Notes connected with this G.O. to be printed

[F / 24]
1,000—25-[illegible]-96

Financial (1899) Department.

ORDINARY MS.

G.O., Nos. 246 & 247

DATED 16.2.99

INDEXED. 24/25

PRINTED
IN
G.O. 406
3-5-1901

[Despatch Abstract.]

Forwarding with remarks to the Govt. of India the memorial from the United Planters' Association of South India on the subject of the encashment of currency notes at Govt. treasuries.

1
16.2.99

BACK PAPERS.

G.O.	No.	Department.	Date.	G.O.	No.	Department.	Date.

FURTHER PAPERS.

G.O.	No.	Department.	Date.	G.O.	No.	Department.	Date.
605-B 1303/88.	d/ 24-9.03. PS						

[F./28]
500—22-2-98.

Financial (1898) Department.

Note 26/9/98
M.O. written to for S.O.
552 Fin'l d/ 9-9-96 - abstract put up.
463 " d/ 5-10-69

AS. /9/98

Papers reqd & put up AS. 30/9/98

BC
Draft appd
30/IX

Planters committee report removed.
AS 30/9/98

CURRENT No.

From
The Secretary
United Planters' Association
of Southern India
Madras

No.

Order
Mis. No.

The Memorial will be ~~sent~~ forwarded to the Govt. of India. —

JWE
17/12.

Dated 19. Septr. 98

Received } 26 " "
Registered }

Enclosures 2

Spare copies 2 of Enclo No. 1.

To the Secretary (pro)
United Planters' Assocn.
of Sthn. India —
Madras —

SUBJECT.

Forwarding for transmission to H. E. The Viceroy & Governor Genl. a Memorial on the subject of the Encashment of Currency Notes at Treasuries.

33

BACK PAPERS.

G.O.	No.	Department.	Date.
253:	10·3·98 [illegible]		
552:	9·9·96 [illegible]		
2 papers.			

FURTHER PAPERS.

G.O.	No.	Department.	Date.

To

His Excellency,
The Right Honourable,
The Earl of Elgin and Kincardine,
P.C., LL.D., G.M.S.I., G.M.I.E.,
Viceroy and Governor-General of India,
in Council.

May it Please Your Excellency,

The Petition of the United Planter's Association of Southern India, representing all District Planting Associations throughout the Coffee, Tea and Cinchona Districts of Southern India.

Humbly Showeth,

That in July 1898 the Planters on the Shevaroy Hills, who had for may years been permitted to encash currency notes at the general Sub-Treasury without paying any premium, were informed that it was proposed in future to charge a premium of ¼% on all notes so encashed, and were invited to express their views, which they did in the letter printed at page 4 of G.O., 253 of the Government of Madras, dated 10th March 1898, copy of which is herewith submitted for facility of reference.

That the objections raised in that letter were not answered in any way but were simply recapitulated (page 8, para 5. of above G.O.,) without any reply, and it was ruled by the Government of Madras that supply bills on

Yercaud

Yercaud should be granted by the Accountant-General at a premium of $\frac{1}{8}$ % ~~o~~in lieu of the practice of encashing currency notes.

That thereupon the Planters informed the Accountant-General that they bowed to the decision of Government and would pay the premium ordered without further demur, but begged that they might be permitted to encash notes as heretofore, on paying the required premium, instead of adopting the cumbrous procedure instituted in its stead.

That on this being refused they begged that either the officer in charge of the Yercaud Sub-Treasury should be empowered to issue supply bills himself, or that he should be furnished with a number of them for sale in exchange for notes, on receiving the premium of $\frac{1}{8}$ %; also that in order to minimize the circulation of silver, he should be furnished with a number of small notes and directed to exchange them at par for larger ones.

That this also was refused, the only concession granted being that the Collectors of certain Districts were empowered to issue supply bills. That the Accountant-General has since arbitrarily declared that he will issue no supply bills for smaller amounts that Rs.500, and that consequently the Shevaroy Hills Planters are worse off than ever; for

whreeas

whereas previous to 15th June last, they could encash currency notes free of charge and protested against being charged a commission on them, the result of their remonstrance has been to deprive them of the power to encash the notes at all, either with or without a commission.

Acting in accordance with a unanimous resolution of representatives of various District Planting Associations in Southern India assembled at the Annual Meeting last month Your Memorialists respectfully submit that the time has arrived when the Government of India might adopt the policy of encahing notes on demand at par at all treasuries, as foreshadowed on page 6, para 2 of the G.O., herewith submitted; for with the present contraction of the currency and the great dearth of Rupees, it seems obvious that any method of popularizing notes must give great relief, and the most certain way of popularizing them is to make them readily negotiable.

The difficulties thrown in the way of encashing notes at Yercaud are now such that no one will receive them ~~th~~ there, and if this policy is persisted in, it will soon be the same all over India and they will sink to the position of the American greenbacks, as prophesied in para.7 (page 5 of the G.O.,) of the Shevaroy Planters' letter, dated 17th July 1897; to which letter your Memorialists respectfully desire

desire to invite Your Excellency's special attention. And Your Memorialists therefore pray that Your Excellency will be graciously pleased to make the necessary steps to enable currency notes to be encashed on demand at every Treasury in British India.

