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47 (2) Date of repair 23-4-87
(3) Initials of the Referencer lany

TAMIL NADU ARCHIVES

GOVERNMENT OF TAMIL NADU

Financial. DEPARTMENT

G.O. No.	1174/1175	Press.
B.P. No.		Mis.
Dated	23-6-1881	197 .

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GOVERNMENT OF MADRAS.
FINANCIAL DEPARTMENT.

23rd June 1881, No. 1174.

Paper Currency.

Read the following papers :—

From J. L. DUFFIELD, Esq., Acting Secretary and Treasurer, Bank of Madras, to the Chief Secretary to Government, dated 19th March 1881, No. 1189 [Current No. 715].

I duly received and laid before the Board your letter, No. 396, dated 9th March, in reference to the proposed abolition of the Cocanada Sub-Currency Circle, and by order of the Directors have the honor to inform you, in reply, that they see no objection to the abolition of the Sub-Circle.

From R. B. NIXON, Esq., Chairman of the Chamber of Commerce, Cocanada, to the Chief Secretary to Government, dated 1st April 1881 [Current No. 887].

I have the honor to acknowledge copy of Proceedings of Government, No. 390, dated 8th March 1881, on the subject of abolishing the Cocanada Circle of Issue of Paper Currency, and to state that the following is the opinion of the members of this Chamber on the subject.

2. They are of opinion that it would be decidedly detrimental to the interests of the public generally in this district to abolish the Cocanada Circle of Issue of Paper Currency as proposed, as it would inevitably tend to make money scarce in the district and the means of obtaining it restricted. The Chamber consider that in a district like the Godáviri, where a large trade is carried on, it is very necessary to the development of such trade that money should be plentiful, and that as few obstacles as possible should be placed in the way of obtaining money easily and readily, which is the case so long as Cocanada is maintained as a separate Paper Currency Circle, but which the Chamber think would entirely be altered were the Circle abolished. The Chamber would also desire to point out that a retrograde movement, such as they believe the abolition of this Circle to be, would be peculiarly out of place, at the present time, when the trade of the port has increased to so great an extent during the past ten years, and when there is every expectation of trade still continuing to be developed in view of the impetus which is being given to increased cultivation in this district by the extension of irrigation works now being carried on by Government.

From R. C. WALKER, Esq., Vice-Chairman of the Chamber of Commerce, Madras, to the Chief Secretary to Government, dated 25th April 1881 [Current No. 1039].

I have the honor to acknowledge receipt of the Proceedings of the Madras Government, 8th ultimo, regarding the proposal of the Government of India to abolish the Cocanada Circle of Issue of Paper Currency.

2. In reply, I am desired to say that the Chamber do not consider that there is any further need for the Circle referred to.

From H. F. CLOGSTOUN, Esq., Officiating Commissioner of Paper Currency, to the Chief Secretary to Government, dated Fort St. George, 13th May 1881, No. 333 [Current No. 1183].

In reply to the Under Secretary's Official Memorandum, No. 837, dated the 9th instant, I have the honor to state that the report called for will be submitted at an early date. The statistical information required has to be compiled in both the Currency Offices of Madras and Cocanada, and as it ranges over a period of eight years, some time has been taken in the preparation thereof. The statement prepared in the Currency Office at Cocanada has had to be returned for revision, but I have requested the Deputy Commissioner to lose no time in submitting the information required.

From H. F. CLOGSTOUN, Esq., Officiating Commissioner of Paper Currency, to the Chief Secretary to Government, dated Fort St. George, 21st June 1881, No. 642 [Current No. 1602].

With reference to G.O., Financial Department, No. 390, dated 8th March 1881, I have the honor to forward, herewith, a series of statements showing the working of the Currency Sub-Circle at Cocanada from the commencement of the year 1873 up to the close of the year 1880. The statements give full particulars of the annual receipts and issues of Cocanada notes, of the lower and higher denominations, at Cocanada, the head-quarters of the Sub-Circle, and at Madras, the head-quarters of the Circle, distinguishing in each case between transactions with the public generally and those with the Bank of Madras.

