M.R.O. 1—77,000—8-6-31.

(1) Number of pages 92

(2) Date of repair 10.10.39

(3) Initials of the Referencer T

MADRAS RECORD OFFICE.

Government of Madras.

Finance DEPARTMENT.

Letter
G.O. No. 506 Press
19-27 Mis.

Dated 9-11- 1868.

19-27 48/49

Not to be folded or roughly handled

92 t

Proceedings of the Madras Government, Financial Department,
9th November 1868.

Read the following papers :—

No. 19. From the Acting Collector of South Canara, to the Chief Secretary to Government, Fort Saint George ; dated Mangalore, 9th September 1868, No. 840.

In reply to Proceedings* of Government, dated 25th August 1868, I have the honor to state that I do not think any great extension of the operations of Government Savings' Banks at work since 1835 in District Treasuries can be looked for, simply because the interest offered by Government is far below that readily obtainable in the bazaar, and the security is no better. Jewels are freely pledged at half their value for small sums lent on such easy terms as 12 per cent.!! Though large sums are obtainable on comparatively moderate interest, still small sums, which are beneath the competition of European capital, are lent and borrowed on rates of interest generally progressively heavy as the sum is small, and where the security is bad 75 per cent. and more is taken. Consequently, the petty usurer has a better field for his investments than in the Government Savings' Banks, and these establishments have, therefore, met with very little success, though they have been 33 years tried. The classes that use them are chiefly public and private servants who are called on to move, and, consequently, require suddenly to collect their loans. Some few use them in the interim of meeting with a better investment, but these instances are rare. I cannot think that any Committees, however zealous and influential, can induce men, with sense enough to save money, to be foolish enough to invest it at a low rate of interest when they can with equal security obtain a high rate.

* No. 388, Financial Department.

2. The system of Government loans to agriculturalists, suggested in paragraph 13 of the letter from the Secretary to the Government of India, would have to rest, in my opinion, on other foundation than deposits in Government Savings' Banks, and would be, I think, of doubtful policy, though it would probably be advantageous to, and largely availed of by the borrowing public, as well as profitable to the Government.

———

No. 20. From the Collector of Ganjam, to the Chief Secretary to Government, Fort Saint George ; dated Chetterpore, 11th September 1868, No. 986½.

I have the honor to reply to the Proceedings of Government, No. 388, Financial Department, of 25th August, ultimo, on the question of extending the system of Government Savings' Banks.

2. It is observed by the Government of India that "such Banks at present exist only at the Presidency towns." On the contrary, there is a branch of the Savings' Bank in every district of the Madras Presidency, managed by Treasury Officers at the chief station of the Collector, and under his supervision. Ex. gr., in *Ganjam* there is at present lodged a sum of Rupees 24,168 in deposits from Rupees 5 to Rupees 2,850 ; number of depositors, generally East Indian and Native public servants, 53. The deposits are received at the chief Treasury at Chetterpore, and at the Taluq Treasuries of Russelcondah, Berhampore, Chicacole, and Kimedy ; but there is not, as there ought to be, a separate salaried Clerk to look after the business.

3. At present the Treasury Officers do the work for nothing ; the proposed payment of one-eighth per cent. on all deposits will in time form a sufficient fund to remunerate them. Where a branch of the Madras Bank exists in any district the work would certainly be best carried on by such agency. It would transact the business in the chief town, and supervise it in the Taluqs.

4. I see no use whatever in the proposed local Committee of influential European and Native gentlemen. As it is a *Government* Savings' Bank the natives will require no further guarantee of its solvency and accessibility. If any thing goes wrong Ramasawmy will very soon rush off to the Collector ; that functionary, with the Accountant General, and the Secretary to the Madras Bank, will suffice to check the action of the local management.

5. The higher rate of interest, 5 per cent., (from 3¾,) with the exemption from the Stamp law, is of course sure to be appreciated. I think it will operate with marked success in attracting additional depositors ; but to tap the savings of the masses we must wait till there is a completely organized branch at each Tahsil and Deputy Tahsil station. Ganjam and Vizagapatam together

are as big as Scotland, perhaps bigger. Scotland has 52 of these Banks ; we must make some approximation to this number if we aspire to reach the Scotch figure of 2¾ millions sterling in deposits. As to the *minimum* receivable I would say " half a rupee ;" but no copper to be tendered.

6. In regard to the Rules—Section I. Rules for the information of the Public—I note that in Rule 3 it is not clear whether interest will be allowed on deposits reaching Rupees 2,500 and upwards. " Invested in Government Securities ;" it should be added " at the ruling rates," there being now no open loan for the Bank to invest at par. I think it will be objected that no more than Rupees 1,000 is to be deposited during any one year. Any sum should be received within the maximum ; this is the present system.

Rule 5.—For " first four working days of the month," substitute, my Deputy Collector Mr. Lyons proposes, " first seven days," because by that time public servants in the Taluqs will have received their pay.

Rule 8.—Well known respectable natives will dislike sitting for their portrait. It is not necessary in such cases.

Rule 14.—" On the death of a proprietor, &c." By Act No. XXVI of 1855, where a depositor dies, leaving a sum of money in the Savings' Bank *not exceeding Rupees* 500, and no probate of any Will, and no Letters of Administration are produced, the Secretary is empowered to pay the effects to the person who shall seem to him entitled to receive the same. When some years ago I was one of the Deputy Secretaries to Government, I remember the necessity of procuring Letters of Administration in cases of deposits above Rupees 500 used to come very hard on many poor widows. Perhaps Presidency law is cheaper now, but at that time such letters were extremely costly. I do not pretend to recollect the exact rate, but I have a deep impression that it was an utterly iniquitous one, " devouring widows' houses" with a vengeance. Government had the power of directing the Bank Secretary to make payment notwithstanding ; and petitions for this indulgence were not unfrequent. Up-country, the equivalent proceeding in the Civil Court of the district would be much less expensive.

As the Administrator General can now, (Section 34, Act No. XXIV. of 1867,) in certain cases where the assets of the deceased, whether testate or intestate, do not exceed Rupees 1,000 in value, (in the old account the figure was 500 only,) grant a cheap* " certificate" to any person claiming (otherwise than as a creditor) to be entitled to a share of such effects ; the authority of the Secretary to the Savings' Bank might in like manner be raised from deposits not exceeding Rupees 500 to deposits not exceeding Rupees 1,000 ; and to prevent endless delays and correspondence the authority vested in the Secretary should vest, up-country, in the Manager of the Madras Branch Bank or the Treasury Deputy Collector, if there is no Branch Bank of Madras. I observe that the Administrator General's certificate cannot issue " in respect of any sum of money deposited in any Government Savings' Bank."

* His fee is 3 per cent.

7. Rules, Section II, " for guidance of Officers in charge of Savings' Banks," appear to be all that could be wished for.

P. S.—The present rules prescribe the opening an account with a married woman without her husband's license. The proposed rules are silent on the point.

No. 21. From the Magistrate of Police, to the Chief Secretary to Government, Fort Saint George ; dated Bangalore, 14th September 1868.

I have the honor to acknowledge the receipt of Order of Government, dated 25th August 1868, No. 388, Financial Department, requesting a brief expression of opinion regarding the practicability of extending the system of Government Savings' Banks to the stations of this Presidency (Madras), where branches of the Madras Bank and District Treasuries exist.