And Your Memorialists as in duty bound will ever pray.

The United Planters' Association of Southern India.
Sd/- George Romilly,
Chairman.

True Copy
J. M. Cann
Registrar,
Finance Deptt.

6

Letter from the Hony Secretary Shevaroy Planters Association Yercaud to the Accountant General Madras No 809 dated 4 May 1898.

—

I have the honour to acknowledge copy of your No 1670 of 29 instant to the Collector of Salem, which has been sent on to me.

2. As the matter is urgent, I will reply to it direct, sending a copy of my letter to the Collector of Salem.

3. I thank you for extending the time during which notes may be cashed at Yercaud till the 15 instant, but I submit that the concession is insufficient, particularly as up to date, I have received no intimation of it from the Officer in charge of the Yercaud Treasury.

4. I do not quite understand what you mean by enquiring (in para 4 of your letter) whether the Planters would tender for bills direct to you at Madras or otherwise. - I thought the course intended was for planters to request their agents in Madras to place money to your credit in the Bank of Madras and that on their presenting the Bank receipt, plus 1/8% commission, you would give them an order for the amount on the Yercaud treasury. - If I have misapprehended the procedure required, I request you will

but I submit that there is no object in making it more irksome than is necessary and that it would save much time and trouble if they were allowed to pay it in notes, instead of on supply bills.

7. In para 2 of your letter under reply, you say that Government cannot charge a premium for cashing its notes - though this does not seem to have occurred to your predecessor - But if it be improper to charge a premium for cashing notes, it is surely equally improper to decline to cash them, with or without a premium; and the objection, though veiled, is scarcely concealed by the cumbrous expedient of charging the desired premium on supply bills, for which planters must exchange their notes before they can convert them into money; particularly as in many cases, they would have to send the actual notes to Madras; and in all cases, to obtain the supply bills therefrom.

8. If however the difficulty of charging a premium for cashing notes is considered insuperable, I have the honour to request that, in order to obviate the delay and inconvenience above referred to, you will be so good as to cause the officer in charge of the Yercaud Sub Treasury to be furnished with a number of supply bills for Rs 100/. Rs 200/. &c &c for sale to the public, at the desired premium, in exchange for currency notes - Also that you will be kind enough to cause him to be supplied with a number of Rs 5/. and Rs 10/. currency notes, interchangeable at par for larger not-

be kind enough to explain it and to favour me with a sample form of the tender for bills about which you enquire.

5. But there are several reasons which render this – or any similar process – extremely inconvenient; not only to members of the Planters Association, whose agents reside at up country station, such as Calicut, Coimbatore &c. and to those who sell their produce locally, receiving notes in exchange for it, but also to the general public who do not belong to it: – comprising the native community, the non-planting residents, and the numerous persons, official and non-official who visit Yercaud and who come from all parts of India and Burmah. – These persons would find it extremely troublesome to obtain supply bills and in the most favourable circumstances the course prescribed is lengthy and circuitous.

6. The obvious remedy would be to continue to cash notes at the Yercaud Treasury at a premium sufficient to cover expenses. – This course was proposed in your (your predecessor's) No 1710 of 3d June 1897 to the Chief Secretary to Government; and was endorsed by the Collector of Salem, in his No 1430 of the 31 July 1897, giving a history of the case. – It is true that, for the reasons set forth in my letter of the 17 July 1897 (all three of these letters are printed in G.O. No 253 of 10 March 1898), the planters remonstrated against this premium, but their arguments have been overruled, and they bow to the decision of Government. – If they must pay a premium, they are willing to pay it; but

page 2 of G.O 253 / 10-3-98 D

D

to minimize the circulation of actual coin.

9. If this course also is objected to, I request you will be so good as to empower all Treasury Deputy Collectors to issue supply bills direct, to meet the requirements of those Planters whose agents do not reside in Madras.

10. As this matter is very urgent, and my request that the change might be postponed has been only partially acceded to, I have the honour to request that you will be pleased to favour me with a very early reply to this letter and that you will be so good as to send it to me direct furnishing the Collector of the District with a copy of it.

Letter from the Accountant General, Madras, to Hony Secretary Shevaroy Planters Association, Madras No. 1757 dated 7 May 1898.

With reference to your letter No. 809 dated the 4th May 1898, I have the honour to state that Government cannot charge any premium for cashing its notes. My predecessor in his letter to the Chief Secretary to Government No. 1710 dated the 3 June 1897 to which you allude did not mean that premium should be charged on notes cashed and it was because he came to understand from subsequent correspondence that that letter was misconstrued that he thought it necessary to contradict it. Accordingly in paragraph 3 of his letter to Government No. 2870 dated

D
pa 679 G.O. 253/10.3.98

dated 16 September 1897 also printed in the same it was distinctly stated that his proposal was not to charge a commission on cashing currency notes but to refuse to cash them by the grant of supply Bills and wire transfers at a small premium. If you will read his letter carefully you will see it is very clear.

