 1868, it was reported to Government by Mr. Franklin, the Superintendent of Marine, that on the 27th January 1868 he had reported to the Bank the loss of two Currency Notes for Rupees 100 each, and although information was sent at once by the Commissioner of Issue to the Bank to stop payment, the Bank itself shortly afterwards presented one of the Notes to the Commissioner for payment. Mr. Franklin's letter was referred to the Directors for report as to what steps had been taken by them on the orders of the Madras Government above quoted, dated the 8th November 1867, No. 502.

5. The Secretary and Treasurer of the Bank stated, on the 5th February last, No. 50-256, that the practice observed prior to the transfer of the Currency Department, of comparing all Currency Notes received with the Register of Stopped Notes, was, by order of the Directors, resumed on the 1st December 1867, and that since then, intimation of the payment of each Note had been usually given to the party by whom stopped, as also to the Commissioner of Issue. In Mr. Franklin's case, the Secretary regretted that by an oversight of the paying Shroff, neither the address of the party presenting the Note was taken down, nor intimation of its payment given to Mr. Franklin.

6. Mr. Franklin, however, again on the 2nd March last, reported that the second Currency Note which he had lost was received at the Bank, was presented to the Commissioner of Issue, and paid by him. The Directors were requested to furnish full and immediate explanation of this second instance of a departure from the system stated to be in force in regard to Stopped Notes. The Secretary and Treasurer, in his reply of the 1st ultimo, No. 50-734, writes: "That the Directors "now regret that no reply was made to the Order of Government, dated 8th November 1867, "No. 502, and that it was not then pointed out to Government that since the transfer of the "Paper Currency business to the Mint, it was no longer obligatory on the Bank to keep Registers "of lost and stolen Notes, as it had previously done, while the paid Agent of the Government of "Madras for the management of the Paper Currency," that the "Directors are confirmed in their opinion by having ascertained from the Bank of Bengal in Calcutta that no Register whatsoever is kept there of lost and stolen Notes;" that although a Register of Stopped Notes has, to meet the wishes of Government, been carefully kept owing to the suspension of part of the system, for

some time, a certain degree of laxity existed in the Department, but that, should the Government of Madras deem it important that a thorough system of Note Registration shall be maintained, the Directors consider it only reasonable that a suitable allowance should be made for the requisite establishment.

7. Under these circumstances, I am directed to ascertain what is the course followed by the Bank of Bengal at Calcutta in respect of Stopped Notes, and whether the Government of India have issued any orders on the subject.

8. It will be observed from the correspondence submitted that the Accountant General, to whom reference has been made, agrees with the Commissioner of Issue that the cost of maintaining the check on stolen Notes required by this Government in their Order, dated 8th November 1867, No. 502, will be Rupees 1080 per annum, and that in the opinion of the Accountant General one-half of this charge should be borne by the Government and one-half by the Bank. The Commissioner of Police, who has been consulted, considers that although, until the Mercantile Firms also join in maintaining Registers of Stopped Notes, the check will not be complete, yet that it will prove of considerable use in the detection of thefts of Notes, and so far materially protect the public.

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

FORT SAINT GEORGE,
19*th May* 1868.

Chief Secretary.

From the Secretary and Treasurer, Bank of Madras, to the Chief Secretary to Government, Fort Saint George ; dated Madras, 1st April 1868, No. 50-734.

I have the honor, by desire of the Directors, to acknowledge receipt of the Proceedings of Government, with Order thereon, dated 9th March 1868, No. 127.

The Directors now regret that no reply was made to the Order of Government of 8th November 1867, No. 502, and that it was not then pointed out to Government, that since the transfer of the paper Currency business to the Mint, it was no longer obligatory on the Bank to keep Registers of lost and stolen Notes, as it had previously done, while the paid Agent of the Government of Madras for the management of the Paper Currency.

The Directors are confirmed in their opinion by having ascertained from the Bank of Bengal in Calcutta, that no Register, whatsoever, is there kept of lost and stolen Notes.