2. An analysis of the issues at Cocanada shows that of a total issue of notes, amounting to Rs. 3,05,30,685, a sum of Rs. 2,06,94,860 was issued to the Bank of Madras, and Rs. 98,35,825 to the public, as shown below:—

	To the Public.		To the Bank of Madras.	
	RS.	RS.	RS.	RS.
Lower denominations				
Notes, Rs. 500	23,11,000	36,60,825	6,36,000	98,860
1,000	29,74,000		69,90,000	
10,000	8,90,000		1,29,70,000	
		61,75,000		2,05,96,000
		98,35,825		2,06,94,860
Lower denominations to—				
Public and Bank	37,59,585			
Higher do.	2,67,71,000			
		Total ..		3,05,30,685

3. From the receipts of Cocanada notes at Cocanada, which are shown below, it will be seen that of the total of Rs. 88,80,620, the receipts of the eight years,

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Rs. 65,05,030 were received from the public, and Rs. 22,75,590 from the Bank of Madras:—

	From the Public.		From the Bank of Madras.	
	RS.	RS.	RS.	RS.
Lower denominations				
Notes, Rs. 500	9,36,000	17,99,030	47,500	1,59,090
1,000	20,10,000		5,59,000	
10,000	18,60,000		15,10,000	
		48,06,000		21,16,500
		66,05,030		22,75,590
Lower denominations from—				
Public and Bank	19,58,120			
Higher do.	69,22,500			
		Total ..		88,80,620

4. The transactions in Cocanada notes at Madras, the head-quarters of the Circle, are now confined to their encashment on presentation, but up to the year 1877 it was the practice to reissue on demand any Cocanada Currency notes which were in good condition. The amounts issued are shown below. The issues were to the public only, and not to the Bank of Madras:—

	To the Public.	
	RS.	RS.
Lower denominations		
Notes, Rs. 500	18,000	1,27,095
1,000	12,000	
10,000		
		30,000
		Total ..
		1,57,095

5. The receipts at Madras of Cocanada notes are as follows:—

	From the Public.		From the Bank of Madras.	
	RS.	RS.	RS.	RS.
Lower denominations ..				
Notes of Rs. 500	1,14,000	1,74,445	17,33,000	19,63,280
1,000	3,44,000		65,67,000	
10,000	2,40,000		94,20,000	
		6,98,000		1,77,20,000
		8,72,445		1,96,83,280
Lower denominations—				
From Public and Bank ..	21,37,725			
Higher do.	1,84,18,000			
		Total ..		2,05,55,725

6. It will be seen from the previous paragraphs that while the public, during the eight complete years, during which the Currency Office has been established at Cocanada,* have received at Cocanada in Sub-Circle notes an annual sum equal to Rs. 12,29,478, and have cashed at the same place, annually, Sub-Circle notes to the value of Rs. 8,25,629, or 67.15 per cent. of their average receipts, the Bank has received the large sum annually of Rs. 25,86,857 and its local encashments have averaged only Rs. 2,84,449, or 10.99 per cent. of its receipts; while on the other hand the encashment at Madras by the public of Cocanada Circle notes has averaged only Rs. 1,09,056 per annum, that by the Bank has reached the large annual average of Rs. 24,60,410, showing clearly the enormous extent to which the existence of the Cocanada Sub-Circle is made to subserve the purposes of remittance.