2. What is required is that those who require money at Yercaud should pay into the Bank of Madras at Madras or the treasury closest to them the amount they require at Yercaud with a premium of 2 annas per cent. On receipt of the money the Treasury Officer concerned will issue supply Bills on the Yercaud treasury in favour of those named in the application. These Bills which will be handed over to them should be presented by the payee at the Yercaud treasury for payment and payment will be made just the same as if they were ~~cy~~ currency notes.

3. It is because I anticipated that some of the money would be tendered in Districts also that I enquired whether the planters would tender for Bills direct to me here or otherwise.

4. I am instructing Treasury officers to issue supply Bills required by Planters on Yercaud. You are right as to the procedure to be adopted when money is paid to credit of Government into the Bank of Madras by the agents of Planters

to
...nters for transfers or supply Bills on Yercaud.

Letter from the Hony Secretary Shevaroy Planter's Association Yercaud to the Accountant General Madras No. 819 dated 9 May 1898.

—

I have the honour to acknowledge your letter No. 1757 of the 7 instant and to thank you for the concession you have kindly made of granting supply bills through all Treasury Officers.

2. This concession does away with most of the inconvenience and delay inherent to the scheme; and if you intend to delegate this power to the officer in charge of the sub Treasury at Yercaud (as suggested in para 8 of my No. 809 of the 4 instant) it really does away with all cause of complaint.

3. As this last point is not quite clear, I have the honour to request that you will be kind enough to inform me whether it is your intention to authorize the sub Treasury officer at Yercaud to issue supply bills at a premium of 1/8%.

4. Occasional tenders for bills may be made to you; but under the kind concession above acknowledged such cases are likely to be of rare occurrence.

Letter

Letter from the Accountant General Madras to the Hony: Secretary Shevaroy Planters Association, Yercaud, No. 1878 dated 13 May 1898.

49

—

With reference to your letter No. 819 dated the 9th May 1898, I have the honour to state that I regret I am unable to authorize the issue of s[illegible]ply Bills from the Yercaud sub treasury as it is not perm[illegible]ble. The sub treasury will issue notes for coin and the notes could be remitted in the few cases which you say are likely to occur.

Letter from the Hony: Secretary Shevaroy Planter's Association, Yercaud, to the Accountant General Madras No. 820 dated 20 May 1898.

—

In reply to your No. 1878 of the 13 instant, I have the honour to repeat that authorizing all Treasury officers to issue supply bills does away with much of the inconvenience of the system.

2. But there is still the case of Planters who sell their produce locally and who are invariably paid for it in currency notes; as well as that of visitors, who come from all parts of India, bringing their money in currency notes and who would of course be ignorant of the proposed arrangement.

3. You have said that the Treasury officer at Yercaud cannot cash notes either with or without

a

premium:- & you have not replied to para 8 of my No 809 of 4 instant, asking if you could be good enough to furnish him with a number of small supply bills which he could sell to the Public, as court stamps are sold, at the authorized premium and which the purchasers could then exchange for cash at the Yercaud Sub Treasury so I presume that that cannot be done.

4. But there is still a possible way of mitigating the inconvenience explained in para 2 above, if you are pleased to approve of it:- and that is that the Dy: Tahsildar should be authorized to obtain from the Collector supply Bills for which notes (plus the premium required) had been paid into his Treasury; and on receipt of the bills hand them to the parties (on application) to receipt & exchange for cash.

5. No one - particularly visitors - has a reliable agent in Salem, whom he could trust to obtain and send ~~him~~ him, a supply bill from the Collector's office, and now that the Treasury refuses to cash them, notes are absolutely uncashable in a place like Yercaud.

Reply, No 1998 of 21·5·98 vide next page

Letter from the Accountant General Madras to the Hony: Secretary Shevaroy Planter's Association Yercaud No. 1204 dated 21, May 1898.

I have the honour to request that you will be good enough to let me know as soon as possible what Treasuries are likely to draw on Yercaud. Pending the receipt of information on this point, I have instructed the Treasuries of the West Coast viz Coimbatore, Salem, Malabar and the Nilgiris to issue supply Bills on Yercaud for Planters.

Letter from the Hony: Secretary Shevaroy Planter's Association, Yercaud, to the Accountant General Madras, No. 823 dated 23 May 1898.

I have the honour to acknowledge your letter No. 1204 of the 21 instant, which I will circulate to the members of my association.

2. In the meantime I may say that in addition to the Treasuries mentioned by you, I know that the Treasury of Madura would be likely to draw on Yercaud if authorized to issue supply bills.

3 From paragraph 2 of your No 1757 of the 7 instant, I understood that you had authorized all Treasury Officers to issue supply bills.

Letter from the Accountant General Madras to the Hony: Secretary Shevaroy Planter's Association, Yercaud, No 1998 dated 21 May 1898.

With reference to your letter No. 820 dated 20 May 1898, I prem

have the honour to state that Planters who sell their produce locally must make their own arrangements either in the local market or elsewhere to exchange notes for cash. Government does not undertake to cash currency notes for the public except at the currency office of issue. But it does make an exception in favour of Travellers who can always get notes cashed at the Treasury to a limited extent.

Letter from the Accountant General Madras to the Hony: Secretary Shevaroy Planter's Association Yercaud No. 2049 dated 26. May 1898.