On receipt of the Order of Government of 8th November 1867, the Directors being desirous of meeting the wish of Government, while not admitting that it was incumbent on them, had desired a Register of Stopped Notes to be carefully kept, and which has since been done, but owing to the suspension of part of the system, for some time, a certain degree of laxity existed in the Department, and they regret that Mr. Franklin's letters were not acknowledged, and that the payment into the Bank of his stolen Notes was overlooked.

The Directors continue of opinion that nothing can be gained by keeping a Register of Stopped Notes, while none is kept by the chief Mercantile Houses in Madras, and, in confirmation of their opinion, they beg the Government's attention to the circumstance, that in not one instance, of the many cases of stopped Notes, where presentation at the Bank, has been communicated to the Commissioner of Paper Currency, have the Police succeeded in tracing the Notes back to the thief ; but, if the Government of Madras deem it so important, that a thorough system of Note registration shall be maintained, the Directors consider it only reasonable that a suitable allowance should be made for the requisite establishment.

Referred to the Accountant General for his remarks.

FORT SAINT GEORGE,
6*th April* 1868.

(Signed) C. G. WALKER,
Under Secy. to Govt.

3

From the Accountant General, Madras, to the Chief Secretary to Government, Fort Saint George ; dated Fort Saint George, 17th April 1868, No. 12.

Budget and Resource Department.

Adverting to the Order of Government in the Financial Department, dated 6th instant, referring for my remarks a letter from the Secretary and Treasurer of the Bank of Madras of the 1st idem, I have the honor to forward, for the information of Government, copy of the letter from the Commissioner of Currency, noted in the margin, to whom I applied for information respecting the establishment which would, in his opinion, be requisite to enable the Bank to exercise an efficient check over the lost and stolen Notes paid into the Bank.

No. 792, dated 15th April 1868.

2. The Mint Master, it will be observed, considers that a sum of Rupees 540 annually would be a fair remuneration to offer the Bank for this additional work, and assuming that he is correct in his estimate of the establishment required, I am of opinion that that sum would be well bestowed in the greater security which would be afforded to the public by the proposed check, and in the additional confidence which would consequently be felt in the currency. At the same time, it cannot be denied that the utility of the scrutiny exercised by the Bank of Madras will be very materially lessened by the omission of the other Banks and Mercantile Firms to adopt a similar check, and it is also to be remarked that no such comparison of Notes is made by the Bank of Bengal apparently with the concurrence of the Government of India.

From the Commissioner of Issue of Paper Currency, to the Accountant General, Fort Saint George ; dated Madras, 15th April 1868, No. 792.

In reply to your No. 159, 8th instant, I have the honor to inform you that, assuming the maximum value of Currency Notes received by the Bank of Madras on any one day to be three lakhs, I am of opinion that six Shroffs could, without difficulty, exercise an efficient check by comparison with the stopped list, and believing the pay of this class of servants in the Madras Bank to be from 10 to 20 Rupees a month, it appears that taking the average salary of Rupees 15, the annual cost would be Rupees 1080 ; but as the Bank must, for its own protection, examine Notes carefully, first as to their genuineness, and second to see that the halves are not incorrectly joined, I think half the amount, or Rupees 540, would be a fair remuneration from Government.

Exd. F. R. Bantleman.

Bank of Madras.

No. 94/134. Madras, 1st April 1868.

To,

The Chief Secretary to Government,
Fort St. George.

Sir,

I have the honor, by direction of the Directors, to acknowledge receipt of the Proceedings of Government, Marine Department, dated 9th March 1868, No. 137.

The Directors now regret that no reply was made to the Bank's representation of 20th January 1868, No. 502, and that it was not their intention to have pointed out to Government, that since the Municipal Notes, which had been issued to the Paper Currency Creditors of the Bank to keep Depositors of that description Notes, were withdrawn from circulation, while the Bank's Agency of the Government for the management of the Paper Currency, the Directors are entirely at their opinion, by having accustomed the Bank of Bengal, in Calcutta, from the Bank of Bengal, in Calcutta, and no Depositor, whatsoever, will have kept

1868.