2. I must confess I was under the impression that a branch of the Government Savings' Bank already existed in each district. If such branches do not exist, I can see no difficulty in establishing them ; the real difficulty will be to attract depositors in sufficient numbers. A scheme,

which is most successful amongst the shrewd and careful inhabitants of Great Britain, may meet with a different fate when applied to the notoriously improvident inhabitants of India, but the fact that the latter are so improvident affords strong ground for endeavouring to improve their condition.

3. Local interest is essential to success, but if the agitation is too vigorous, or assumes too much of an official shape, the suspicions of an ignorant people may be aroused, and unfounded constructions put on the action of Government. At the same time it is necessary that depositors should feel assured that the safety of their money is guaranteed by Government. I would support Mr. Dickson's suggestion to carry on the business of the Savings' Banks independently of any other Bank.

4. The rate of interest proposed (5 per cent.) is fair, and should prove attractive. I would reserve half per cent. to meet expenses.

5. I do not consider the limit of one Rupee too low as a minimum deposit. On the contrary, if it would not very much add to the labor of account keeping, I would accept a minimum of 8 Annas, which is in fact the equivalent of the English minimum. Experience shows that it is not those in receipt of, comparatively, high wages or incomes, who take most advantage of the institution of Savings' Banks, and many a poor man might feel inclined to deposit a spare 8 Annas, which, if kept on due chance of its being doubled, would disappear before its fellow could be gained. Heads of departments might use their influence to encourage their subordinates to deposit small savings, and it might be worthy of consideration if each department might not be employed as a sub-agency, empowered to receive deposits, or deduct amounts in pay abstracts of not less than 8 Annas, (if the general public is restricted to a minimum of one Rupee), keeping a general departmental account with the Central or District Savings' Bank. This Departmental sub-agency would only be necessary in the case of departments, such as the Police, employing a very large number of men on low salaries. If the subordinates in each office could be induced to lay by a little from time to time it would be a good example, and we would hear less frequently of lamentable insolvencies on the part of Clerks and others, involving whole families in ruin. In some institutions in England it is made a rule of service that a certain sum shall be deposited in the Savings' Bank.

6. I would *at once* extend the system to Tahsildary Treasuries, otherwise a large number of possible depositors will be virtually excluded.

7. I consider some appropriate scheme for investing a portion of the deposits is necessary, as Government should not incur loss by the establishment of Savings' Banks. Loans for the purpose of making *permanent* improvements on land would be unobjectionable, but I would not lend for mere ordinary agricultural operations. I do not gather from the papers now under acknowledgment how the charge for interest on deposits is to be met.

8. It is presumed that depositors will be restricted to one withdrawal in a month as a general rule.

9. It might be advisable to require notice of the intended withdrawal of sums above a certain amount, though, as a rule, every facility should be afforded for the recovery of money deposited.

10. I think a fee should be charged on the transfer of an account from one branch of the Bank to another branch *not in the same district*. No partial transfers to be permitted.

11. Vernacular entries might be made in pass books for the satisfaction of depositors, if they desire it.

12. I agree with Mr. Dickson in laying great stress on the prompt receipt and payment of deposits on the spot, without the delay of reference elsewhere. The Savings' Bank Office should always be in some portion of the Treasury building, immediately accessible to all comers.

13. Mr. Dickson, in his Memorandum of 6th February 1867, alludes to the use of cheque books. Cheques will be unnecessary if depositors are, as they should be required, to transact business personally, and obtain the usual entries in their pass books.

No. 22. From the Collector of Tanjore, to the Chief Secretary to Government, Fort Saint George ; dated Negapatam, 18th September 1868, No. 826.

I have the honor to reply to the Order of Government, Financial Department, dated 25th August 1868, No. 388, in which I am requested to state my opinion as to the practicability of extending the system of Government Savings' Banks to the stations in this Presidency where branches of the Madras Bank and District Treasuries are established.

2. The Government of India, in paragraph 1 of their Circular, dated 29th July 1868, No. 1335, state that Savings' Banks at present exist only at the Presidency towns. This is not the fact as regards Madras, for even now every District Treasury and Taluq Treasury in this Presidency is to some extent a branch of the Central Savings' Bank at Madras, since savings to the amount of 2,500 Rupees may be deposited there.

3 It is true that the savings received for deposit at these branches are small, but this arises from three causes, viz., the low rate of 3½ per cent. interest allowed ; the rule under which no person is permitted to deposit or withdraw money more than once a month ; and the fact that the pass books have to be forwarded to the Central Office at Madras before all the money deposited can be drawn out, and the account closed.

4. I see no difficulty whatsoever in extending the system of Government Savings' Banks to every district in this Presidency, but in order that they may be a success, I think the following concessions must be granted :—

1*st.*—Interest at 5 per cent. per annum to be allowed.

2*nd.*—The principal and interest together standing at the credit of any depositor to be allowed to amount to 5,000 Rupees at least. I think this concession most important, and far preferable to any sum above Rupees 2,500 being invested in Government Securities, as natives generally in the Taluqs do not fancy Government Securities, because of the trouble and delay, and perhaps loss experienced in disposing of them.

3*rd.*—Deposits (not less than one Rupee) to be received at *every* Government Treasury in a district, and a receipt granted for the same by the local Treasury Officer, which receipt is to be returned, when the pass book from the Hoozoor Treasury is delivered to the depositor.

4*th.*—Each District Treasury or branch of the Madras Bank to receive and pay deposits on the spot ; to use its own pass books ; to repay savings whenever depositors wish to withdraw them ; and to be allowed to close all accounts without a reference to the Central Bank.

5. I do not think that the appointment of a local Committee, who would form a Board to meet once a month, as proposed in paragraph 9 of the Circular from the Government of India, would work well, for it would lead the natives to think that the Savings' Banks were not entirely under the control of Government. To give publicity to the affairs of each Bank a half-yearly detailed statement of its operations, signed by the Collector of the district, might be published in the *District Gazette* with advantage, but nothing should be done which would for one moment induce the most uneducated native to imagine that the Banks were not in every way Government institutions.

6. With regard to the establishment which would be required by the District Treasury Officer or the Agent of the Branch Bank, as the case might be, I consider that one Clerk, on 25 Rupees a month, would certainly be required from the first to keep the necessary registers, ledgers and pass book ; a second Clerk, or a separate Officer, on 50 Rupees a month, being afterwards employed, in the event of any Savings' Bank proving a success.

No. 23. From the Collector of Vizagapatam, to the Chief Secretary to Government, Fort Saint George ; dated Vizianagrum, 22nd September 1868, No. 744.

As directed in the Government Order, dated 25th August, No. 388, I have the honor to submit my opinion on the practicability of extending the system of Government Savings' Banks.

2. I have consulted the gentlemen named in the margin on the subject, and they are generally of opinion that the advantages offered by the proposed system would gradually lead to greatly extended deposits.

Mr. Young, Manager of the Madras Bank, Bimlipatam.
Mr. Jellicoe, Deputy Collector.
Mr. McMurray, Sheristadar,
Lingam Lakshmajy Pantulu, Secretary to the Maharajah.

3. Lakshmajy Pantulu, a very intelligent native gentleman, is of opinion that the institution of such Government Banks would have a most beneficial influence in freeing the agricultural classes from the hands of the Sowcars, but he contemplates the general transaction of banking business, and granting of loans on approved security, which I imagine is not compatible with the intended system of mere Savings' Banks.