7. It does not appear to me that any object is to be gained by the retention of Cocanada as a separate Circle. The convenience afforded to the public other than the

Bank in the issue of notes for silver, and *vice versa*, does not very materially exceed that which is at present afforded in several other districts of the Presidency. The Surplus Funds of the district exceed on an average Rs. 42 lakhs per annum; the receipts are spread fairly over the whole year, and the circumstances of the district necessitate its possessing always a very considerable cash balance, which will be generally available for cashing notes. The following statement of the annual encashment of Home and Foreign notes at the Cocanada Circle and the amount of the surplus revenues shows clearly enough that the Treasury is quite able to do all that the currency now does in this matter:—

	1876.	1877.	1878.	1879.	1880.	Total.
Surplus Funds	44.41	39.48	39.60	46.24	42.58	212.31
Home Notes received { From Bank. at Cocanada { Public ..	1.43 14.92	3.51 11.33	12.97 15.30	10.15 7.43	7.03 7.22	22.12 53.87
Foreign Notes cashed at Cocanada..	3.62	7.04	15.30	10.10	11.73	47.79
	19.97	21.88	28.27	27.68	25.98	123.78

8. Should the Sub-Circle be abolished there would not, I think, be any material difference in cost of remittances owing to the necessity of removing the Surplus Funds which are now paid into Currency. Under present arrangements the Bank of Madras takes over all the Surplus Funds of the Godavari District, paying an equivalent at par to the credit of Government in the Bank of Madras. The figures which have been previously given, however, show that a very large proportion of this surplus revenue, that is to say about 25½ lakhs out of about 42 lakhs, is at once paid into Currency for the equivalent in notes, the cost of remittance being to this extent shifted on to the Currency. The abolition of the Circle and the consequent curtailment of the exceptional facilities which the Bank at present possesses at Cocanada of obtaining large sums of cash for notes and *vice versa* would probably result in compelling the Bank to take a larger net sum than it does at present and to keep a reserve of silver of its own. In no case is the charge for remittances from Godavari likely to be materially increased.

9. The cost of establishment annually during the past three years is shown below. The whole of this sum, deducting perhaps the cost of remittance, would be saved if the circle were abolished:—

STATEMENT of Expenses incurred by the Cocanada Currency Office.

	1878-79.			1879-80.			1880-81.		
	RS.	A.	P.	RS.	A.	P.	RS.	A.	P.
Salaries	1,250	0	0	1,200	0	0	1,166	10	8
Establishment	2,800	8	0	2,806	12	0	2,807	6	8
Remittance Charges	1,624	9	2	83	0	2	555	9	9
Contingencies	779	6	2	1,661	0	4	402	14	4
				873	14	2			
Total	6,454	7	4	6,624	10	8	4,932	9	5

10. The Comptroller-General points out in paragraph 8 of his letter to the Government of India, No. 525, dated 26th August 1879, the effect which the Sub-Circle has in causing the locking up of an unduly large amount of silver by necessitating the provision of a double reserve divided between Madras and Cocanada to

1174/1175
3

meet the liability for the encashment of the Sub-Circle notes for which the holders are entitled to demand payment in silver at either place. At present we are compelled to be prepared to meet this liability to its fullest extent, and it is clear that when so very large a proportion of outstanding notes is held by a single Bank any relaxation of the rule would be dangerous. The interest obtainable from an investment of this excess reserve is one of the chief advantages which would result from the abolition of the Sub-Circle.

ORDER THEREON, 23rd June 1881, No. 1174.

Ordered that the Government of India be addressed.

(True Extract.)

C. G. MASTER,
Offg. Chief Secretary.(True copy)
Master
Offg. Chief Secretary

Exd. J. Wright.

Gobt. of (1881) Madras.

FINANCIAL.

Dated June, 23rd

Issued

Recd.

Del.

G.O., 23rd June 1881, No. 1174.

JUNE

Paper Currency. — Copies of reports from the Accountant-General, the Directors of the Madras Bank, and the Chambers of Commerce, Madras and Cocanada, on the proposal to abolish the Currency Sub-Circle at Cocanada, transmitted to the Government of India.



1174/1175
4

FINANCIAL DEPARTMENT.

Paper Currency.

No. 1175.

FROM

THE CHIEF SECRETARY TO THE GOVERNMENT OF
FORT ST. GEORGE,

To

THE SECRETARY TO THE GOVERNMENT OF INDIA,
DEPARTMENT OF FINANCE AND COMMERCE.