FINANCIAL DEPARTMENT.

From
The Chief Secretary to Government,
Fort Saint George.

To
The Secretary to the Govt. of India,
Financial Department.

Dated 19th May 1868.
Recd.

No. 254.
Enclosure.

Transmitting certain correspondence relative to the system which prevails at present in the Bank of Madras in respect of "Stopped Notes."

of lost and stolen Notes—

On receipt of the Order of Government of 8th Nov. 1867, the Directors being desirous of meeting the wish of Government, while not admitting that it was incumbent on them, had desired a Register of Stopped Notes to be carefully kept, and which has since been done, but owing to the suspension of part of the system, for some time, a certain degree of laxcity existed in the Department, and they regret that Mr Franklin's letters were not acknowledged, and that the payment into the Bank of his stolen Notes was overlooked.

rather unfortunately

The Directors continue of opinion, that nothing can be gained by keeping a Register of Stopped Notes, while none are kept by the Chief Mercantile Houses in Madras, and, in confirmation of their opinion, they beg the Government's attention to the circumstance, that in not one instance, of the many cases of Stopped Notes, where presentation at the Bank, has been communicated to the Commissioner of Paper Currency, have the Police succeeded in tracing the Notes back to the thief— but, if the Government of Madras, deem it so important, that a through

7

system of Note registration should be maintained, the Directors consider it only reasonable, that a suitable allowance should be made, for the requisite establishment—

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

J W Ker
Secretary & Treasurer.

DA & A.G. Office
Recd 7 4 1868
Ansd

Pro: 9th March 68 27 – 28
10 Feby 68 18 20
8 Nov 67 29 – 33

Reports of the Assistant Treasurers
Forwarded for signature.
Tuttle's Sent.
6 March 1868

O Walker
Asst Secy

331

C 21 Apl
R 27 "
C 12 May
R 18

49

Financial 1868 Dept
Prov 19 May 68.

From
Secy & Treasurer, Canadian
Bank Co 50/734

L.L. No 2854

Rpts & Apl.

FR 188

No 173.

Communicates views of
Directors regarding the
keeping of a register of
lost or stolen Currency
Notes

Reported.

COMMISSIONERS OFFICE,
Patents Office,
1868

Mr Walker
Asst Secy
Treasury Dept

Sir

I have the honor to transmit herewith a letter from the Secretary & Treasurer of the Canadian Bank Company, dated Montreal 19th May 1868, communicating the views of the Directors of that Institution in regard to the keeping of a register of lost or stolen Currency Notes.

I am Sir
Your obt Servt
Jos Holt
Commr

Hon Hugh McCulloch
Secy of the Treasury

Paper Currency Office,
Madras Mint 15th April 1868.

No. 792

From

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

To.

The Accountant General,
Fort Saint George.

Sir.

In reply to your No. 1597, 8th instant, I have the honor to inform you that, assuming the maximum value of Currency Notes received by the Bank of Madras on any one day to be three lacs I am of opinion that six Cheffs could without difficulty exercise an efficient check by comparison with the stopped list, and believing the pay of this class of servants in the Madras Bank to be from 10 to 20 Rupees a month it appears that taking the average salary of Rupees 15 the annual cost would be Rupees 1080, but as the Bank must for its own protection examine notes carefully, 1st as to their genuineness, and 2nd to see that the halves are not incorrectly joined, I think half the amount or Rupees 540 would be a fair remuneration from Government. I have the honor to be &c.

True Copy

D. Kilpatrick
Acting Chief Asst

/Signed/ J. Carpendale
Commissioner of Issue
of Paper Currency

Comp'd

Budget & Resource

~~Book~~ Department.

