M.R.O. 1—77,606—8-6-37.

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(2) Date of repair_____

(3) Initials of the Referencer_____

MADRAS RECORD OFFICE.

Government of Madras.

Financial DEPARTMENT.

G.O. No. 330 Press Mis.

33-36

Dated 14-11 1868.

11/12

33-36

Not to be folded or roughly handled

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.

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 3,09,280.

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	53,850	1,03,750	49,900
Nellore	1,30,720	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	1,42,530	34,030
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 Bangalore 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

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

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,
12*th 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 19¾ 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.

(True Extract.)

Chief Secretary.

To the Commissioner of Issue of Paper Currency
Accountant General.

Mad. J. H. Barns

N° 1081. Paper Currency Office, Madras, dated 28th May 1868.

From

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

To

The Chief Secretary to Government
Fort St. George.

Sir.

1- Referring to order in the Financial Department, N° 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 shews the transactions of each kind in the several Collectorates, and the following table exhibits the gross amounts for the periods ending 30th November 1866, 20th June 1867, and 31st March 18[illegible]

	Value of notes received in exchange for Silver	value of notes issued in exchange for Silver	total	Value of Silver issued in exchange for notes	value of Silver issued in exchange for Gold	total
6 months ending 30th November 1866	"	"	"	R31,030	255,090	286,660
6 months ending 30th June 1867	738,300	982,940	1721,240	268,420	96,920	365,340
9 months ending 31st March 1868	2662,690	1,480,920	4,143,610	117,620	1,079,190	1,196,810

3. From the above it will be seen that there continues to be a fair balance of issues over the receipts of notes in the Presidency Treasuries, the excess for the 15 months ending 30th June 1867 having been about 12 lacs of Rupees, and for the nine months ending 31st March 1868 about 19 lacs, and which was to be expected, the gross receipts of notes having risen from 17 lacs in 6 months to 42 lacs in the following nine months and the gross issues for the same periods having risen from 29½ lacs to 61¾ lacs.

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 there 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 issues of Notes, aggregated on 30th June 1867 R3,36,830 and on 31st March 1868 R4,50,110.

5. This is a positive increase in the circulation of about ten lacs, 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 available 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.

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 -

Tanjore by 10,000 Rs
Bellary by 31,000 - -
South Canara by 18,000 - - -

Hence upon the Treasuries in the Bellary District for Silver in exchange for notes has formed the subject of correspondence between the Board of Revenue and Government, and hearing heard that the Railway Contractors 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 68,530 were in great measure balanced by notes issued in exchange for Silver amounting to Rs 39,280.

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 as there would be a small box of notes.

8. The excess of issue of notes are specified as follows; and as the Accountant General will best be able to inform Government whether any recommendations has been experienced on that account I will forward a copy of this report to that Officer.

	Receipts	Issues	Excess issue of notes.
Vizagapatam	72220	135880	63660
Godavery	129160	162470	12810
Kistna	63830	103730	49900
Nellore	139720	166670	26950
Cuddapah	138760	405180	266430
Kurnool	29070	198960	169890
South Arcot	108500	142520	34020
Tanjore	223880	526620	292740
Trichinopoly	12360	22180	9820
Tinnevelly	57660	147560	89900
Coimbatore	109510	254280	144770
Salem	131750	170320	38570
Malabar	1141260	1403870	262610
Mr. Treasury Bangalore	—	706000	706000
Travancore	6590	69930	63340

Only in 6 Districts do the excess issues appear very large, viz;

Cuddapah
Kurnool
Tanjore
Coimbatore
Malabar
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 Bangalore 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 Generals' transfer remittances as District Treasuries where Paper Currency Circle Offices are located constantly require strengthening with Silver.

I have the honor to be
Sir
your most obedient Servant

J Speedale
Commissioner of Issue
of Paper Currency

Budget and Record
Book Department.

No. 84

Fort Saint George,
Accountant General's Office,
24th June 1868.

From The Accountant General,
to the Government of Madras.

To The Chief Secretary to Government,
Fort Saint George.

Sir,

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 coining 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 Campbell 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.

St

Fort St George
12 June 1868

Rec'd 13th June 1868 & entered
Issue of Paper Currency
Circulation of Notes
Copy of Report

Read 3rd March 9-12
Walker
Under Secy

Fort St George
Dated 8th May 1868
Received 13th June 1868
No 1081
Ex Off
Endorsing Acct.

Submits the results for the nine months ending 31st March 1868 of the measures adopted by Government for encouraging the circulation of Currency Notes and observing that they shall be continued.

Recommd

The Secretary Secret is requested to favor Government with his opinion on the point referred to him by the Hon'ble Member in this letter.

Fort St George
12 June 1868

Walker
Under Secy

For the Secretary Secret
Fort St George

DA & AG. Office
Recd 13 } 6 18 8
Ansd __ }

3 It should however be remarked that the comparisons drawn in para 3 of the report under acknowledgement 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 a Madras Branch Bank, the relations 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 para 7 of the report, I am not of opinion that the excess of issues noticed in the subsequent para 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.

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

F. Pennington

Accountant General

Copy to Chuttie Tramway Comptt.

Financial Department

PROCEEDINGS of the MADRAS GOVERNMENT.

Read the following letter

From the Commissioner of Issue of Paper Currency / Accountant General — Here enter 28th May 1868 No 1081. — 24th June 1868 No. 84.

Order 16 July 1868 No 326.

In the first of the foregoing letters the Commissioner of Issue of Paper Currency reports the result, during the period of nine months ending on the 31st March last, of the measures authorized by Govt 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 lacs and for the nine months ending 31st March 68 about 19¾ lacs and

Re 15 Letters 15 Nos. 24-25
11 Treasy — 32-41
10 Pensy — 25-28
21 Revn — 29-41
5 Marine — 2 0 12
25 Public — 44-68
23 Mysore — 44-66
12 Political — 45-56
3 Salt — 1-3
14 Customs — 1-3 22
20 Judy 62 — 84-85

Secretary to Govt

Accountant General

Commissioner of Issue of Paper Currency

Collector of Land Revenue

Collector of Customs

Commissioner of Salt Revenue &c

Accountant to the Board of Revenue

Examiner of Accounts

Examiner of Public Accounts

Mr Cautley's letter of 16th July

Copy to the Secretary to the Board of Revenue

C.P. 826
Cash. Rs 15/-

C.P. Cash
21 July 34

and attributes the increase partly to improved circulation.

3 The Commissioner in remarking on the receipts and issues, adverts to the sum 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, owing thereby the premium payable to the Accountant Genl for the purchase of Bills in making their remittances to Bellary. He also adverts to the value of Notes issued exceeding the receipts, and to the augmentation of the balance of Silver, which entails a heavy expense for removals.

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,

6[illegible]

arrangements by this Dept.t, 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 Collectors. 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 Coining 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

made pr existing arrangement,

b It is observed that special cases of pressure on Treasuries for Silver will be of rare occurrence, but they and can be fully met as suggested by Mr Washington-

y The Commissioner of Issue of Paper Currency will submit a further report at the close of the current Official year.-

Note

To the Comr of issue of P. Currency
dup 29 To the Accountant Genl
~~Distr Recorder~~

Jail 1862 Department

No. 326

PROCEEDINGS OF GOVERNMENT.

Dated 14th July 1862.

33e 36