SIR,

In reply to Proceedings of the Government of India, No. 715, dated 21st February 1881, I am directed to transmit copies of reports from the Accountant-General, the Directors of the Madras Bank, and the Chambers of Commerce, Madras and Cocanada, on the proposal to abolish the Currency Sub-Circle at Cocanada.

2. The Cocanada Chamber of Commerce express a strongly adverse opinion, but while desirous of attaching due weight to the views expressed by the local authorities, this Government are unable to consider that sufficient ground is shown for the retention of this Currency Sub-Circle.

I have the honor to be,

Sir,

Your most obedient servant,

OOTACAMUND,
23rd June 1881.

Master
Offg. Chief Secretary.

Exd. J. Wright.

1881.
FINANCIAL DEPARTMENT.

From
The Chief Secy. to the Govt. of
Fort St. George,
To
The Secy. to the Govt. of India,
Dept. of Finance and Commerce.

Dated 23rd June 1881.

Issued

Recd.

No. 1175.

Enclosure.

Paper Currency. — Transmitting copies of reports from the Accountant-General, the Directors of the Madras Bank, and the Chambers of Commerce, Madras and Cocanada, on the proposal to abolish the Currency Sub-Circle at Cocanada.



18
Pres. of Madras
Madras 9th March 1881.
10:7/5

P/ 1189
R.D.
13 MAR 81

The Chief Secretary
to Government.
Fort St. George. 1174/1175
5

Sir,
I duly received and laid before the Board your letter No. 396 dated 9th March, in reference to the proposed abolition of the Cocanada Sub-Currency Circle, and by order of the Directors have the honor to inform you in reply that they see no objection to the abolition of the Sub-Circle.

I have the honor to be
Sir

your most obedient servant.

A. Duffield
As Secretary Treasurers

DISPOSED
23 JUN 81
BANKERS

Encl. (1881) DEPARTMENT.
(Currency Dept)

From

Bank of Madras

No. 1189

Dated

Recd.

19 } 9 March 81

No. 715

SUBJECT.

Stating that there
is no objection to the
abolition of the Sub
Currency Circle Coconada

20
COCANADA CHAMBER OF COMMERCE OFFICE,
COCANADA, 1st April 1881.

From

R. B. Nixon Esq.

CURRENT No. 887

Chairman Chamber of Commerce

To

The Chief Secretary to Government
Fort Saint George
Madras

Sir,

I have the honor to acknowledge copy of Proceedings of Government
No. 390, dated 5th March 1881, on the subject of abolishing the Coconada
Circle of Issue of Paper Currency, and to state that the following is the
opinion of the Members of this Chamber on the subject.

They are of opinion that it would be decidedly detrimental to
the interests of the public generally in this District to abolish the
Coconada Circle of Issue of Paper Currency as proposed, as it would
inevitably tend to make money scarce in the District and the
obtaining it restricted. The Chamber consider that in a District
like the Godavari, where a large trade is carried on, it is very
necessary to the development of such trade that money should be
plentiful, and that as few obstacles as possible should be placed
in the way of obtaining money easily and readily, which is the case
so long as Coconada is maintained as a separate Paper Currency
circle, but which the Chamber think would entirely be altered
were the circle abolished. The Chamber would also desire to point
out that a retrograde movement, such as they believe the abolition
of this circle to be, would be peculiarly out of place at the present
time, when the trade of the port has increased to so great an
extent during the past ten years, and when there is every expectation
of trade still continuing to be developed in view of the impetus
which is being given to increased cultivation in this District by the
extension of Irrigation works now being carried on by Government.

I have the honor to be
Sir,

Your most obedient servant

R. B. Nixon

Chairman

Encl: 1881 Depts
/Currency/

C.D.

7 APL 81

From

Chamber of Commerce
Cocanada

Dated 7th

Recd 7 April 1881

CURRENT No. 887

Submitting opinion
of members of the Chamber
on the subject of abolishing
the Cocanada Circle of Issue
of Paper Currency.