With reference to your letter No. 823 dated the 23 May 1898, I have the honour to inform you that I have instructed the Treasury officer Madura to issue Supply Bills or Telegraphic transfers as the case may be on Yercaud if there is any other Treasury on which they may be required, instructions will be issued on hearing from you.

Letter from the Hony: Secretary Shevaroy Planter's Association, Yercaud, to the Accountant General, Madras No. 830 dated 7 July 1898.

I have the honour herewith to enclose in original (for favour of perusal & return) a letter sent to me by a member of the Shevaroy Planter's Association, in which as you will see his agents inform him that you will not issue bills for less than Rs 500/.

2. As no limit was fixed either in the Government order or in your subsequent correspondence with me, I am in hopes that there has been some mistake about it, and if so that you will be kind enough to rectify it without delay; as smaller sums than Rs 500/ are frequently required; and as notes, since the new orders are absolutely uncashable in a place like Yercaud where there are no Banks.

Letter from the Accountant General Madras to the Hony: Secretary Shevaroy Planter's Association, Yercaud, No. 268 dated 8 July 1898.

With reference to your letter No. 830 dated the 7 July 1898, I have the honour to state that I do not issue Supply Bills for such a small sum as Rs 500/. on any Treasury except Yercaud. This is done as an exceptional case for the convenience of Planters. Any smaller amounts required to be remitted by Planters may be sent by Postal money order.

2. The enclosure to your letter is herewith returned.

(True copies)

Fort St: George
Accountant Genl: Office
November 98

J. O. A. Power
Chief Superintendent.

premi

have the honour to state that Planters who sell their produce locally must make their own arrangements either in the local market or elsewhere to exchange notes for cash. Government does not undertake to cash currency notes for the public except at the currency office of issue. But it does make an exception in favour of Travellers who can always get notes cashed at the Treasury to a limited extent.

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2. The enclosure to your letter is herewith returned.

(True copies)

Fort St: George
Accountant Genl: Office
November 98

J. O. L. Towers
Chief Superintendent.

[G./25]
5C-2-9-97.

First
246-7
16-2-1899

C. No. 2656 –

1 Financial DEPARTMENT.

CHIEF SECRETARY
14 NOV 1898
GOVERNMENT

SUBJECT.

Petition of the Uni d Planters' Association of India to the Govt. of ia. —

~~HIS EXCELLENCY THE GOVERNOR.~~

~~THE HON'BLE SIR HENRY BLISS, K.C.I.E.~~

~~THE HON'BLE MR. GROSE, C.I.E.~~

C.S.

FOR ORDERS.

The ~~above petitioners~~ United Planters Assocn complains to the Viceroy & Govr. General of India in Council of the difficulty & cost of transmitting coin to small stations on the hills & of the hardships caused to some of their number by the action of the Local Govt. in lately ~~ceasing~~ discontinuing the free encashment of currency notes at the Yercaud Sub Treasury on the Shevaroy Hills.

2 The history of this Sub Try, so far as the planters are concerned will be found in G.O No 253 Finl dated 10.3.98 a copy of which is enclosed by the petrs with their Memorial for transmission to the Govt. of India.

R

3 The Memorialists complain that whereas for many years past the planters on the Shevaroy Hills have been permitted to encash currency notes at the Sub-Try free of charge they were informed in July last that it was proposed in future to charge a premium of 1/4 %

41

3 216

observed that ~~these exhaustive arguments were gratuitously given & no obligation rested on this~~ to ~~Govt. to take any notice of them at all. The~~ the matter ~~is~~ was ~~however~~, very clearly & concisely stated by the Acct. Genl. in his letter embodied in the G.O. under reference.

R

It is submitted that what the Shevroy Planters' really appear to desire & aim at is the transfer for their own benefit of very large sums of money in hard cash at the public expense, & this procedure — which has been followed for many years past as pointed out by the Acct Genl. in his No 1710 d/ 3-6-'97 — ~~any~~ has ~~has~~ already involved considerable loss to Govt., ~~and~~ is not Equitable as remarked by the Acct Genl in his No 2870 d/ 16-9-97 & is opposed to the existing rules of Govt. as rehearsed in Enclosure No I to Acct Genl.'s No 573 d/ 2.7.80 embodied in G.O. No 1356 Finl. d/ 14-7-'80.

Page 1 of G.O. 253 Finl dt 10.3.98

R

P

42

~~6. The petition may, it is submitted~~

on all notes so encashed & were invited to express their views on the subject —

That certain objections, exhaustively argued by them in a letter written by a Mr Gompertz & adopted by the Shevroy Planters' Assn as representing their views, were not answered by Govt when the order making a charge for cashing notes was issued —

That further petitioning on their part, so far from ~~continuo~~ securing to them a continuance of the free encashment of currency notes, only led to the issue of supply bills on Yercaud by the Acct General at a premium of $\frac{1}{8}$% in lieu of encashing notes —

and That their position is now worse than ever inasmuch as the utmost concession they can obtain on petitioning against the supply bill system is the empowering of certain District Collectors to issue the supply bills.

4. The United Planters' Assn therefore take up the matter & pray that the Govt of India will take the necessary steps to enable currency notes to be encashed on demand at every Treasury in British India.