No. 12

8

Fort Saint George,
Accountant General's Office,
17. April 1868.

13

From The Accountant General,
to the Government of Madras.

To The Chief Secretary to Government
Fort Saint George

Sir,

Adverting to the Order of Government in the Financial Department dated 6th Instant referring for my remarks a letter from the Secretary and Treasurer of the Bank of Madras of the 1st Idem, I have the honor to forward for the information of Government Copy of the letter from the Commissioner of Currency, noted in the margin, to whom I applied for information respecting the Establishment which would in his opinion be requisite to enable the Bank to exercise an efficient check over the lost and stolen Notes paid into the Bank.

No. 792 dated 15th April 1868.

2. The Mint Master it will be observed considers that a sum of Rupees 540 annually would be a fair remuneration to the Bank for this additional work, and assuming that he is correct in his Estimate of the Establishment required I am of opinion that that sum would be well bestowed in the greater security which would be

be afforded to the public by the proposed check and in the additional confidence which would consequently be felt in the currency. At the same time it cannot be denied that the utility of the scrutiny exercised by the Bank of Madras will be very materially lessened by the omission of the other Banks and Mercantile Firms to adopt a similar check, and it is also to be remarked that no such comparison of Notes is made by the Bank of Bengal apparently with the concurrence of the Government of India.

I have the honor to be
Sir
Your most obedient Servant
F. Cruchley
Accountant General

Copy Authenticated
Comptr

Means pamphlet.

I am directed by Council for the Govt to forward the enclosed

This correspondence relates to the system which at present prevails in the Bank of Madras in respect of Stopped Notes. That is Notes reported to the Bank to be lost or stolen. From the letter from the Com.r of Issue of Paper Currency to the Chief Secy to Govt Madras 1st Oct.r 67. No. 1450. the recognized system at the Bank seem to have been - [illegible] 1st The Bank continues to keep a Register of stopped or stolen notes, but only enters into it particulars of those that are communicated direct to the Bank & takes no notice of advertisements in the Post Office Gazette

Proceedings of Govt 8th Nov. 67. -

Rec.d 9th May 68.-

Rec.d 27-28 March 1868

Fort St. George
Accountant General's Office
The Chief Secretary to Govt.

Dated 1st April 1868.
No. 172
Encls. 2 in 1 Cover.
Subject.

Re 1450/67

Requesting to be furnished with such Circulars or Instructions as may have been issued to the Presidency Banks regarding the Payment of Stopped Cheques or Bank Notes.

52.

C21-5/68
A22-1
C5-1/68

2nd The Bank compares with its list of stopped notes, those notes only which are presented at the counter in the Bank but does not in any way examine, with the object of detecting lost and stolen notes, the large quantity of currency notes which its pens receive at their banks and branches of agency in payment of cheques.

On the 8th Nov. the Govr. in Council requested the Directors of the Bank to cause a Register to be carefully kept of all Notes, the issue of which is either advertised in the Fort Nelson Gazette or reported direct to

the Bank, and that a systematic examination be carried out daily of all notes received over the counter, or through the Collecting peons of the Bank.

~~xxxxxxxxxx~~ of Mr. Franklin, in Jany 68. brought to notice the laxity prevailing in the Bank in respect of stolen notes, and in reply to a reference from Government the Directors explained that the system, which prevailed prior to the transfer of the Currency department, ~~xxxxxxxxxx~~ ~~xxxxxxxxxx~~ ~~xxxxxxxxxx~~ of comparing all Currency Notes received, with the Register of Stopped notes, has (though they do not say so) this is the system previously in force in their order of the 8th Nov. 67) had been resumed on the 1st Dec. 67. –

and that since that date intimation of the payments of such notes has been usually given to the party by whom stopped, as also to the Currency Comrs. The practice had by an originality, the Directors added not been observed in Mr. Franklin's case. on the 2nd March. Mr. Franklin again brought to the notice of Govt, the exactly a similar failure of the Bank, and that as in the first instance when he complained to the Bank, he was left without any answer to his remonstrance. The Bank having been called on for explanation addressed to Govt the letter of 1st April. — 68.