4. The system proposed by the Government of India differs little from that in force in the existing Madras Savings' Bank, but the rate of interest is raised from 3½ to 5 per cent. Within the last three years the amount of deposits in this district has risen from Rupees 6,709 in the year 1865-66 to Rupees 27,878 in the year 1867-68 ; but the withdrawals nearly keep pace with the deposits, having amounted to Rupees 23,342 in the latter year. It is likely that an increased rate of interest would increase the amount of deposits.

5. Mr. Jellicoe has shown that the new rules are on some points more restrictive than those of the existing Savings' Bank, and, as in his paper he enters into useful details on the proposed changes, I beg to forward it for the consideration of Government.

6. Mr. Young is of opinion that 5 per cent. will induce many to come forward with their hoarded Rupees, if every facility be afforded, and all objectionable stamps abolished. He adds that if Government were disposed to receive large deposits, many of the wealthier natives would lodge their money. Finding fixed deposits a loss to the Bank he declines to receive them, though he often receives offers of considerable sums, showing that there is a large sum of money lying idle in the country, which the owners are willing to put out at interest. Such deposits, however, would not be permanent, so that the Savings' Bank would be called on at times to pay large sums, and must have its funds disposable.

7. It appears to me that this point lies at the root of the whole matter, and that perhaps it has not been sufficiently well considered, whether a large development of the system of Government Savings' Bank may not be a very costly experiment to the State.

8. The essence of the proposed system is, that depositors should be able to draw their whole funds at pleasure, to ensure the possibility of which it would be necessary to maintain a large portion of the deposits, probably one-half at least, as a cash balance available at the Bank. In this case Government would pay 10 per cent. interest on that portion of the deposits available for their own use, and it would be difficult to devise a more extravagant way of raising money by a Government possessing good credit.

9. The only remedy I can see for this obvious difficulty is to allow the privilege of withdrawing deposits only upon one year's notice, and thus to confine the field of the Savings' Bank to those who are willing to use it as a permanent investment. In this way, by removing all restrictions as to the amount of deposit, the system would be converted into an open Government loan at 5 per cent. interest, available down to sums of one Rupee, and I have no doubt that in this manner Government could draw largely upon the hoarded funds of the country, and increase to a great extent the number of persons interested in its solidity, political advantages on which it is not necessary for me to enter.

10. With regard to the proposed system of working these Banks under the superintendence of a Board of Patrons, I quite concur in the advisability of having them thus fostered by local support, and I have no doubt that native gentlemen may be found who will gladly give a portion of their time to this as to other public purposes. Mr. Young, however, well remarks that Honorary Members, as a rule, are not very zealous in the discharge of their duties, and to rule that the Bank be not opened, unless two of the Patrons are in attendance, would be virtually to close its doors pretty frequently to the disgust of the public. Mr. Dickson evidently calculates on a larger class of men possessing both the necessary leisure, knowledge, and public spirit than is to be found in most stations, at least in this Presidency.

From the Deputy Collector in charge of Treasury, Vizagapatam, to the Collector of Vizagapatam, dated Vizagapatam, 17th September 1868, No. 477.

Referring to your endorsement, dated 5th instant, on the Proceedings of the Madras Government, No. 388, of the 25th ultimo, I have the honor to state that the Government Savings' Bank in Madras having been established on the 4th April 1834, the same was extended to this district in that month, with respect to the receipt and payment of deposits on account of the Bank in question. The interest then allowed was 4 per cent., which was continued till the 1st November 1860, when it was reduced to Rupees 3-12-0 per cent.

2. The only returns kept in this office, and furnished monthly to the Accountant General for examination and transmission to the Bank, are Registers of deposits and withdrawals.

3. Deposits and repayments are, as a rule, made both in the Hoozoor and Taluq treasuries. Depositors are further, without any communication from one District Officer to another, at liberty to deposit or to withdraw monies in their favor, in and from any District Treasury within the Madras Presidency, on the production of their pass books, in which entries of credits and debits are made as the transactions take place.

4. Interest on deposits is calculated once a year in the Bank of Madras For this purpose depositors in each district send their pass books to the Treasury Officer, who transmits them to Madras at the end of every official year.

5. When a depositor wishes to make a final withdrawal his pass book is sent to Madras for final adjustment and retransmission to the Treasury Officer of the district in which the depositor requests to be paid.

6. Having thus given a brief account of the system already prevailing in the district, I shall note the principal changes contemplated in the proposed scheme, and the advantages and disadvantages attendant upon them.

(*a*). Rule 3 contains a restriction, that the deposit of any depositor during any one year shall not exceed Rupees 1,000. (The limit for deposit under the existing Rules is Rupees 2,500, to which interest is added till it amounts to Rupees 3,000, after which no interest is allowed). From Rule 3 I should infer that, subject to the above restriction, depositors are allowed to deposit money to any extent whatever. By this arrangement the Bank benefits chiefly by those persons whose annual savings do not exceed 1,000 Rupees, while it does so partially by those whose annual savings may exceed Rupees 1,000. But, as it is probable that the public would generally prefer to have all their savings deposited in a single Bank, I should presume that, practically, the Bank is of no avail to the latter class of the public. The Bank is ready to receive, say, 30,000 Rupees from thirty individual depositors within one year, but it is unwilling, or rather declines to receive the same amount if tendered within the same period by twenty-five depositors at Rupees 1,200 each. In these two cases the Bank will have to pay the same amount of interest, and its establishment will have the same amount of labor (if not less in the latter case) in computing and paying interest. The restriction, I fear, will work rather as a drawback than as an inducement to the public.

(*b*.) It is proposed to relieve the Central Office from the annual adjustment and calculation of interest. To this end each Bank in the district is required to keep a cash book, and a ledger, in addition to the registers already in use—(vide paragraph 6 of Mr. Dickson's Memorandum, recorded in page 5 of the Proceedings). The opening of the additional cash books and ledgers, and the audit and verification of pass books, will, doubtless, add greatly to the work in the office. The remuneration to the Treasury Ministerial Officer of $\frac{1}{8}$th per cent. on every additional sum of Rupees 10,000 (vide paragraph 3 of Mr. Dickson's Minute, page 6) which shall be permanently added to the amount over the average of the preceding year, is nominal, and is no inducement, inasmuch as from the proved experience of the past 34 years the average amount deposited during the above period never amounted to that figure.

(*c*). The provision, that a full month's interest will be allowed on deposits made within the first four working days of the month will induce depositors to deposit, especially during that part of the month when the whole number of Accountants are busily engaged in the preparation of

monthly returns, most of which are due within the 5th of each month. The objections raised to the introduction of cash books and ledgers, and to the allowance of full month's interest on the deposits made during the first four working days of the month, are mentioned, it will be observed, not as opposing the change, but only to point out the necessity of employing *ab initio* a separate Clerk for that purpose.

(*d*). Under the present rules money can be drawn from, or deposited in any District Treasury on the production merely of the pass book; but under the proposed change of system, (vide Rule 21, page 4,) the depositor must submit a written application, stating his intention, with his pass book, to the Treasury Officer, in whose treasury he has had his money, for communication to the Treasury Officer by whom he wishes to be paid. This cannot but create some inconvenience to a traveller.