124/175 30
The Chamber of Commerce.

Madras, 25 April 1881

From

The Chairman
Chamber of Commerce.

CURRENT No. 1039.

To The Chief Secretary to Government,
Cotacamund.

By

I have the honor to acknowledge
receipt of the Proceedings of the Madras
Government, 8th ultimo, regarding the
proposal of the Government of India
to abolish the Cocanada Circle of
Issue of Paper Currency.

In reply, I am desired to say
that the Chamber do not consider
that there is any further need for
the Circle referred to.

I have the honor to be,
Sir,

Your most obedient servant

Robt. Mackenzie
Vice-Chairman.

Sul. (1881) Dept.
(Currency Circle)

From Chairman,
Chamber of Commerce

25 April 81
20

CURRENT No. 1039

Stating that the
Chambers do not see
any further need for
the Cocanada Circle.



CURRENT No.

40
1883

No. 333

From

A. F. Blosstoun Esqre.

The OFFG. COMMISSIONER OF

PAPER CURRENCY,

To

The Chief Secretary to Government
Financial Department,
Fort St. George.

SIR,

In reply to the Under Secretary's
Official Memo. No. 837 dated the 9th
instant, I have the honor to state that
the report called for will be submitted
at an early date - The statistical
information required has to be compiled
in both the Currency Offices of Madras
and Cocanada, and as it ranges over
a period of 8 years, some time has been
taken in the preparation thereof. The
Statement prepared in the Currency Office
at Cocanada has had to be returned for
revision

1881
Fiscal Department.
(Paper currency)
From.

The Off^r Commissioner of
Paper Currency,
R.D. Fort St. George.
7 MAY 81
CURRENT No. 1183.

Dated 13th } May 1881.
Received 17 }

No 333.

Stating that the report called
for regarding the abolition of the
Cocanada Currency Circle will be
submitted at an early date.

Receipt
1881

7/5/81

11175

INDIAN TELEGRAPH.				Loca No.					
Ch=	S			449					
To (Station)	Ootacamund	From (Station)	Simla						
Words.	18/7	Day.	15	Hour.	18	Minute.	55	OFFICIAL INSTRUCTIONS.	CURRENT No. 1533
To (Person)	Government	From (Person)	Finance						
Reply		urgently required		1174/1175					
to		my		715					
dated		21 st		February					
which		may		DISPOSED OF					
interest		it		25 JUN 81					
RECD. FROM		SENT TO		BY G. S. No.					
At	Hrs	Mts.	L. N.	At	Hrs	Mts.	L. N.	Telegraph Master.	
OOTACAMUND		15-6-81							

~~11/11/11~~

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... ..

DISPOSED OF

20-3-42

1175

... 304, — 78-79, — 200000. (P1) G. T. Press. — No. 304, — 78-79, — 200000.

Financial (1881) DEPARTMENT.
(Paper Currency)

From *Secy. of India*
Finance Office.

No. Telegram

Dated *15*
Reed. *16 June 1881*

CURRENT No. *1535*

SUBJECT.

*Reply urgently
required to my 715-
dated 21st Febry. - when
may I expect it.*

Ans 16/6.

Telegram to (our) P. C.

*Your no 333. May 13. Was
when report may be expected -
India requires urgently.*

*1174/1175
15*

10/5/81 11/11/81

Telegram to Finance India

June fifteenth x Cocanada
Currency Circle x Please
Expect reply end
of next week.
Wm

Financial (1881) DEPARTMENT.

~~J. S. D. T. T. T.~~
(Paper Currency)

From Commr: of Paper Currency
Madras.

No. Telegram

Dated 16 June 81
Recd 17 June 81

CURRENT No. 1549

SUBJECT.

Will send report
early next week.

With Telegram



78
CURRENT No. 1602

Fort Saint George,
Accountant General's Office,
Paper Currency Department,
21st June 1881.