without reply

The Bank, having left the order of Govt. of the 8th Nov. prescribing a system, regarding lost & stolen, (stopped notes) which the bank professed in their letter of 15th Feby 68. to have been resumed on the 1st Dec. 67 ~~without~~ ~~reason~~, merely leaving Govt to suppose that they had complied with the Govt direction, conveyed to them in the form of a request, now point out that as they are no longer the paid Currency agency it is not obligatory on them to keep the Register of lost & stolen notes &c. they did before. —

The Bank have ascertained that such a Register is not kept by the Bank of Bengal –
That though not obliged they did after the receipt of the order of Govt of 8th Nov. keep such a Register, and they state that owing to some laxity the payment of Wt. Rumbleins notes were overlooked, & his letter unanswered.
They proceed to give their opinion that such a Register if kept only by the Bank would be useless – but offer to keep it, if a suitable allowance is made them by the Govt for the requisite Establishment

It is clear that the Bank has been negligent in what it proposed to do, that the denial of obligation is an after thought, and that it has been wanting in ordinary courtesy in persistently on two occasions in leaving Wt. Rumbleins letters without reply – and in replying to the Bank's letter this may I submit be pointed out.
The Accountant General on a reference being made to him advocates the continuance of the practice prescribed by the Govt in their order. Nov. 8. 1867. considers that the Establishment for keeping the Register & comparing the Notes

(2)

will cost 1080 R. per annum - (see Mint Master's letter
of which sum 540 half should & Acct General)
be allowed by Govt to the
Bank. -
Of the utility which would
result from the Bank
following the course prescribed
by Govt, Major Dever, Comr of Police, in
speaks in strong terms,
although it may be
doubtful if the procedure
Sir he advocates - would
under the provisions of
Sec. 411. Penal Code -
is desirable. -

I would add that
an allowance of Rs 1/-
per cent for the cost of
the establishment

demi-official not intended

I would advocate a
reference to the Govt:
with a view of ascertaining
how the subject of Stopped
Notes is treated at Calcutta.
Unless we can induce
the leading Agency Houses
here, to do as the Madras
Bank say they are

Stopped Notes

Note

Should-be to deter
people from using
Currency Notes -

(21 Aft

now discharged bills. If
Govt will pay them, I am sure
they will do so to the advantage
of complying with the Bank's
application. If our
experienced Police Officers
do not suspect, as
many more would do
here, I pity the Inspector
but the case against
her system would be

dest 28/5 with 5 Encs. — 5

173
188

1

Financial Department.

25

No. 254.

To

The Secretary to the Government
of India,
Financial Department

Sir,

I am directed by His Excellency the Governor in Council to transmit the correspondence noted in the margin relative to the system which prevails at present in the Bank of Madras in respect of "Stopped Notes."

Ref of Govt dated 8th November 57 No. 29 to 38
Do. ——— Do. 10th February 58 — 18 to 20
Do. ——— Do. 9th March — — 27-28
Letter from the Secretary and Treasurer of the Bank of Madras of 1st April 1858 No. 30-34
do from Accd Genl — 17 Apl 58 - 12

2 During the past year it was brought to the notice of Government that the Bank kept a Register of Lost Notes, but only entered in it the particulars of those that were communicated direct to the Bank and that notice was taken of advertisements in the Fort St George Gazette.

That

That the Bank compared with its list of Stopped Notes, those Notes only which were presented at the Counter in the Bank, but that no examination was made with the object of detecting lost and stolen Notes of the large quantity of Currency Notes which the Bank Proper received at other Banks and Branches of Agency in payment of Cheques.

3 The system of check being considered insufficient, the Directors of the Bank were requested by the Government to cause a Register to be carefully kept of all Notes, the loss of which is either advertised in the Fort St. George Gazette, or reported direct to the Bank and that a system of examination be carried out daily of all Notes received over the Counter, or through the collecting Peons of the Bank.