(*e*). The interest now proposed to be allowed is 5 per cent.—(See Rule 4, page 2). This is a liberal rate in comparison with the existing one of Rupees 3-12-0, but even this is not a sufficient one. I would suggest its being raised to 6 per cent., for the public can elsewhere get at from 10 to 12 per cent. Should this rate of interest be allowed, I think the public will readily invest their savings in the Bank, for this reason that they will be able to get it back at all times on demand without being subjected to litigation.

7. Subjoined is a Memorandum showing the number of depositors and amount deposited during the last three years—

Years.	Public Servants.		Private Individuals.	
	No.	Rupees.	No.	Rupees.
1865-66....	9	1,632	15	5,077
1866-67....	14	6,658	14	11,243
1867-68...	20	6,390	37	21,488

From the above statement it will be seen that the number of private depositors is greater than that of public servants, of whom more than seven-eighths are Europeans and East Indians, while the remaining one-eighth consists of Natives.

8. I beg to conclude by observing that the system now in force may be improved by raising the rate of interest from Rupees 3-12-0 to 6 per cent., by allowing depositors to deposit money to any extent without subjecting them to the restrictions suggested in Rule 3, and by exempting from the operation of Stamp Act the receipts and other documents required of depositors in connection with the Bank.

No. 24. From the Collector of Tinnevelly, to the Chief Secretary to Government, Fort Saint George; dated Tinnevelly, 1st October 1868, No. 419.

As required in Government Proceedings, No. 388, dated 25th August 1868, I have the honor to give an opinion regarding the practicability of extending the system of Government Savings' Banks.

2. The Savings' Banks that at present exist in District Treasuries are but little used by natives on account of the small interest paid, the publicity of all transactions, the limitation of the amount received, and the stringency of the rules enforced. The increased rate of interest now proposed will hardly render these Banks more popular, especially in the south, where the Natukotei Chetties give from 6 to 9 per cent. on current account, maintain the strictest privacy of transactions, and pay back any amount of capital at an hour's notice. As to the European and East Indian communities their numbers are too insignificant to require any extension of the existing system, and all who have more than a few Rupees to save would find it more convenient to deal with a Mercantile Bank or House of Agency than with a Government Savings' Bank.

No. 25. From the Reverend L. ST. CYR, Roman Catholic Mission, Madura, to the Chief Secretary to Government, Fort Saint George; dated Kodikanel, 13th October 1868.

In compliance with the request of the Government, transmitted to me with the Proceedings of the Government of Madras on the 29th of August last, relative to the establishment in this Presidency of Government Savings' Banks, I beg to give my humble opinion on the subject.

1*st*.—The establishment of Savings' Banks, if well understood by the native population, and properly administered, will certainly be a great bonum for the country, as they are in England and in France. In the latter country, where the system is largely diffused, it has had the effect of rescuing great many of the working classes from bad habits and of moralizing them.

2*nd*.—In towns and places in which the system could be applied no doubt that many could and would take advantage of it, if well understood by them. I have reason of believing that seventy-five out of one hundred of those who have money and could profit by it keep it unprofitable, because of fear of losing it, or of ignorance of the means of profiting with it. Such people, if aware of the advantages of Savings' Banks, will certainly take advantage of them; but the difficulty will be to make the system well understood by the native population.

3*rd*.—The few amongst the natives of small means who venture to lend their money lend it at very high interest, 12 per centum being considered as even a low one; therefore 5 per cent. proposed by the rules will at first deter them from availing themselves of the system. Should it be possible to give an higher interest the chance should be greater.

4*th*.—In my opinion one of the greatest difficulties will be at first to dispel the suspicions of the people who, having no notion of the system, will look at it as if it were a new means of getting away their money. This apprehension being overcome, I believe that the system will have chance of success.

5*th*.—At first the system ought to be tried in large towns where branches of the Banks are already established, because there there are many more people acquainted with money business, consequently less apprehension; and the agents of the Banks will be the proper persons to make the system understood.

6*th*.—In France the benefits, after all expenses paid, accruing from the Savings' Banks, are at fixed times divided amongst the depositors, *pro rata* of their deposits, so that it is known that the Government not only guarantees the deposits and interest, but also does not profit in any way by the system, and so public confidence is increased.

7*th*.—If the Government of Madras tries the system it must not be deterred if at first it does not obtain great results; for even in some Provinces of Europe, in which the system has been fairly set up, it has not yet been well understood and appreciated by the people. Patience and perseverance are more necessary in India than anywhere.

8*th*.—It is not of my profession to say anything about the particulars of the rules to be set up for the working of these Savings' Banks.

No. 26. From the Superintendent of Stamps, to the Chief Secretary to Government, Fort Saint George; dated Madras, 28th October 1868.

I have had the honor to receive the Proceedings of Government, dated 25th August, No. 388, calling for my opinion as to the practicability of extending the system of Government Savings' Banks to the interior of this Presidency.

2. In a country where almost every person possessing any substance is more or less a money-lender, and where the ordinary rate of interest obtained on money lent is 12 per cent., 25 and 30 per cent. on petty transactions being by no means uncommon, I do not think that more than a very limited measure of success can attend the establishment of Savings' Banks. The Madras Savings' Bank has been in existence now for nearly five and thirty years, and the number of depositors at this moment, both at the Presidency and in the Mofussil, does not exceed 6,222, of whom 2,768 are Europeans, and 3,454 Natives. These 6,222 depositors consist, I imagine, almost entirely of petty Government employés and Native Sepoys. It is encouraging,

however, to find that the number of depositors and the amount of investments are annually, though slowly, increasing, as will be seen from the annexed Statement; and as Savings' Banks are undoubtedly an unmixed good, as tending to promote habits of frugality and industry among the poorer classes of the population, I am of opinion that every possible extension should be given to the system.

3. But, unless I am greatly mistaken, District Savings' Banks, which are proposed to be established, already exist in this Presidency, in reality, though not perhaps in name. Deposits are at present allowed to be received and withdrawn at each Collector's Treasury under the rules applicable to the Presidency institution, and the number of depositors, and the amount of deposits at these Mofussil Treasuries, merge in the Statement already referred to. It seems unnecessary, as far as I can judge, to organize, for the present at all events, any special machinery, or to employ any additional agency to manage the business connected with these transactions at the Collectorate Treasuries. The work may certainly be made over with advantage to the branches of the Madras Bank where these exist, while, in the other districts, the present arrangements under which deposits are made and withdrawn may be allowed to continue, with the addition perhaps of the appointment of a local Board in each district, such as that described in paragraph 9 of the letter from the Government of India. This would not only enlist the co-operation of men of local influence, and secure efficient supervision, but give the institution a local habitation, and a name which it does not at present possess, merging as it does in the transactions of the Collectors' Treasuries. This measure, coupled with the increased rate of interest, which it is proposed to allow, viz., 5 per cent., and which I would adopt without subjecting it to any deduction on account of charges of management, will, it is to be hoped, render Savings' Banks more popular and successful than they now are.

4. The minimum limit proposed for deposits, viz., one Rupee, is that already in force both at the Presidency and in the Mofussil, and I see no reason for disturbing it.