5 With reference to the complaint that the arguments of the Shevroy Planters' Assn were not fully answered it may be

~~be forwarded to the Govt of India with covering letter somewhat in the above terms.~~

F.W.G.
27/10/98.

C.S.

There appears to have been some correspondence ~~with the A.G.~~ between the Planters and the A.G. after the issue of G.O. No. 253 ~~Rs~~ Fin, d/10.3.98, and it seems necessary to refer to him ~~before~~ before going further. The papers might go to him u.o. for remarks

No. 2319, d/ 28: Octr: 1898

CMB
27.x.98

A.G. u.o.

28/10/98.

As in the matter of exchange & currency the Planters in this case also want others to pay for their benefit; & they do not appear to be able to understand that such would be the effect of their proposals.

To allow currency notes to be cashed at Yercaud means that Govt. or

ACCOUNTANT GENERAL'S OFFICE
1 NOV 98
MADRAS

1056

CHIEF SECRETARY
15 NOV. 1898
GOVERNMENT OF MADRAS

If the reqd. only reads a currency note from beginning to end they should ~~will~~ realize the position. The promise to pay on demand is made by a certain official at a certain place.

AHA 8.11.98

general public, would have to pay for the cost of remittance of coin to be given in exchange for them —

Only two applications for supply bills for less than Rs 500 have been received, so that the Planters seem to be making rather an uncalled for fuss about such a small matter —

Copies of the correspondence between the Planters & myself is forwarded as requested —

11/11

To
The Chief Secretary to Govt.
Financial Dept.

Note for C.S.

Draft disposal & Letter to Govt. of India submitted below ~~here~~ ~~with~~. —

CMB
24.XI.98

UB

C. 25/11 R 28/11 | 98 | C. 30.11 R 5.12 | 98 | Recd 7.12.98 Ret 8.12.98 | Recd 10.12.98 R 12.12.98

17

[G. / 124]

1,000

~~Political~~ Fml DEPARTMENT.

Petition of the United Planters' Association of S. I. to the G. of I.

Hon Mr. Arundel }
Hon Mr. Whiteside } again with reference to H. E.'s note below.

12/12/98.

C. No. 2656 From the Secretary, U.P.A.S.I. Madras, No. ...., dated 19/9/ 1898.

" .... " " ...., " ...., " ....189 .

" .... " " ...., " ...., " ....189 .

" .... " " ...., " ...., " ....189 .

H.M.
H.E. the Governor

To
The Secy., United Planters'
Association of S.I.,
Madras (P & O)

ASA 28.11.98

With Memorial and its enclos. and copy of the papers flagged XX

In para. 2 of our (G.O. B.P.) Min. No. 3070, 19th Aug. 1897, the policy of encashing Notes at par at all Treasuries, seems to be contemplated as a possibility. It would seem a good and liberal policy to make Govt. Notes as easily negotiable as possible. I suppose such a policy might involve;

ORDER:- Superseded (pp. 29–32)

The Memorial will be forwarded to the Govt. of India.

Cw 28.XI.98

12/12/98.

LETTER:-

To

D The Secretary to the Govt. of India,
Finance and Commerce Dept.

para 6 of G.O. 253 Fml 10.3.98

Sir,

I am directed to forward the accompanying memorial addressed to the Governor-General in Council by the United Planters' Association of South India on the subject of the encashment of currency notes at Govt. Treasuries.

2. The matter which has given rise to the present memorial was dealt with in the proceedings of the Govt. No. 253,

Financial, dated 10th March 1898, a copy of which forms an enclosure to the memorial. From these proceedings it will be seen that the encashment of currency notes at Yercaud has formed the subject of correspondence for a period extending so far back as 1869; that from 1872 to 1877 a Treasury was maintained at Yercaud, solely for the benefit of the planters; and that in the year last-mentioned the issue of bills was stopped consequent on the establishment of a money order office at Yercaud and on the ground principally that the treasury transactions were out of all proportion to the amount of trouble occasioned to the Accountant-General's office. In 1884 on the planters again urging the establishment of a branch treasury at Yercaud with currency transactions, the minimum cash balance of the Sub-Treasury at that station was raised to Rs.10,000, in order to facilitate the encashment of currency notes. The money order system was, however, gradually abandoned by the planters, who resorted to obtaining their remittances in the shape of currency notes and exchanging the latter for cash at the Sub-treasury. These transactions having increased considerably, amounting on an average to Rs.3,29,000 per annum, the local Accountant-General drew attention in June 1897 to the loss incurred by Govt. and suggested that a small premium should be charged, as this is the usual practice and as there appeared to be no ground for granting the Salem planters a bounty at the expense of the general tax-payer. After

But they are used as a mode of remittance [illegible]
G.F.
10/9/03

V

must be some expense, but perhaps the game would be worth the candle.

I think I was right in believing that Bank of England Notes are negotiable at par everywhere in England, and are accepted at par in payment of Taxes.

