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# MADRAS RECORD OFFICE.

## Government of Madras.

Finance DEPARTMENT.

G.O. No. 326-327 Press ~~Mis.~~

33-36.

Dated 14-7- 1868.

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**Not to be folded or roughly handled**

*Proceedings of the Madras Government, Financial Department,*
*14th July* 1868.

Read the following papers :—

No. 33. From Colonel J. CARPENDALE, R. E., Commissioner of Issue of Paper Currency, to the Chief Secretary to Government, Fort Saint George; dated Madras Mint, 28th May 1868, No. 1081.

Referring to Order in the Financial Department, No. 490, 5th November 1867, I have the honor to report the results, for the period of nine months ending 31st March last, of the measures sanctioned by Government for encouraging the circulation of Currency Notes, by issuing them freely at all Government Treasuries where demanded, either in liquidation of claims or in exchange for silver, and by receiving them in like manner in payment of claims, and, so far as it can be done without inconvenience, by cashing Notes presented by the public.

2. The Tabular Statement enclosed shows the transactions of each kind in the several Collectorates; and the following table exhibits the gross amounts for the periods ending 30th November 1866, 30th June 1867, and 31st March 1868 :—

| | Value of Notes received in exchange for silver. | Value of Notes received in payment of claims. | Total. | Value of Notes issued in exchange for silver. | Value of Notes issued in payment of claims. | Total. |
|---|---|---|---|---|---|---|
| | RS. | RS. | RS. | RS. | RS. | RS. |
| Six months ending 30th November 1866..... | ..... | ..... | ..... | 18,31,030 | 3,55,090 | 28,65,660 |
| Six months ending 30th June 1867.... | 7,38,300 | 9,83,340 | 17,21,640 | 23,64,350 | 5,96,850 | 29,61,200 |
| Nine months ending 31st March 1868... | 25,62,690 | 16,48,090 | 42,10,780 | 47,75,650 | 14,07,910 | 61,83,560 |

3. From the above it will be seen that there continues to be a preponderance of issues over the receipts of Notes in the Mofussil Treasuries, the excess for the six months ending 30th June 1867 having been about 12½ lakhs, and for the nine months ending 31st March 1868 about 19¾ lakhs, and which was to be expected, the gross receipts of Notes having risen from 17 lakhs in six months to 42 lakhs in the following nine months, and the gross issues for the same periods having risen from 29½ lakhs to 61¾ lakhs.

4. This increase is undoubtedly owing partly to improved circulation; for, although a large quantity of the Notes issued in the Provinces soon find their way to the Presidency, and are then converted into coin, there is evidence of increased circulation in the fact that what I call the active circulation, or what remains after deducting the stock in hand at each Currency-Office, Collectorate, and Branch of Madras Bank, from the nominal circulation or gross issue of notes, aggregated on 30th June 1867 Rupees 35,39,830, and on 31st March 1868 Rupees 45,09,110.

5. This is a positive increase in the circulation of about ten lakhs, a much smaller increase than might be expected from the double causes of increase, viz., the facilities afforded by Government for supplying the public with Notes and for cashing them, and the improvement in the Notes themselves, whereby they have become intelligible to a much larger proportion of the people, and it is to be expected that a further improved circulation will follow on a continuance of the present system, though it may probably become requisite to treat as exceptional localities the Bellary and perhaps some other Districts.

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6. In three Districts only did the receipts and issues balance, viz.—

Madras.
North Arcot.
Madura.

In three the receipts of Notes exceed the issues—

| | Rs. |
|---|---|
| Ganjam by | 10,000 |
| Bellary by | 3,16,000 |
| South Canara by | 18,000 |

The run upon the Treasuries in the Bellary District for silver, in exchange for Notes, has formed the subject of correspondence between the Bank of Madras and Government, and having heard that the Railway Company had availed themselves of the permission to present Notes for cash to a very large extent in making their remittances to the Bellary District, whereby they save the *premium* entailed by the purchase of Accountant General's bills, I had expected a much more unfavorable balance for that District; but the tabular statement shows that the Notes cashed, amounting to Rupees 6,87,520, were in great measure balanced by Notes issued in exchange for silver, amounting to Rupees 3,99,280.