No. 642

From

THE OFFG. COMMISSIONER OF

PAPER CURRENCY, 1174/1175
16

To

The Chief Secretary
to Government
Financial Department
Cotacmand.

SIR,

With reference to G. O. Financial
Department No. 390, dated 8th March 1881,
I have the honor to forward herewith a
series of statements showing the working
of the Currency Sub Circle at Cocanada,
from the commencement of the year 1873
upto the close of the year 1880. The
statements give full particulars of the
annual receipts and issues of Cocanada
Notes, of the lower and higher denominations,
at Cocanada, the Head Quarters of the
Sub Circle, and at Madras, the Head
Quarters of the Circle, distinguishing
in each case between transactions with
the public generally, and those with
the Bank of Madras.

2. An analysis of the issues at
Cocanada

Cocanada shows that of a total issue of notes amounting to Rs. 3,05,30,685, a sum of Rs. 2,06,94,860 was issued to the Bank of Madras, and Rs. 98,35,825 to the Public, as shown below.

	To the Public	To the Bank of Madras.
Lower denominations	36,60,325	98,360
Notes Rs. 500 ———	13,11,000	636,000
1000 ———	29,74,000	69,90,000
10,000 ———	890,000	1,29,70,000
	<u>61,75,000</u>	<u>2,05,96,000</u>
	98,35,825	2,06,94,860
Lower denominations to Public and Bank ———	37,59,685	Total 3,05,30,685
Higher — do. — do. ———	26,77,000	

3. From the receipts of Cocanada notes at Cocanada which are shown below it will be seen that of the total of Rs. 88,80,620, the receipts of the eight years, Rs. 66,05,030 were received from the public, and Rs. 22,75,590 from the Bank of Madras.

	From the Public	From the Bank of Madras.
Lower denominations	17,99,030	15,90,90
Notes Rs. 500 ———	936,000	47,500
1000 ———	20,10,000	55,90,000
10,000 ———	18,60,000	15,10,000
	<u>48,06,000</u>	<u>21,16,500</u>
	66,05,030	22,75,590
Lower denominations from Public and Bank ———	19,58,120	Total 88,80,620
Higher — do. — do. ———	69,22,500	

Note. The Currency Office was established at Cocanada in September 1872 but the broken period of the year has been omitted in treating of the statistics of the Office.

4. The transactions in Cocanada notes at Madras, the Head Quarters of the Circle, are now confined to their encashment on presentation, but up to the year 1877 it was the practice to reissue on demand any Cocanada Currency notes which were in good condition. The amounts issued are shown below. The issues were to the Public only and not to the Bank of Madras.

	To the Public
Lower denominations	12,70,95
Notes of Rs. 500 ———	18,000
1000 ———	12,000
10,000 ———	" 30,000
	<u>Total 15,70,95</u>

1174/175
17

5. The receipts at Madras of Cocanada notes are as follows.

	From the Public	From the Bank of Madras.
Lower denominations	1,74,445	19,63,280
Notes of Rs. 500 ———	1,14,000	17,33,000
1000 ———	3,44,000	65,67,000
10,000 ———	2,40,000	69,80,000
	<u>6,98,000</u>	<u>94,20,000</u>
	8,72,445	1,77,20,000
Lower denominations from Public & Bank ———	21,37,725	Total 2,05,55,725
Higher — do. ———	18,418,000	

6. It will be seen from the previous paragraphs that while the Public during the eight complete years, during which the Currency Office has been established at Cocanada, have received at Cocanada in Sub Circle notes an annual sum equal

98
88

to Rs. 12,29,478, and have cashed at the same place, annually, sub Circle notes to the value of Rs. 8,25,629 or 67.15 per Cent of their average receipts, the Bank has received the large sum annually of Rs. 25,86,857 and its local Encashments have averaged only Rs. 2,84,449, or 10.99 per Cent of its receipts. While on the other hand the Encashment at Madras by the Public of Cocanada Circle notes has averaged only Rs. 10,90,56 per annum, that by the Bank has reached the large annual average of Rs. 24,60,410, showing clearly the enormous extent to which the existence of the Cocanada sub Circle is made to subserve the purposes of remittances.