Before passing this draft letter, I should be glad if the policy suggested by the United Planters' Association ~~should be~~ were considered, with the object of deciding whether it might not be well to propose to the Govt. of India the adoption of such a policy. Any measure which would ~~tend~~ lead to a wider circulation of Govt. Notes among the general population would be of value, as tending to bind the people by personal interest to the side of the Govt. If rupees are getting scarce, as it is said they are, a larger circulation of Notes would relieve the scarcity.

A.G.H.
3.12.98

With ref. to A.G.H.'s note I quite agree that Govt. should make its currency notes ~~[illegible]~~ as useful as practicable. But as a matter of fact they exist under the same conditions as a Bank of England note. The latter can be cashed of right only at the Bank of England in accordance with the promise on the face of it. An Indian currency note can of right be cashed only at the office of issue, that is in accordance with the promise on its face. In this Presy. there are or used to be two offices of issue Madras and Calicut; some notes if I recollect right bear or bore the names of both offices and could be cashed at either.

The Govt. of India currency notes are received in payment of taxes &c. just as Bank of Engd. notes are received at home. But no one in England could take Bank of England notes to a Tax-collector's office in England and require to have them changed for gold. The planters on the Shevaroys and many people elsewhere want to take currency notes to the Tax Collector at Yercaud (the Dy. Tahsildar) or elsewhere & be entitled to have them

consulting the Collector of Salem, the Board of Revenue and the Accountant-General, the Governor in Council sanctioned the proposal of the latter officer, as stated by Mr. Harrison in his letter No.2870, dated 16th September 1897 printed on page 7 of G.O. 253, Financial, dated 10th March 1898

> " Currency notes are payable only at "the office of issue. ....The contention that Govt. is bound to pay anywhere on demand is entirely unfounded. "Govt. makes no such promise. District "treasuries are not branch currency "offices."
>
> " "The....proposal" was "not to charge "a commission on cashing currency notes "but to refuse to cash them at a particular spot remote from the office of "issue, since to do so will entail considerable expense. Persons who in the "course of their business wish to transfer their capital in the form of hard "cash from one spot to another have ~~xx~~ ~~xxx~~, no right equitable or legal to "carry out this operation at the expense of the tax-payer. Nevertheless "it is proposed to meet planters and "others, so far as this can be done "without loss and embarassment, by the "grant of supply bills and wire transfers "at a small premium."

3. Copy of correspondence which has taken place between the Shevaroy Planters' Association and the Accountant-General subsequent to the above order is enclosed.

4. It is clear that what the planters really desire in this matter is that coin in large amounts may be transferred to Yercaud for the encashment of currency notes, and that they do not realize that such remittances would be made at the cost of Govt. or of the general public.

5. The complainant in regard to the decision of the Accountant-General

The Planters on the Shevaroys, & in the Wynâd & Coorg have large sums to pay away in coin as wages to Coolies; & this coin flows away in streams to the Plains –

To keep up the necessary supply of silver, large periodical remittances are sent up from Salem, Calicut & Mangalore under Police escort – What the Planters desire is that they shd be able to get up currency notes by post registered, & then exchange them, at par, for the silver which Govt. has to carry up at a great cost –

Notes are everywhere accepted by Govt. at par in payment of Govt. dues –

What the Planters want is to keep up a perpetual stream of silver from the Hills to the Plains free of cost – I am afraid, in the interest of the gen. tax payer, it cannot be allowed.

H.S. –
12 - 12 - 98 –

Hon. Members doubtless note the opinion and attitude held of the Govt. of the case. But, what I wish to suggest is that the opportunity offered by this Memorial (which must go to the Govt. of India), might be taken not to issue supply bills for smaller sums than Rs.500 carries little weight, as it has been ascertained that only two applications for smaller amounts have been received.

6. The Governor in Council has no recommendation to make on behalf of the memorialists.

Cwb 24.XI.98

24/11/98

cashed. They want in short to get the services of a private bank out of the Govt. Tax collectors' offices. ~~The~~ bank always makes such charge as is necessary to cover the cost of transit of coin plus a profit. The Bk. of Madras at Ooty & elsewhere does. The ref. made by H.E. to Mis. No 3076 of 17th Augt 1897 was in a Resoln. of the Bd. of Rev. wh. is referred to in para 7 of G.O. No 253 Fin. 10th March '98.

D

To make currency notes encashable at all Treasuries wd. involve [illegible] serious expense and could in any case only be done up to a certain limit – the amt of cash available though this cd. be increased if Govt. paid carriage for it. To this extent currency notes can now be cashed i.e. if the Treasury officer has cash wh. he can spare for encashment.

I do not see any practical way of avoiding the difficulty except by making Govt. pay for the carriage of cash to places where people want to encash their notes. But this ~~is~~ wd. be at the cost of the general tax-payer, and wd. be doing what no private bank would do & what cannot be done with Bank of England notes in England.

ALA 7.12.98

taken, to move the Govt. of India to consider whether it would not be ~~politic~~ expedient to use greater liberality in their general policy of encashment of Govt. Notes.

I see that the Hon'ble Mr. Arundel says that he agrees with me that the Govt. should make its currency notes as useful as practicable. I do not think they are as useful as they might be, at present. It is upon this line, I want to suggest a little reasoning to the Govt. of India, when forwarding the Planters' Memorial. The draft submitted merely snuffs out the Memorial. My Note of 3.12.98 indicates, I think, good political reasons for fostering the circulation of Govt. Notes, even if a little cost be incurred in the process.