7. In most Districts the value of Notes issued exceed the receipts, and the effect is to augment the balance of silver, which is so much more costly to move when too large a balance in any particular Treasury necessitates such a course, than would be a small box of Notes.

8. The excess of issue of Notes over receipts is as follows; and as the Accountant General will best be able to inform Government whether any inconvenience has been experienced on this account, I will forward a copy of this report to that Officer:—

| | Receipts. | Issues. | Excess issue of notes. |
|---|---|---|---|
| Vizagapatam | 72,220 | 1,35,880 | 63,660 |
| Godavery | 1,20,160 | 1,32 970 | 12,810 |
| Kistna | 53,830 | 1,03 730 | 49,900 |
| Nellore | 1,39,720 | 1,66,670 | 26,950 |
| Cuddapah | 1,38,750 | 4,05,180 | 2,66,430 |
| Kurnool | 29,070 | 1,98,960 | 1,69,890 |
| South Arcot | 1,08,500 | 1,42,550 | 34,050 |
| Tanjore | 2,33,880 | 5,26,620 | 2,92,740 |
| Trichinopoly | 12,350 | 22,180 | 9,830 |
| Tinnevelly | 57,650 | 1,47,550 | 89,900 |
| Coimbatore | 1,09,510 | 3,54,280 | 2,44,770 |
| Salem | 1,31,750 | 1,70,320 | 38,570 |
| Malabar | 11,41,360 | 14,03,870 | 2,62,510 |
| Her Majesty's Treasury, Bangalore | 7,06,000 | 7,06,000 | |
| Travancore | 6,590 | 59,930 | 53,340 |

Only in six districts do the excess issues appear very large, viz.:—

| | |
|---|---|
| Cuddapah. | Coimbatore. |
| Kurnool. | Malabar. |
| Tanjore. | Bangalore. |

and, if the Accountant General reports favorably, I beg to recommend a continuance of the present system, and to be reported on again at the close of the official year. Of the above Districts, Malabar contains a Circle Office at Calicut, so that no inconvenience can be experienced there. Her Majesty's Treasury at Bangaloro is always exceptional, as the whole of the Mysore country is supplied with Notes from it; and Coimbatore and Tanjore being in the vicinity of the Circle Offices



of Calicut and Trichinopoly probably facilitates the Accountant General's Transfer Remittances, as District Treasuries where Paper Currency Circle Offices are located constantly require strengthening with silver.

The Accountant General is requested to favor Government with his opinion on the point referred to him by the Mint Master in this letter.

FORT SAINT GEORGE,
*12th June* 1868.

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

No. 34. From F. LUSHINGTON, Esq., Accountant General, Madras, to the Chief Secretary to Government, Fort Saint George; dated Fort Saint George, 24th June 1868, No. 84.

Budget and Resource Department.

I have the honor to acknowledge the receipt of the endorsement, dated 12th instant, forwarding for my opinion the report of the Commissioner of Issue of Paper Currency on the results during the nine months ending 31st March last of the measures now in force regarding the circulation of Currency Notes.

2. The system under report has now been in operation for upwards of two years, and during this period the removal of the restriction on the cashing of Currency Notes in the Provincial Treasuries has not, so far as I am aware, been in any respect prejudicial to the interests of Government; while, on the other hand, it has undoubtedly been of much convenience to the public at large, I concur, therefore, fully with Colonel Carpendale in thinking that the continuance of the present system will improve the circulation of Notes, and that any modification of the rules now in force is not desirable.

3. It should, however, be remarked that the comparisons drawn in paragraph 3 of the report under acknowledgment will require slight modification with reference to the circumstance that, in some of the Districts, as in Malabar, where the Treasury work is conducted by Madras Branch Banks, the Note transactions of the Government and the Bank are not kept distinct. There can, however, be no doubt that the circulation of the Notes has greatly been improved during the period under report.

4. With regard to the difficulty urged in paragraph 7 of the report, I am not of opinion that the excess of issues noticed in the subsequent paragraph is, with the exception of certain Districts, so large as to need any special arrangements by this Department; there may now and then arise certain cases in which it might perhaps be deemed desirable to suspend the general working of the rules, but such exceptional cases as these may be met by special arrangements between the Accountant General and the Collector. With regard to Bellary in particular, I may notice that, not very lately, I had occasion to empower the Treasury Officer there to suspend, if necessary, the cashing of Currency Notes for a time.