7 It does not appear to me that any object is to be gained by the retention of Cocanada as a separate Circle. The convenience afforded to the Public other than the Bank in the issue of notes for silver, and vice versa does not very materially exceed that which is at present afforded in several other Districts of the Presidency. The surplus funds of the District exceed on an average Rs. 42 lacs per annum, the receipts are spread fairly over the whole year, and the circumstances of the

98
the District necessitate its possessing always a very considerable Cash balance, which will be generally available for cashing notes. The following Statement of the Annual Encashment of Home and Foreign notes at the Cocanada Circle and the amount of the surplus revenues shows clearly enough that the Treasury is quite able to do all that the currency now does in this matter.

now does in this matter.

$$\begin{array}{r} 1174 \\ 1175 \\ \hline 18 \end{array}$$

	1876	1877	1878	1879	1880	Total
Surplus Funds—	44.41	39.48	39.60	46.24	42.68	212.31
Home Notes received at Cocanada { From Bank	1.43	3.57	"	10.15	7.03	22.12
Public	14.92	11.33	12.97	7.43	7.22	53.87
Foreign Notes cashed at Cocanada—	3.62	7.04	15.30	10.10	11.73	47.79
	19.97	21.88	28.27	27.68	25.98	123.78

8 Should the sub Circle be abolished there would not I think be any material difference in cost of remittances owing to the necessity of removing the surplus funds which are now paid into Currency. Under present arrangements the Bank of Madras takes over all the surplus funds of the

the Godavery District paying an equivalent at par to the Credit of Government in the Bank of Madras. The figures which have been previously given however show that a very large proportion of this surplus revenue, that is to say about $25\frac{1}{2}$ lakhs out of about 42 lakhs, is at once paid into Currency for the equivalent in notes, the cost of remittance being to this extent shifted on to the currency. The abolition of the Circle and the consequent curtailment of the exceptional facilities which the Bank at present possesses at Cocanada of obtaining large sums of Cash for notes and vice versa would probably result in compelling the Bank to take a larger net sum than it does at present and to keep a reserve of silver of its own. In no case is the charge for remittances from Godavery likely to be materially increased.

9. The Cost of Establishment annually during the past 3 years is shown below. The whole of this sum deducting perhaps the cost of remittance would be saved if the Circle were abolished.

Statement of Expenses incurred by the Cocanada Currency Office.

	1878-79			1879-80			1880-81		
	Rs	a	p	Rs	a	p	Rs	a	p
Salaries	1250	.	.	1200	.	.	1166	10	8
Establishment	2800	8	.	2806	12	.	2807	6	8
Remittance Charges	1624	9	2	1661	.	4	556	9	9
Contingencies	779	6	2	873	14	2	402	14	4
Total	6454	7	4	6624	10	8	4932	9	5

10. The Comptroller General points out in para 8 of his letter to the Government of India No. 525 dated 26th August 1879 the effect which the sub Circle has in causing the locking up of an unduly large amount of silver by necessitating the provision of a double reserve divided between Madras and Cocanada to meet the liability for the encashment of the sub Circle notes for which the holders are entitled to demand payment in silver at either place. At present we are compelled to be prepared to meet this liability to its fullest extent, and it is clear that when so very large a proportion of outstanding notes is held by a single Bank any relaxation of the rule would be dangerous. The interest obtainable from an investment of this excess reserve is one of the chief advantages which would result from the abolition of the sub Circle.

1174/1175
29

I have the honor to be,
Sir,
Your most obed^t servant,

H. Leston
Off^r Commissioner
of Paper Currency

To (1881) Department.
From (Paper Currency)
Off. Commissioner of
Paper Currency
Fort St. George.

CURRENT No. 1602
Dated 21st June 1881.
Received 22 No. 642

Enclosures 7.