5. As District Savings' Banks are thus already in existence in this Presidency, it may be thought desirable to take the present opportunity to give a further extension to the system by establishing them, if not at each Tahsildary station, at least at the more important of them. In fact, I do not see why the Tahsildars at each of the stations to which the Towns' Improvement Act X of 1865 has been applied, and where there may be no branches of the Madras Bank, should not be allowed to receive and repay deposits under such rules as may ensure due supervision and control. To the Municipal Commissioners might be entrusted the duties proposed in paragraph 9 of the letter of the Government of India to be entrusted to a local Board.

6. The question incidentally referred to in paragraph 13 of the same letter appears to me to be even more important as affecting this country than that of Savings' Banks. Money-lenders are, and always have been, the curse of the agricultural classes. A well-devised system on the principle of the loan Banks known to be in existence in some of the European countries, under which the Government undertook to make loans on the security both of jewels and landed property, either through the Collectors or the branches of the Madras Bank, would not only relieve the agricultural community from the grasp of the money-lenders, and save to the people and the country what now goes in the shape of usurious interest to add to the hoards of these men, but would likewise, on the other hand, have the effect of ultimately drawing the money-lenders to seek other modes of employment for their capital; and this, I submit, could not but have the most salutary effect. Money which could no longer be lent at 25 and 30 per cent. interest must be attracted to channels in which it could be usefully employed, the prosecution of industrial enterprises and useful reproductive works would be greatly stimulated and promoted, and the money invested in these would be so much added to the productive capital, and consequently to the wealth of the country. As the question, however, is apparently reserved for separate consideration, it is unnecessary to enter into any details at present.

Vide paragraph 14 of the letter from Government of India.

STATEMENT showing the operations of the Madras Savings' Bank during the last five years, viz., from 1863-64 to 1867-68, both years inclusive.

Years.	Europeans.						Natives.						Total number of depositors in each year.	Total amount due to both classes.		Cost of management, including Contingencies and Auditor's Fees.	
	No. of depositors.	Principal.		Interest.		Total.	No. of depositors.	Principal.		Interest.		Total.					
		Rs.	A. P.	Rs.	A. P.	Rs.		Rs.	A. P.	Rs.	A. P.	Rs.		Rs.	A. P.	Rs.	A. P.
1863-64	2,460	3,34,556	15 6	18,493	14 11	5,53,050	1,897	3,31,996	7 4	10,794	4 4	3,42,790	4,357	8,95,841	10 1	7,446	5 5
1864-65	2,471	5,02,071	7 1	17,630	12 2	5,19,702	2,040	3,71,623	7 9	11,894	11 9	3,83,518	4,511	9,03,220	6 9	7,699	0 7
1865-66	2,535	5,21,724	5 5	17,898	1 4	5,39,622	2,395	4,41,186	1 5	13,385	4 6	4,54,571	4,930	9,94,193	12 8	6,967	0 10
1866-67	2,655	5,84,056	8 11	17,904	9 7	6,01,961	2,875	5,18,133	5 0	15,149	1 1	5,33,282	5,530	11,35,243	8 7	6,070	0 0
1867-68	2,768	6,29,573	12 7	20,204	7 8	6,49,778	3,454	6,62,916	5 10	20,242	5 5	6,83,158	6,922	13,32,936	15 10	6,450	0 0

(Signed) V. RAMIENGAR,
Superintendent of Stamps.

No. 27. To the Secretary to the Government of India, Financial Department, dated Fort Saint George, 9th November 1868, No. 506.

I am directed by His Excellency the Governor in Council to acknowledge the receipt of your letter dated Simla, 29th July 1868, No. 1335, on the subject of extending throughout India, the system of Government Savings' Banks, and requesting the opinion of this Government as to the practicability of the measure and the details necessary to put it in force.

2. In reply, I am to state, for the information of His Excellency the Governor General in Council that there is already in every District and Taluq Treasury of this Presidency a Branch of the Central Savings' Bank at Madras, and that sums not exceeding 2500 Rupees may be deposited at these Branch Offices. Advantage has not hitherto been taken to any great extent of the facilities thus afforded for the investment of savings. This has been owing in a great measure to the high rate of interest which can be obtained in all parts of the Presidency by lending money on the security of jewels and other personal property.

3. The causes which are also stated to have operated unfavorably on the Savings' Banks are :—

1*st.*—The low rate, of $3\frac{3}{4}$ per cent. interest which is given.

2*nd.*—That no person is permitted to deposit or withdraw money more than once a month, and

3*rdly.*—That the Pass Books have to be forwarded to the Central Office at Madras, before the money can be drawn or the account closed.

4. Although the Government are not sanguine of success even under the more liberal terms contained in the draft Rules proposed by the Government of India for the future management of the Savings' Banks, they consider that the experiment is of so useful a character that it is well worthy of a fair trial. They are, however, of opinion, that the following conditions are indispensable to its success—

1*st.*—That the interest on deposits should not be less than 5 per cent. clear of all deductions.

2*nd.*—That the places of deposit should be numerous. This Government would recommend that from the commencement of the new scheme there should be a Savings' Bank at each Tehseel station.

3*rd.*—That the utmost facility should be afforded for the transaction of business. For this purpose there should be a separate room and a special Clerk assigned to this work, so that intending depositors may not be mixed up with other persons attending the Tahsildar's Cutcherry.

4*th.*—That all deposits be received and payments made on the spot. Each Savings' Bank Office keeping, closing and managing its own account without reference to a Central Office at Madras or elsewhere.

5*th.*—That the amount allowod to be deposited should be raised to 5000 Rupees.

5. I am to enclose a Memorandum containing the replies received on this question from certain selected Officers, and from a Roman Catholic Missionary familiarly acquainted with Natives of this part of India..

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

1868.

FINANCIAL DEPARTMENT.

From

The Chief Secretary to Government,
Fort Saint George.

To

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

Dated 9th *November* 1868.

Read.

No. 506.
Enclosure.

NOVEMBER.
Nos. 19—27.

Officer opinion on the Draft Rules proposed by the Government of India for the future management of Savings' Banks.

Financial Dept

13

Memorandum.

On the papers relating to the question of extending throughout India the system of Government Savings' Banks.

The Government of India, in their Circular dated the 29th July last, No. 1335, state that they had for some time past under their consideration the question of extending throughout India the system of Government Savings' Banks. The Secretary of State, they remark, has inquired whether the Postal Savings' Banks' system, which has worked successfully in England, might be introduced into India; but there is reason to apprehend that the Indian Post Office is not organized to undertake the duties of Government Savings' Banks. The Government of India believe that the District Treasuries, or the Branches of the Presidency Banks, could initiate the measure without any difficulty or increased cost, and request that His Excellency the Governor in Council in Madras would favor them with an opinion as to the practicability of the measure and the details necessary to put it in force.

2. A draft copy of the proposed Rules for the management of the Savings' Banks are submitted, in order that they may be carefully scrutinized, and that His Excellency in Council may favor the Government of India with any criticisms or remarks which might be suggested by their perusal.

The proposals are as follow :—

I. The arrangements to be adopted are to be purely tentative.

A payment of one-eighth per cent. on all deposits to be made to the Treasury Ministerial Officer employed on the duty, as a reward for his additional labor, and also as an encouragement to promote the increase of the deposits.

II. With a view of promoting public interest in these Savings' Banks when-

ever there were any signs of success, it is suggested that a local Committee might be appointed, consisting of influential European and Native gentlemen, to meet once a month or more frequently, to inspect the books, and to offer suggestions as might tend to the more complete development of these institutions.

