M.R.O. 1—77,005—8-6-31.

E.P.

(1) Number of pages 18 (Eighteen)

(2) Date of repair 1-8-40

(3) Initials of the Referencer

MADRAS RECORD OFFICE.

Government of Madras.

Financial DEPARTMENT.

G.O. No. 1786 Press Mis.

160-162

Dated 20-12-1874.

10/11

Not to be folded or roughly handled

Proceedings of the Madras Government, Financial Department,
20th October 1874.

Read the following papers:—

No. 160. From J. McIVER, Esq., Secretary and Treasurer, Bank of Madras, to the Hon. D. F. CARMICHAEL, Acting Chief Secretary to Government, Fort St. George, dated Madras, 30th September 1874, No. 1337.

I am desired by the Directors to call the attention of Government to the action of the Currency Department, which seriously interferes with the business of the Bank in its exchange operations, by the sale to the public of Currency-Drafts drawn in Madras on Cocanada.

2. The Bank has undertaken to give credit to Government in Madras for the entire Treasury balances at Cocanada and Guntoor, and the Directors submit that, as these balances are sometimes of larger amount than are required for the Bank's business, and they have consequently to ship them at the Bank's expense either to Calcutta or Madras, some consideration is due to the Bank in the matter of the Currency Office exchange or bill operations alluded to, by means of which the merchants in Cocanada are supplied with funds to the detriment of the Bank's business.

3. Should the Currency Department at Cocanada be unable to meet the drafts drawn on it from Madras and Calcutta, the amount is paid from the Treasury, and the resources of the Bank to such extent may be diminished at a period of the year when there is an active demand for money. The Directors believe it is not the intention of Government to interfere thus with the business of the Bank, and they would suggest that the management of the Currency Office at Cocanada might be entrusted to the Bank. By adopting this course the Directors are of opinion that the circulation of Notes would be much increased, that it would effect a considerable saving in establishment, and the necessity of erecting the new building, which is now proposed, might be avoided.

4. Should this proposal, however, not meet with the approval of Government, seeing, as already stated, that the Bank has undertaken to transfer the Cocanada and Guntoor Treasury balances to Madras without expense to Government, the Directors submit that these balances ought not to be subject to the demands of the Currency Department.

Referred to the Accountant-General for his report.

OOTACAMUND,
3rd October 1874.

(Signed) D. F. CARMICHAEL,
Acting Chief Secretary.

No. 161. From R. W. LODWICK, Esq., Commissioner of Paper Currency, to the Hon. D. F. CARMICHAEL, Acting Chief Secretary to Government, Fort St. George, dated Fort St. George, 13th October 1874, No. 592.

I have the honor to report that there is no foundation for the statement made in paragraph 3 of the letter* from the Secretary and Treasurer. This Department never issues drafts on Cocanada or any other Currency Office unless a like amount of Notes of the Circle to which the Currency Office appertains is held here,

* No 1337, dated 30th September 1874, herewith returned, received under your endorsement, dated 3rd instant.

the equivalent of which Notes must be held at the Circle drawn upon. It will thus be seen that the Cocanada office *must* always have funds to meet drafts issued on it, and can, therefore, never find it necessary to make demands upon the Treasury, even if such demands were allowable, which (as the Bank's Secretary ought from his Presidency experience to know very well) they are not, the Treasury balance and the currency reserve being entirely distinct.

2. With regard to the suggestion of the Directors that the management of the Currency Office at Cocanada may be entrusted to the Bank, I have the honor to state that this cannot be allowed, as the Currency Offices in all the Presidencies, by orders of the Government of India, have always been under the management of Government Officers.

No. 162. ORDER THEREON, 20th October 1874, No. 1786.

Copy furnished to the Directors of the Bank of Madras with reference to their Secretary and Treasurer's letter, dated 30th September 1874, No. 1337.

(True Extract.)

D. F. CARMICHAEL,
Acting Chief Secretary.

To the Directors of the Bank of Madras.
,, Accountant-General.

Exd. J. H. Burns.

Govt. of Madras.

1874

FINANCIAL.

To THE DIRECTORS OF THE BANK OF MADRAS, &c., &c., &c.

Dated October, 20th.

Read.

Encl.

G.O., 20th October 1874, No. 1786.

OCTOBER.
Nos. 160—162.

Currency Department.—Letter from the Commissioner reporting that there is no foundation for the statement respecting the Currency Department at Cocanada meeting drafts drawn on it by Madras and Calcutta from the Treasury, communicated to the Directors of the Bank of Madras with reference to their complaint.

1 5k

No 1337. Bank of Madras
Madras 30th Sept 1874

To
The Chief Secretary
to Government
Fort Saint George

Sir,

I am desired by the Directors to call the attention of Government to the action of the Currency Department, which seriously interferes with the business of the Bank in its Exchange operations, by the sale to the Public of Currency drafts drawn in Madras on Coconada.