No. 35. ORDER THEREON, 14th July 1868, No. 326.

In the first of the foregoing letters, the Commissioner of Issue of Paper Currency reports the results during the period of nine months ending on the 31st March last of the measures authorized by Government for promoting the free circulation of Currency Notes.

2. The Commissioner notices the continuance of a preponderance of issues over receipts of Notes, the excess for six months ending 30th June 1867 having been about 12½ lakhs, and for the nine months ending 31st March 1868 about 19¼ lakhs, and attributes the increase partly to improved circulation.

3. The Commissioner, in remarking on the receipts and issues, adverts to the run upon the Treasuries in the Bellary District for silver, owing to the Railway Company having availed themselves of the permission to present Notes for cash, saving thereby the *premium* payable to the Accountant General for the purchase of Bills in making their remittances to Bellary. He also adverts to the value of Notes issued exceeding the receipts, and of the augmentation of the balance of silver, which entails a heavy expense for removal.

*Proceedings of the Madras Government, Financial Department, 14th July 1868.*

4. With reference to this, the Accountant General is not of opinion that the excess of issues is so large as to need any special arrangements by his Department, and he adds, "there may now "and then arise certain cases in which it might perhaps be deemed desirable to suspend the general "working of the Rules, but such exceptional cases as these may be met by special arrangements "between the Accountant General and the Collector. With regard to Bellary, in particular, I may "notice that, not very lately, I had occasion to empower the Treasury Officer there to suspend, if "necessary, the cashing of Currency Notes for a time."

5. The Governor in Council considers the result of the free circulation of Currency Notes during the nine months ended on the 31st March last to be satisfactory, and directs that no modification be made in existing arrangements.

6. It is observed that special cases of pressure on Treasuries for silver will be of rare occurrence, and that they can be fully met as suggested by Mr. Lushington.

7. The Commissioner of Issue of Paper Currency will submit a further report at the close of the current official year.

(Signed) R. S. ELLIS,
*Chief Secretary.*

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No. 36. To the Secretary to the Government of India, Financial Department, dated Fort Saint George, 14th July 1868, No. 327.

Adverting to a letter from this office, dated the 5th November 1867, No. 491, I am directed by the Governor in Council to transmit, for the information of the Governor General in Council, the annexed copy of the Proceedings* of the Madras Government on the result of the free circulation of Currency Notes during nine months ending on the 31st March last.

* Proceedings, dated 14th July 1868, No. 326.

2. It will be seen that the result is satisfactory, and that this Government have directed that the existing arrangements be continued without modification during the current official year, and that a report thereon be submitted at the close of that period.

(Signed) R. S. ELLIS,
*Chief Secretary.*

Ed. J. H. Burns.

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Financial Department. 1/3

No. 327

To

The Secretary to the Government of India,

Financial Department

Sir,

Adverting to a letter from this Office dated the 5th November 1867, No. 491, I am directed by the Governor in Council to transmit for the information of the Governor General in Council the annexed copy of the Proceedings* of the Madras Govt. on the result of the free circulation of Currency Notes during nine months ending on the 31st March last.

2 It will be seen that the result is satisfactory, and that this Government have directed that the existing arrangements be continued

pertinent

* Pro: dated 14th July 1868 No. 326

without modification during the current official year, and a report thereon be submitted at the close of that period.-

Jail 1860. Department.

No. 327

To

The Secretary to the
Government of Madras
Department.

Dated 14 July 1868.

Transmitting for information copy of the proceedings of the Madras Court, on the result of the free circulation of Currency Notes during nine months ending on the 31st March last.

Govt. of {1868} Madras.

Financial

To

The Secretary to the
Government of India
Financial Dept.

Dated 16th July

Recd. Read.

G. O., No. 4 July 1868, No. 337

Nos. 33-36

Transmitting for information copy of the Proceedings of the Madras Government on the subject of the proposed Extension of Currency Notes during 1868 and 1869 and Circular Order.