III. Special attention is requested to the rate of interest to be allowed, and whether any portion should be kept back for payment of expenses.

IV. The minimum limit proposed for deposits is one Rupee; but, if that be considered too low, such amount as may appear preferable should be suggested.

V. Connected with this question of Savings' Banks, allusion is made to the important question of the establishment of a system for making Government loans to Agriculturists on the security of land, to assist them in making permanent improvements or in their ordinary agricultural operations.

VI. If, it is remarked, the Government Savings' Banks are successful, such an investment of a part of the deposits might be most appropriate; but that question could, if necessary, be separately taken up, without reference to the success or otherwise of the Savings' Banks.

3. The gentlemen to whom the foregoing Circular and Rules were referred, for a brief expression of their opinion, are—

Mr. G. L. Morris.
,, R. K. Puckle.
,, D. F. Carmichael.
,, J. I. Minchin.
,, H. S. Thomas.
Captain T. Weldon.
V. Ramiengar.
T. Mutusawmi Iyer.
A. P. Streenevassa.
Reverend R. Caldwell, L. L. D.
,, L. St. Cyr.

15

MR. THOMAS.

This fact, of already existing Savings' Banks, seems to have been ignored by the Government of India.

4. Mr. Thomas states that he does not think any great extension of the Government Savings' Banks, which have been in operation since 1835 in District Treasuries, can be looked for; because the interest offered is far below what is readily obtainable in the bazaar, while the security is no better. Jewels are freely pledged at half their value at 12 per cent.!! Large sums are obtainable on moderate interest, but small sums, which are beneath the competition of European capital, are lent and borrowed on rates of interest generally heavy. Where the security is bad, 75 per cent. and more is taken. Mr. Thomas does not think that any Committee, however zealous and influential, could induce men, with sense enough to save their money, to be foolish enough to invest it at a low rate of interest when they could obtain a high rate. The system of Government loans to agriculturists should, in Mr. Thomas' opinion, rest on other foundation than deposits in Government Savings' Banks, and would then, he thinks, be of doubtful policy.

Letter dated 19th September 1868, No. 840.

MR. CARMICHAEL.

5. Mr. Carmichael observes that in Ganjam there is at present lodged a sum of Rupees 24,168 in deposit, from Rupees 5 to Rupees 2,850. The depositors are generally East Indian and Native public servants. The proposed payment of one-eighth per cent. on all deposits will in time form a sufficient fund to remunerate the Treasury Officers. Mr. Carmichael sees no use whatever in the proposed local Committee. The higher rate of interest of 5 per cent., with the exemption from the stamp law, is, of course, sure to be appreciated, and will operate with marked success in attracting additional depositors. But to tap the

Letter dated 11th September 1868, No. 986½.

savings of the masses there must be a completely organized branch at each Tahsil and Deputy Tahsil Station. As to the *minimum* receivable, Mr. Carmichael would say "half a Rupee," but no copper to be tendered.

Regarding the Rules, Mr. Carmichael notes that it is not clear whether interest will be allowed on deposits reaching Rupees 2,500 and upwards. After the words "invested in Government Securities", he would add "at the ruling rates", there being now no open loan. He thinks it will be objected that no more than Rupees 1,000 is to be deposited during a year. Any sum should be received within the maximum; that is the present system.

In Rule 5, for "first four working days of the month," Mr. Carmichael would propose "first seven days", because by that time public servants in the Taluqs receive their pay.

Rule 8.—Respectable Natives would dislike sitting for their portrait.

Rule 14.—"On the death of a proprietor, &c." By Act XXVI of 1855, where a depositor dies leaving a sum of money in the Savings' Bank *not exceeding Rupees* 500, and no Probate of any Will and no Letters of Administration are produced, the Secretary is empowered to pay the effects to the person entitled to receive the same. Under Section 34, Act XXIV of 1867, the Administrator General can in certain cases, where the assets do not exceed Rupees 1,000, grant a cheap certificate (his fee is 3 per cent.) to any person entitled to a share of the effects. The authority of the Savings' Bank might in like manner be raised from deposits not exceeding Rupees 500 to deposits of Rupees 1,000. The authority vested in the Secretary of the Bank should rest *up-country* in the Manager of the Branch

Bank, or the Treasury Deputy Collector where there is no Bank.

The present rules proscribe the opening an account with a married woman without her husband's license. The proposed rules are silent on the point.

CAPTAIN WELDON, TOWN MAGISTRATE.

Captain Weldon, in his letter of the 14th September, confesses that he was under the impression that a Branch of the Government Savings' Bank already existed in each District. He sees no difficulty in establishing Savings' Banks. The real difficulty will be to attract depositors in sufficient numbers. He would support Mr. Dickson's suggestion to carry on the business of the Savings' Banks independently of any other Bank. The rate of interest is fair, and should prove attractive. Captain Weldon would reserve ½ per cent. to meet expenses. He does not consider the limit of one Rupee too low as a minimum deposit. He would accept a minimum of 8 Annas, which is the equivalent of the English minimum. Heads of Departments might use their influence to encourage their subordinates to deposit small savings, and it might be worthy of consideration if each Department might not be employed as a Sub-Agency empowered to receive deposits, or deduct amounts in pay abstracts of not less than 8 Annas, the general public being restricted to a minimum of one Rupee.

Captain Weldon considers that some appropriate scheme for investing a portion of the deposits is necessary. Loans for making *permanent* improvements on land would be unobjectionable, but he would not lend for mere ordinary agricultural operations.

It might be advisable to require notice of the withdrawal of sums above a certain amount, though every facility should be given for drawing the money deposited. A fee should be charged for

the transfer of an account from one Bank to another Bank within the same District. Vernacular entries might be made in pass books. Captain Weldon agrees with Mr. Dickson in laying great stress on the prompt receipt and payment of deposits on the spot. Mr. Dickson alludes to the use of cheque books, which Captain Weldon considers will be unnecessary if depositors are required to transact business personally.

MR. G. L. MORRIS

7. Mr. G. Lee Morris remarks that there is now in every District Treasury and Taluq Treasury in this Presidency to some extent a Branch of the Central Savings' Bank at Madras, and that savings to the amount of Rupees 2,500 may be deposited there. The deposits at these Branches are small from three causes:—

Letter dated 18th September 1868, No. 826.

1*stly*.—The low rate of $3\frac{3}{4}$ per cent. interest.

2*ndly*.—That no person is permitted to deposit or withdraw money more than once a month; and

3*rdly*.—That the Pass Books have to be forwarded to the Central Office at Madras before the money can be drawn or the account closed. Mr. Morris sees no difficulty in extending the system of Government Savings' Banks, but he thinks that the following concessions must be made:—

1*st*.—Interest at 5 per cent. per annum.

2*nd*.—The principal and interest to be allowed to 5,000 Rupees at least.

3*rd*.—Deposits (not less than one Rupee) to be received at every Treasury in a District.

4*th*.—Each District Treasury or Branch of the Madras Bank to receive and pay deposits on the spot, to use its own Pass Books, and to be allowed to close all accounts without reference to the Central Bank.

Mr. Morris does not think that the appointment of a Local Committee would work well, for it would lead Natives to think that the Savings' Banks were not entirely under the control of Government. A half-yearly Statement of the operations of each Bank might be published in the District Gazette with advantage. He considers that one clerk on Rupees 25 would certainly be required to keep the necessary Registers, Ledgers, and Pass Books.