Reporting on the proposal
of the Government of India
to abolish the Cocanada Circle
of Issue of Paper Currency.

Papers in hand down to date :—

X No. 715 of '81.
X No. 887 of .
X No. 1039 of .

1574/1175
20

DRAFT ORDER.

NOTE FOR ORDERS.

Ordered that the
Government of India
be addressed.

N.E. 2

The Secretary to the
Government of India
Dept. of Fin. & Com.

I am to state first that
the abolition of the
Cocanada circle is
justified. I observe
that there are no marks
by the Act for on these
copies - except in Sir.
of the 80 of March
As per memorandum - proceedings of the Government
the State funds are of India N. 715, I
looked up these in February 1881, I
I have had the

I am reply to the
of India N. 715, I
February 1881, I
am

are directed to transmit
copies of reports from
the Chambers of Commerce,
Madras & Cochinada,
and the Directors of
the Madras Bank,
on the proposal to
abolish the Currency
sub circle at Cochinada.

2. The Cochinada
Chamber of Commerce
express a strongly
adverse opinion and
much weight should,
it is considered, be
attached to the views
expressed by the local
authorities.

3. The Government
concur with the Chamber
in the belief that the

proposed

G.O. No. 3
April '81

The cost of printing
funds in 1881
What the Treasury
then can furnish

This does not seem
the right principle
+ is an interference with
Banking operations.
Sofar as funds for
the matter, I think the
subcircle should be
abolished. M

Potacamund
April '81

proposed measure is
retrograde, and to be
deprecated.

Gill

1174/1120
21

28/4/81

Financial Department
110

PROCEEDINGS of the MADRAS GOVERNMENT.

1174/1175
22

Read the following letter

From the Assecy & Treasurer, Bank of
Madras, 8/19 March 1881

From the Chairman, Chamber of Commerce,
Ponada, 8/1st April 1881.

From — do — Madras, 8/25 April 1881.

From the offy commr. of Paper currency,
Madras, 8/13 May 1881 No 333.

From the Govt. of India 8/15 June 1881.

From the offy commr. of Paper currency,
8/16 June 1881.

— do — do — 8/21st June 1881 No 642.

Order thereon. 23 June 1881. No 1174.

Ordered that the
Government of India
be addressed.

MA

Lo 20 307
New proof

10 (7 end) 1174 & 1175/87

Printed copy
sent - 1/17/81
N^o 1175.

Dispatched with
copies of reports referred to.
& sent in orig.
23. 6. 81

The Secretary to the
Govt of India, Dept
of Finance & Commerce

Sir,

In reply to Pro-
ceedings of the Govt
of India N^o 715 of 21st
February 1881, I am
directed to transmit
copies of reports from
the Accountant General,
Directors of the Madras
Bank, & the Chambers
of Commerce, Madras,
and Coconada, on the
proposal to abolish
the currency sub circle
at Coconada.

2. The Coconada
Chamber

12

Chamber of Commerce
expresses a strongly adverse
opinion, but while
decisions of attaching
due weight to the views
expressed by the local
authorities, this Govt
are unable to consider
that sufficient ground
is shown for the re-
tention of this currency
sub circle.

Maclean and
23 June 1881.

1174/1175
23
307

N^o 22/6/81

Coinage Currency
Sub Office
Govt. of 188 } Madras.

To

Dated

188 , No.

Recd.

Nos.

K. S. Agent

The Honble the Governor

draft prepared
in accordance with
the Gen. the Gen.
remark, in May.

23/6/87

A

23/6

11724/1170
24

26-8-03

My dear
Govt. of 1883 Madras.

Tril
Amly

DISPOSED OF

23 JUN 81

BY G.O. No. 1174/1175



(24)

Transmitting

Letter
Book

Paper currency Copies of re-
ports from the Acctt
Genl, the Directors of the
Madras Bank, & the Mem-
bers of Committee, headed
and forwarded, on the pro-
posal to abolish the
currency but fixed at
Madras, transmitted to
the Govt of India.

omit in letter book