I should be grateful to Hon. Members if they would kindly consider the question in the light of the ~~foregoing~~ above note.

A.G.H

6.1.99

(on pp. 17-18)

I have read the papers again but I do not see how this Govt. could legitimately support the claim of the petrs. If any change could be made by the Govt. of India

it could only be to make a large trading center or so a place where notes could be encashed in addition to the Office of issue. In other words the currency notes wd. contain two or more offices of issue instead of one or at most two as at present. But treasury officers already encash notes at offices where there is a large influx of coin. Under no circumstances could such a place as Yercaud be included unless Govt. wd be prepared to favour the planters there at the cost of the public.

I regret therefore that I see no alternative to discountenancing the petition.

If it wd. make the matter any clearer I wd. substitute the following for the last sentence of the draft; but the meaning remains the same.

"H.E. the G. in C. considers that persons who desire to encash

The paper currency Act (XX of 1882) would have to be amended
H.S.-

currency notes elsewhere than at the office of issue, should reimburse Govt. in the cost - if any - of transmitting the Coin. He regrets therefore that he has no recommendation to make on behalf of the memorialists.

9.1.99.

The present rules are :—

(1) Payment of Govt. dues can be made in Govt. Currency notes of any issue, irrespective of Presidency or Circle

(2) Govt. does not force any person who has claims against it to receive payment in notes

(3) Notes are cashed at par at all treasuries so far as the store of silver allows

(4) At deficit treasuries notes are encashed in so far as this can be done without expense

(5) Notes may be cashed for the convenience of bonâ fide travellers, even when a treasury is unable to cash them for the genl. public —

The Indian Paper Currency Act requires that all cash received for notes shd be secured as a reserve to pay for the notes, except a fixed amount — 100 million rupees, I believe —

The Act also provides that payment of notes can only

be demanded at the office of issue —

The total issue of currency notes is thus strictly limited by the cash held in reserve, and to the best of my information the circulation of Govt notes needs no fostering, but is already extended to the utmost limit consistent with maintaining the exchangeability of the notes at their face-value —

Why should Govt. undertake to supply Coffee planters with silver coin, any more than with rice or any other commodity which they want? Govt has not got the silver coin on the spot, & those who want it should pay for the cost of carriage —

This is the real point at issue — The rules seem to me to be as liberal as can be properly allowed

H.S. —
13-1-99 —

Rule 609 (1) of the Civil Account Code provides for this by ~~rule no~~ enjoining that at deficit treasuries notes ought not to be cashed except so far as it can be done without expense —

If the prayer of the memorialists is to be supported we shd. draw attention to this rule & propose its abolition —

H.S. —

C 1611/99 Recd 11-1-99 Recd 9-1-99 Recd 14-12
14-1-99 Retd 7-1-99

Petition of the United Planters Association of S.I. to the Govt of India 26

138 14

H.E. The Gov.

Note:

Submitted to H. the Gov. again with reference to the notes of H. Mr below his note of 3-12-98.

13/12/98.

Please see my Note within.

A.S.H.

5.1.99

continued
9.1.99.

H. Mr again with reference to H.E. The Gov.'s note of 6-1-9

7-1-9

H.E. The Gov. again with reference to the notes of H. Mr.

10-1-9

I have read Hon. Members' further Notes. The Memorial should now go to the Govt. of India.

A.S.H.
5.2.99

Please [illegible] the Reply and [illegible] to H. Mr

Initd

9.2.9

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G.
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21-11-98

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NOTE FOR THE C.S.

The only portion of the Draft which Hons. appear to have suggested an alteration is the last para – please see Hon. Mr. Arundel's proposal at S.L.D.s flag – but the Hon. Mr. Winterbotham does not appear to accept this amendment.

C.M.S.
7.2.99.

Mr. W. does not object. He wishes only to point out what is now the rule and that it agrees with Mr. A's suggestion. Amend the Draft embodying Mr. A's suggestion as follows.

6. H. E. the Govr. in C. considers that persons who desire to exchange Currency notes elsewhere than at the office of issue shd. reimburse Govt. the cost if any of transmitting the same. This principle finds expression already in art. 609 (1) of the C.A.C. and H. E. in C. regrets therefore he has no recommendation to make in behalf of [illegible]

HC
Have a clean copy of draft made amended as marked by the C.S.
C.M.S.
9.2.

Done
[illegible] 10/2/99

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[G. 24]
1,000—15

29 Financial DEPARTMENT.

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14/2/99

2P

Soon

C. No. 2656 From the Secretary, U.P.A.S.I., Madras, No. , dated 19- 9 - 1898.

" " " , " , , 189 .

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Order No. 246 d/ 16-2-99

mis

copied 14/2 Ed. 15/2/99

The memorial will be forwarded to the Government of India.

To

The Secy., United Planters'
Association of S.I.,
Madras (P & O)

Desp'd
16/2/99

LETTER No. 247 d/ 16-2-99.

copied 14/2 15/2/99

To

The Secy. to the Govt. of India,
Finance & Commerce Dept.