The Bank has undertaken to give credit to Government in Madras, for the entire Treasury balances at Coconada and Guntoor, and the Directors submit that as these balances are sometimes of larger amount than are required for the Bank's business, and they have consequently to ship them at the Bank's expense either to Calcutta or Madras, some consideration is due to the Bank in the matter of the Currency Office Exchange, or Bill operations alluded to, by

by means of which the merchants in Cocanada are supplied with funds to the detriment of the Bank's business.

Should the Currency Department at Cocanada, be unable to meet the Drafts drawn on it from Madras and Calcutta, the amount is paid from the Treasury and the resources of the Bank to such extent may be diminished, at a period of the year, when there is an active demand for money. The Directors believe it is not the intention of Government to interfere thus with the business of the Bank, and they would suggest that the management of the Currency office at Cocanada, might be entrusted to the Bank.

By adopting this Course the Directors are of opinion that the circulation of notes would be much increased, that it would effect a considerable saving in establishment, and the necessity of erecting the new Building, which is now proposed might be avoided.

Should this proposal, however, not meet with the approval of Government, seeing as already staked, that the Bank has undertaken to transfer the Coconada and Guntoor Treasury balances to Madras, without expense to Government, the Directors submit that these balances ought not to be subject to the demands of the Currency Department.

I have the honor to be,
Sir,
Your obedient Servant,
J. M. Lyall
Secretary and Treasurer

179

No. 592.

Fort St. George,
Accountant General's Office,
Paper Currency Department,
13th October 1874.

From,

R. W. Lodwick Esqre.,
Commissioner of Paper Currency,

To,

The Chief Secretary
to Government,
Fort St. George,

Sir,

I have the honor to report that there is no foundation for the statement made in para 2 of the letter* from the Secretary and Treasurer. This Department never issues drafts on Cocanada or any other Currency office unless a like amount of notes of the Circle to which the Currency office appertains is held here, the equivalent of which notes must be held at the Circle drawn upon. It will thus be seen that the Cocanada office must always have funds to meet drafts issued on it and can therefore never find it necessary to make demands upon the Treasury even if such

* No. 1337 dated 30th September 1874 herewith returned, received under your endorsement dated 3rd instant.

4

Referred to the Accountant General for his report.

P. T. Jambulingam
Actg. Chief Secretary

1306

To this Accountant General
Observations
3rd October 74

Accountant General's Office
Recd 8
Ansd 10 107

Cur.

No. 1337

Copy.

No. 1186

Extract from Proceedings of the Board of Revenue dated 10th October 1874 Read the letter from the Secretary to Government Finance Department No. 2038 dated 8th instant forwarding for report a copy of a letter from the Secretary and Treasurer to the Government of India No. 1337 dated 30th September 1874 with enclosure on the subject of the Cocanada Currency office being unable to meet drafts issued on it for want of funds.

Resolved that the Accountant General be requested to report.

Certified

Captain

such demands were allowable which as the Bank's Secretary ought from his Presidency experience to know very well they are not - the Treasury balance and the Currency Reserve being entirely distinct.

2. With regard to the suggestion of the Directors that the management of the Currency office at Cocanada may be entrusted to the Bank, I have the honor to state that this cannot be allowed as the Currency offices in all the Presidencies by orders of the Government of India have always been under the management of Government officers.

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

W. A. Goodrich

Commissioner of
Paper Currency.

C.L.

Ordered 20 Oct/74 to 1706

6

165

Copy furnished to the Directors of the Bank of Canada with reference to their Secretary's letter of 30th September/74. No. 1337.

To the Directors of the Bank of Canada
Montreal

14/10/74

Ottawa 18th October 1874

No. 2130

Sir,

I have the honor to acquaint you for the information of your Board that the Governor General in Council has been pleased to direct that the Bank of Canada be appointed a Depository of the Public Money at Ottawa.

I have the honor to be,
Sir,
Your most obedient servant,
[illegible]
Secretary

To the Secretary
Bank of Canada
Montreal

Dated 13th October 1874
Received 15th "
No. 3592.
Enclosure

Replying that there is no foundation for the statement made in para 2 of letter from Secretary and Treasurer Bank of Montreal regarding the Annual Meeting of Bank of Canada shewing on its face a balance in favor of the Bank, and calling attention to the suggestion of the Directors that the management of the Ottawa Office at Ottawa may be entrusted to the Bank of Montreal.

Write more

Govt. of {1874} Madras.

Read

To

The Directors of the
Bank of Madras.

&c

G. O. 20 Octr, 1874, No. 1788.

Nos. 160-162.

Currency Deptt. - Letter from the Commissioner reporting that there is no foundation for the statement respecting the Currency Deptt. at Cocanada meeting drafts drawn on it by Madras & Calcutta from the Treasury communicated to the Directors of the Bank of Madras with reference to their complaint.