4 On the 27th Jany. 1868 the Bank had reported the loss of two Currency Notes for Rs.100 each, although information was sent at once by the Commissioner of Issue to the Bank to stop payment, the Bank itself shortly afterwards presented one of the Notes to the Commissioner for payment. Mr. Franklin's letter was referred to the Directors for report, as to what steps had been taken by them on the Orders of the Madras Government above quoted, dated, the 8th Novr. /67 No. 5082.

5 The Secy. and Treasurer of the Bank stated, on the 5th Feby. last, No. 50.256 that the practice observed prior

Again in 1868. it was reported to Govt. by Mr. Franklin the Asst. Supt. of Marine that

prior to the transfer of the Currency Department, of comparing all Currency Notes received with the Register of Stopped Notes, was by order of the Directors discontinued on the 1st Dec.r/67, & that since then, intimation of the payment of each Note had been usually given to the party by whom stopped, as also to the Commissioner of Issue.

In Mr. Franklin's case, the Secretary regretted that by an oversight of the paying Chroff, neither the address of the party presenting the note was taken down, nor intimation of its payment given to Mr. Franklin.

6. Mr. Franklin however again on the 2nd March last, reported that the second Currency Note which he had lost

lost was received at the Bank, was presented to the Commissioner of Issue & paid by him. The Directors were requested to furnish full & immediate explanation of this ~~extraordinary occurrence~~ second instance of a departure from the system stated to be in force in regard to stolen Notes. The Secy. & Treasurer in his reply of the 1st Ultimo No 50-734 writes:

"that the Directors now
"regret that no reply was
"made to the order of
"Govt. dated 8th Nov.r
"/67 No 802, & that it was
"not then pointed out
"to Govt. that since the
"transfer of the Paper
"Currency business to
"the Mint, it was no longer
"obligatory on the Bank
"to keep Register of lost
"& stolen Notes, as it had
"previously done, while
"the paid Agent of the
"Govt. of Madras for the
"management of the

Paper

"Paper Currency..." that the
"Directors are confirmed
in their opinion by having
ascertained from the
Bank of Bengal in Cal-
cutta that no Register
whatsoever is kept there
of lost & stolen Notes;"
that although a Register
of Stopped Notes has, to
meet the wishes of Govt,
been carefully kept, owing
to the suspension of part
of the system, for some
time, a certain degree
of laxity existed in the
Departt, but that should
the Govt of Madras deem
it important that a
thorough system of Note
registration shall be
maintained, the Directors
consider it only reasonable
that a suitable allow-
ance should be made
for the requisite estab-
lishment.

7. Under these
circumstances I am
directed to ascertain
what is the course fol-
lowed by the Bank of
Bengal at Calcutta, in
respect of Stopped Notes,
& whether the Govt of
India have issued
any orders on the subject.

8. It will be
observed from the cor-
respondence submitted
that the Accountant
General to whom reference
has been made agrees
with the Commissioners
of Issue that the cost
of maintaining the check
on Stolen Notes required
by this Govt in their Order
dated 8th Feb 1867 No 582
will be Rs 1080 per annum & that in
the opinion of the Accountant
General one half of this
charge

charge should be borne by the Government & one half by the Bank - the Commissioner of Police who has been consulted considers that although until the Mercantile Firms also join in maintaining Registers of Stopped Notes the check will not be complete, yet that it will prove of considerable use in the detection of thefts of Notes & so far materially protect the public -

Fort St. George }
19 May 1868 }

Finl 1868 Department.

No. 257

To

The Secretary to the
Government of India
Department.

Dated 19 May 1868.

Transmitting certain correspondence relative to the system which prevails at present in the Bank of Madras in respect of "Stopped Notes."

Fin 266 of 68

Fin 255 of 68

Stopped Notes

49c5

C12 Gallery 1818