Desp'd with Encs
16/2/99

With memorial and its enclos., and copy of the papers flagged XX.

P
Type the encl please.
M
15/2/99

Sir,

I am directed to forward the accompanying memorial addressed to the Governor-General in Council by the United Planters' Association of South India on the subject of the encashment of currency notes at Govt. Treasuries.

2. The matter which has given rise to the present memorial was dealt with in the proceedings of the Govt. No. 253, Financial, dated 10th March 1898, a copy

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D

Note for the C.S.

Please see the clean draft flagged which embodies the amended para given on the reverse

Cws
13/12/98

copy of which forms an enclosure to the memorial. From these proceedings it will be seen that the encashment of currency notes at Yercaud has formed the subject of correspondence for a period extending so far back as 1869; that from 1872 to 1877 a Treasury was maintained at Yercaud solely for the benefit of the planters; and that in the year last mentioned, the issue of bills was stopped consequent on the establishment of a money order office at Yercaud, and on the ground principally that the treasury transactions were out of all proportion to the amount of trouble occasioned to the Accountant General's office. In 1884, on the planters again urging the establishment of a branch treasury at Yercaud with currency transactions, the minimum cash balance of the Sub-Treasury at that station was raised to Rs.10,000, in order to facilitate the encashment of currency notes. The money order system was, however, gradually abandoned by the planters, who resorted to obtaining their remittances in the shape of currency notes and exchanging the latter for cash at the Sub-treasury. These transactions having increased considerably, amounting on an average to Rs.5,29,000 per annum, the local Accountant-General drew attention in June 1897 to the loss incurred by Govt. and suggested that a small premium should be

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READ A

be charged, as this is the usual practice and as there appeared to be no ground for granting the Salem planters a bounty at the expense of the general tax-payer. After consulting the Collector of Salem, the Board of Revenue and the Accountant-General, the Governor in Council sanctioned the proposal of the latter officer. As stated by Mr.Harris on in his letter No.2870, dated 16th September 1897, printed on page 7 of G.O.255, Financial dated 10th March 1898.

> " Currency notes are payable "only at the office of issue.....The "contention that Govt. is bound to pay "anywhere on demand is entirely un-"founded. Govt. makes no such promise. "District treasuries are not branch "currency offices".

> " The.....proposal" was "not to "charge a commission on cashing "currency notes but to refuse to cash "them at a particular spot remote from "the office of issue, since to do so "will entail considerable expense. "Persons who in the course of their "business, wish to transfer their "capital in the form of hard cash from "one spot to another, have x x x x "no right equitable or legal, to carry "out this operation at the expense of "the tax-payer. Nevertheless it is "proposed to meet planters and others, "so far as this can be done without "loss and embarassment, by the grant "of supply bills and wire transfers "at a small premium."

3. Copy of correspondence which has taken place between the Shevaroy Planters' Association and the Accountant-General subsequent to the above order is enclosed.

XX

52

4. It is clear that what the planters really desire in this matter is that coin in large amounts may be transferred

32

transferred to Yercaud for the encashment of currency notes, and that they do not realize that such remittances would be made at the cost of Govt. or of the general public.

5. The complaint in regard to the decision of the Accountant-General not to issue supply bills for smaller sums than Rs.500 carries little weight, as it has been ascertained that only two applications for smaller amounts have been received.

6. His Excellency the Governor in Council considers that persons who desire to encash currency notes elsewhere than at the office of issue, should reimburse Govt. the cost, if any, of transmitting the coin. This principle finds expression already in article 600 rule 1 of the Civil Account Code, and His Excellency in Council regrets therefore he has no recommendation to make on behalf of ~~Gov.~~ the memorialists.

(From Orders)

Cw8.
B 255

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Encl. Xo by Anantan.

READ AGAIN G.O., No. 16/2/99. DATED
189 ,

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ENCLOSURES TO C. No.

ORDER OF GOVERNMENT .. .. .. A A A A A A A

LETTER OF GOVERNMENT.

STATEMENT WITH DITTO.

PAPERS NOT FILED UP, BEING MEANT FOR DESPATCH IN ORIGINAL.

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CURRENT N

ED PLANTERS' ASSOCIATION
OF SOUTHERN INDIA.

Madras, 19th September, 1898.

12 P

The Chief Secretary to Government,
Financial Department,
Ootacamund.

CHIEF SECRETARY
26 SEP 1898
GOVERNMENT OF MADRAS

I have the honour to forward herewith a Memorial to His Excellency the Viceroy and Governor-General on the subject of The Encashment of Currency Notes at Treasuries, together with a copy of G. O. No.253 of 10th March 1898 for facility of reference, and to request that you will kindly forward these for the consideration of His Excellency in Council.

Two copies of the memorial are also forwarded for reference.

I have the honour to be, Sir,
Your most obedient Servant,
Harry Ormerod
Secretary.

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hen given for copying 14/2
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hen sign
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Encl. X^o. by
Anantan.

AD AGAIN G.O., No. 16/2/98 DATED
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NCLOSURES TO C. No.

DER OF GOVERNMENT .. .. .. A A A A A A A

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