MR. J. I. MINCHIN.

8. Mr. Minchin states that he has consulted several gentlemen on the subject adverted to, and that they are generally of opinion that the advantages offered by the proposed system would gradually lead to greatly extended deposits.

Letter dated 22nd September 1868.

Lakshmajy Pantalu, a very intelligent Native gentleman, is of opinion that the institution of Savings' Banks would have a most beneficial influence in freeing the agricultural classes from the Soucars, but he contemplates the general transaction of Banking business and granting of loans, which Mr. Minchin imagines is not compatible with the intended system of mere Savings' Banks.

The system proposed by the Government of India, Mr. Minchin remarks, differs little from that in force in the existing Madras Savings' Banks, but the rate of interest is raised from $3\frac{3}{4}$ to 5 per cent. It is likely that an increased rate of interest would increase the amount of deposits.

Mr. Jellicoe, the Deputy Collector, has shown that the proposed Rules are, in some points, more restrictive than those at present in force.

Mr. Young is of opinion that 5 per cent. will induce many persons to come forward with deposits, provided every

facility be afforded, and all objectionable stamps be abolished. He adds, if Government were disposed to receive large deposits, many of the wealthier Natives would lodge their money. Such deposits would not be permanent, so that the Savings' Banks would be called upon at any time to pay large sums. This appears to Mr. Minchin to lie at the root of the whole matter, and he is of opinion that it has not been sufficiently well considered that the extension of the system of Government Savings' Banks is likely to be a very costly experiment to the State. "The essence of the proposed system is," Mr. Minchin writes, "that depositors should be able to draw their whole funds at pleasure, to ensure which it would be necessary to maintain a large portion of the deposits. In this case, Government would pay 10 per cent. interest on that portion of the deposits available for their own use, and it would be difficult to devise a more extravagant way of raising money by a Government possessing good credit." The only remedy for this obvious difficulty is to restrict the privilege of withdrawing deposits only upon one year's notice. By removing all restriction as to the amount of deposit, the system would be converted into an open Government loan at 5 per cent. interest.

Mr. Minchin concurs in the advisability of appointing a local Committee, and he has no doubt that Native gentlemen may be found who will gladly give a portion of their time to this, as to other public purposes.

MR. PUCKLE.

9. Mr. Puckle states that the existing Savings' Banks in District Treasuries are but little used by Natives on account of the small rate of interest, the publicity of all transactions, the limitation of the amount received, and the stringency of the rules.

Letter dated 1st October 1868, No. 419.

The higher rates of interest proposed would hardly render the Banks more popular, especially when the Natu Kotei Chetties give from 6 to 9 per cent. on current account, maintain the strictest privacy, and pay back any amount at an hour's notice. Europeans and East Indians who have money to save would find it more convenient to deal with a Mercantile Bank or House of Agency than with a Government Savings' Bank.

THE REVEREND L. ST. CYR.

10. The Reverend L. St. Cyr is of opinion that, if Savings' Banks are well understood and properly administered, they would be a great boon to the country. He has reason to believe that 75 out of 100 of those who have money and can profit by lending it out, refrain from doing so from fear of losing it. Natives of small means lend money at very high interest, 12 per cent. being considered a low rate. Reverend St. Cyr thinks, therefore, that 5 per cent. will at first deter them from availing themselves of the Savings' Banks. If a higher rate of interest could be given, the chances of success would be greater.

Letter dated 13th October 1868.

Mr Ellis on the papers
relating to the question
of restarding transfers
Sundry Savings Banks
first Series Vol 5

No 840.

South Canara Collr's Office.
Mangalore, 9 September 1868.

From

H. S. Thomas Esqre
Ag Collector of South Canara.

21

To

The Honble R. S. Ellis. C.S.I.
Chief Secretary to Government
Financial Department
Fort St. George.

Sir,

In reply to Proceedings of Government,* dated 25 August 1868 I have the honor to state that I do not think any great extension of the operation of Government Savings Banks at work since 1835 in District Treasuries can be looked for, simply because the interest offered by Government is far below that readily obtainable in the Bazar and the security is no better. Jewels are freely pledged at half their value for small sums lent on such [illegible] easy terms as 12 per Cent!! Though large sums are obtainable on comparatively moderate interest, still small sums, which are beneath the competition of European capital, are lent and borrowed on rates of interest generally progressively heavy as the sum is small, & where the security is bad 75 per Cent & more is taken. Consequently the petty usurer has a better field for his investments than in the Government Savings Banks, and these Establishments have therefore met with very little success though they have been 33 years tried. The classes that use them are chiefly Public & Private Servants who are called on to move, and consequently require suddenly to collect their loans. Some few use them in the interim of meeting with a better investment, but these instances are rare. I cannot think that any Committees however zealous & influential can induce men, with sense enough to save money, to

* No 388. Fin. Dept.

1

to be foolish enough to invest it at a low rate of interest when they can with equal security obtain a high rate.

2. The system of Government loans to agriculturalists suggested in para 13 of the letter from the Secretary to the Government of India would have to rest, in my opinion, on other foundation than deposits in Government Savings Banks, and would be I think of doubtful policy, though it would probably be advantageous to, and largely availed of, by the borrowing public, as well as profitable to the Government.

I have the honor to be,

Sir,

Your most obedt Servant

Sd Thomas.

Actg Collector.

No. 15.

Chetterpore 11th September 1868.

No 986½.

From

The Collector of

Ganjam

To

The Chief Secretary to

Government

Madras.

Sir,

I have the honor to reply to the Proceedings of Go=
=vernment No 388 Financial Department of 25th August
ultimo, on the question of extending the system of Government
Savings' Banks.

2. It is observed by the Government of India that "such
"Banks at present exist only at the Presidency towns". On the
contrary, there is a Branch of the Savings Bank in every district
of the Madras Presidency, managed by Treasury officers at
the chief station of the Collector and under his supervision.
Ex. gr., in Ganjam there is at present lodged a sum of Rs 24,168
in deposits from Rs 5 to Rs 2,850; number of depositors, gene=
=rally East Indian and Native Public Servants, 53. The Depo=
=sits are received at the Chief Treasury at Chetterpore, and at
the Taluk treasuries of Russellcondah, Berhampore, Chi=
=cacole and Kimedy. But there is no [illegible] to be, as

Bor: 25 Aug: A/68 Nos 47-48

Ganjam 1868 Sept 11
Rec'd
from Collector of Ganjam
Aug 29 "No 986½"
To Chief Secretary to Govt
Financial Dept
Sept 16 } Sept 18
Rec'd } Sept 18
S. O No 506

Ganjam
No 1440

Reply to Govt Proceedings
Financial Dept dated 25th August
No 388 on the question of extending the system of Government Savings' Banks

Chief Secretary
Ganjam - Mr

separate salaried clerk to look after the business.

3. At present the Treasury officers do the work for nothing: the proposed payment of one-eighth per cent on all deposits will in time form a sufficient fund to remunerate them. Where a Branch of the Madras Bank exists in any district, the work would certainly be best carried on by such Agency. It would transact the business in the chief town and supervise it in the taluks.

4. I see no use whatever in the proposed Local Committee of influential European and Native Gentlemen. As it is a Government Savings Bank, the natives will require no further guarantee of its solvency and accessibility. If anything goes wrong, Ramasawmy will very soon rush off to the Collector; that functionary with the Accountant General and the Secretary to the Madras Bank will suffice to check the action of the local Management.

5. The higher rate of interest, 5 per cent (from 3 3/4) with the exemption from the Stamp Law is of course sure to be appreciated. I think it will operate with marked success in attracting additional depositors. But to tap the savings of the masses, we must wait till there is a completely organized Branch at each Tehsil and Deputy Tehsil Station. Ganjam and Vizagapatam together are as big as Scotland, perhaps bigger;

Scotland

Scotland has 52 of these Banks; we must make some approximation to this number if we aspire to reach the Scotch figure of 2 3/4 millions sterling in deposits. As to the minimum receivable, I would say 'half a rupee': but no copper to be tendered.

6. In regard to the Rules, Section I. Rules for the information of the Public, I note that in Rule 3, it is not clear whether interest will be allowed on deposits reaching Rs. 2,500 and upwards. "Invested in Government Securities"; it should be added "at the ruling rates", there being now no open Loan for the Bank to invest at par. I think it will be objected that no more than Rs. 1000 is to be deposited during any one year. Any sum should be received within the maximum; this is the present system.

Rule 5. For "first four working days of the month", substitute, my Deputy Collector Mr. Lyons proposes, "first seven days" because by that time public servants in the taluks will have received their pay.

Rule 8. Well known respectable natives will dislike sitting for their portrait. It is not necessary in such cases.

Rule 11. "On the death of a Proprietor &c". By Act No. XXVI of 1855 where a Depositor dies, leaving a sum of money in the Savings Bank, not exceeding Rs. 500, and no Probate of any

will

will and no letters of administration are produced, the Secretary is empowered to pay the effects to the person who shall seem to him entitled to receive the same. When some years ago I was one of the Deputy Secretaries to Government, I remember the necessity of procuring Letters of Administration in cases of deposits above Rs. 500 used to come very hard on many poor widows. Perhaps Presidency Law is cheaper now, but at that time, such Letters were extremely costly. I do not pretend to recollect the exact rate, but I have a deep impression that it was an utterly iniquitous one, "devouring widows' houses" with a vengeance. Government had the power of dispensing the Bank Secretary to make payment, notwithstanding: and petitions for this indulgence were not unfrequent. Up country, the equivalent Proceeding in the Civil Court of the District would be much less expensive.

As the Administrator General can now (Section 54 Act No XXIV of 1867) in certain cases where the assets of the deceased, whether testate or intestate, do not exceed Rs. 1000 in value (in the old account the figure was 500 only) grant a cheap† "Certificate" to any person claiming (otherwise than as a creditor) to be entitled to a share of such effects; the authority of the Secretary to the Savings Bank might, in

† his fee is 3 per cent.

in like manner be raised from deposits not exceeding Rs. 500 to deposits not exceeding Rs. 1000; and to prevent endless delays and correspondence, the authority vested in the Secretary should rest up country in the Manager of the Madras Branch Bank or the Treasury Deputy Collector if there is no Branch Bank of Madras. Observe that the Administrator General's Certificate cannot ipso "in respect of any sum of money deposited "in any Government Savings Bank."

7. Rules. Section II "For guidance of Officers in charge of Savings Banks" appear to be all that could be wished for.

I have the honor to be

Sir

Your most obedient Servant

D. F. Carmichael

Collector of Ganjam

P. S. The present rules proscribe the opening an account with a married woman without her husband's license. The proposed Rules are silent on the point.

D. F. C.

Collector of Ganjam

Bangalore
14th September 1868

931

From
Captain T. Weldon
Magistrate of Police

To
Honorable R. S. Ellis. C. B.
Chief Secretary to Government
Fort St George

Sir

I have the honor to acknowledge the receipt of Order of Government, dated 25th August 1868, No. 388. Financial Department, requesting a brief expression of opinion regarding the practicability of extending the system of Government Savings' Banks to the stations of this Presidency (Madras) where branches of the Madras Bank and District Treasuries exist.

2. — I must confess I was under the impression that a branch of the Government Savings' Bank already existed in each District. If such branches do not exist, I can see no difficulty in establishing them; the real difficulty will be to attract depositors in sufficient numbers.

a

Public Works Department
Steward's Office

Madras Police
Commissioner's Office
Fort St George

O. No. 506

Dated 11th September 1868.
Received 12th do

From
Captain T. Weldon
Magistrate of Police

To
The Chief Secretary to
Government
Madras

No. 980½
do Enclosure.

Subject to Extension
in the question of extending
the system of Government
Savings' Banks, with re-
ference to the Proceedings
of Government No. 388
Financial Department of
25th August ultimo.

1033

A scheme which is most successful amongst the shrewd and careful inhabitants of Great Britain, may meet with a different fate when applied to the notoriously improvident inhabitants of India — but the fact that the latter are so improident, affords strong ground for endeavouring to improve their condition

3 — Local interests is essential to success but if the agitation is too vigorous, or assumes too much of an official shape, the suspicions of an ignorant people may be aroused, and unfounded constructions put on the action of Government. At the same time it is necessary that depositors should feel assured that the safety of their money is guaranteed by Government. I would support Mr Dickson's suggestion to carry on the business of the Savings' Banks independently of any other Bank.

4 — The rate of interest proposed (5. per cent) is fair, and should prove attractive. I would reserve ½ per cent to meet expences.

5. — I do not consider the limit of One rupee too low as a minimum deposit — on the contrary, if it would not very much add to the labour of account-keeping, I would accept a minimum of 8 annas, which is in fact the Equivalent of the English minimum.

H35

Experience shows that it is not those in receipt of, comparatively, high wages or incomes, who take most advantage of the institution of Savings Banks, and many a poor man might feel inclined to deposit a spare 8 annas, which, if kept on the chance of its being doubled, would disappear before its fellow could be gained. Heads of Departments might use their influence to encourage their subordinates to deposit small savings, and it might be worthy of consideration if each Department might not be employed as a Sub-Agency, empowered to receive deposits, or deduct amounts in Pay Abstracts of not less than 8 annas, if the general public is restricted to a minimum of one rupee / keeping a general departmental account with the Central or District Savings Bank. This departmental Sub Agency would only be necessary in the case of Departments such as the Police - Employing a very large number of men on low salaries. If the subordinates in each office could be induced to lay by a little from time to time, it would be a good example, and we would hear less frequently of lamentable insolvencies on the part of clerks and others, involving whole families in ruin. In some institutions in England it is made a rule of service that a certain sum shall be deposited in the Savings Bank.

A37

6— I would at-once extend the system to Tehsildaree treasuries, otherwise a large number of possible depositors will be virtually excluded.

7.— I consider some appropriate scheme for investing a portion of the deposits is necessary, as Government should not incur loss by the establishement of Savings' Banks. Loans for the purpose of making permanent improvements on land would be unobjectionable, but I would not lend for mere ordinary agricultural operations. I do not gather from the papers now under acknowledgement how the charge for interest on deposits is to be met.

8. It is presumed that depositors will be restricted to one withdrawal in a month as a general rule.

9. It might be advisable to require notice of the intended withdrawal of sums above a certain amount though as a rule every facility should be afforded for the recovery of money deposited.

10— I think a fee should be charged on the transfer of an account from one Branch of the Bank to another Branch not in the same District. No partial