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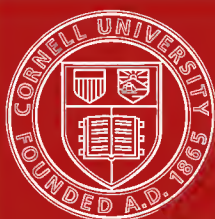
**THE HISTORY
OF THE
BANK OF BENGAL.**

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THE HISTORY
OF THE
BANK OF BENGAL.

AN EPITOME OF A HUNDRED YEARS
OF BANKING IN INDIA,

BY

G. P. SYMES SCUTT.

CALCUTTA:

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The history of the Bank of Bengal: an epi



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P R E F A C E .

THE facts which go to make the History of the Bank of Bengal, as detailed in the following pages, have been principally gathered from the Bank's records. A certain amount of information has also been obtained from the book "Banking in India," published by the late Mr. Chas. Northcote Cooke, Deputy Secretary of the Bank in 1863, and in one or two instances the writer is indebted to the "Account of the Presidency Banks" written by Mr. J. R. Brunyate, c.s.

In dealing with the incidents of the Bank's History, comment, except such as may have appeared necessary after the perusal of the sometimes voluminous records relating to particular points, has been almost entirely refrained from, and the reader is left to form such opinion as he may from the bare record of events. Every care has been taken to ensure accuracy as to details, but, as regards one or two items, and in particular, Appendix E, containing a list of the Bank's Officers since 1806, reliable information has been difficult to secure, and approximate accuracy is the best that can be attained. Events have, as far as possible, been dealt with in the order in which they occurred, but, in some instances, particularly in the last two or three Chapters, it has been found necessary to describe in one place various items extending over a long period, and exact chronological sequence has been sacrificed to general expediency.

That there is ample scope for a much more elaborate history is obvious, and the necessity for such is particularly apparent when an attempt is made to follow in detail such questions as the Bank's relationship to Government and the history of Paper Currency in India. Regarding the former of these two items, it is hardly too much to say that the various agreements which have been in force during the past half century have shown an increasing tendency to be more in favor of Government than of the Bank or the public.

The Bank was started by Government with the primary object of improving the depreciated currency of 1806: this it achieved without difficulty. Thereafter, for half a century, the Bank laboured, under the supervision and with the assistance, often volunteered, of the Government, in creating and accustoming the people of the country to a Paper Currency. In 1862 the apple was ripening and Government plucked it, giving the Bank what were supposed by them to be compensating advantages, which have steadily dwindled in value ever since. The Paper Currency has, however, multiplied nearly seven times, and it is interesting to note what has become of the privileges which the Government were pleased to give the Bank in exchange. The subjoined table shows that about ninety per cent. of them have been bit by bit withdrawn by Government. Comment is needless.

AGREEMENT WITH GOVERNMENT, 1862.

CHAPTER OF 1862.

The custody of the whole of its Treasury balances at Head Office and Branches (average in 1862, 4½ crores).

The major portion of the Treasury balances were withdrawn in 1876 to form the Reserve Treasury. Average balances at Head Office and Branches are now under Rs. 2 crores.

The use of a guaranteed minimum of Rs. 50 lacs at Head Office for Banking purposes.

Reduced to Rs. 45 lacs in 1866. Reduced to Rs. 35 lacs in 1876. Nature of agreement also changed. Govt. do not give the use of the balance, but merely agree to pay interest on any sum it may fall short of the amount mentioned.

A yearly payment of Rs. 43,606 on account of Establishment at Head Office.

.....

A yearly payment of Rs. 24,990 on account of Branches.

Withdrawn in 1866.

The management of the Government Currency by the Bank on commission.

Withdrawn in 1866—compensation of Rs. 2,25,000, as being one year's commission, paid to Bank by Government.

Prestige of Government's being a large shareholder and lending three important officials as Directors.

Withdrawn in 1876.

No limit regarding advances to individuals.

Limit imposed, 1876.

No necessity for the maintenance of a fixed proportion of Cash to Liabilities.

.....

Power to guarantee renewal of bills at the time of discounting them.

Withdrawn in 1870.

Management of Public Debt Office given to Bank in 1866—remuneration Rs. 3,500 per annum per crore.

Remuneration reduced to Rs. 2,000 in 1886.

The foregoing may appear to be a somewhat strong indictment, and, in submitting it to his readers, the writer would venture to remind them that the individual facts narrated will all be found described in detail in the Bank's History following. That this is the first occasion on which these items have been assembled in coherent form is a mere matter of incident.

Looking back through the century of time which has elapsed since the Bank first saw the light, it is interesting to note how the Institution has time after time come unscathed through the various financial upheavals which have marked the history of finance in India. The crises of 1832-33, 1857, 1863-64 and the terrible times of 1866 have left it with a record of a minimum of 22·5 per cent. of Cash to Liabilities—a figure which it is difficult to help comparing to the Bank of England's percentage of five in the last mentioned year.

As a profit-making concern the Bank has never failed to pay a dividend for a full year, and has shown average profits as detailed below :—

| Periods. | | Average annual Profits, including additions to Reserve Fund. |
|-----------|-----|--|
| 1806-1860 | ... | ... 10·1 per cent. |
| 1860-1872 | ... | ... 11·2 „ |
| 1872-1887 | ... | ... 11·3 „ |
| 1887-1904 | ... | ... 14·0 „ |

In concluding, the writer would beg to state that no attempts at any particular literary style have been made in compiling this little volume, but rather has endeavour been made to express concisely and in simple language the following details of the History of India's leading Bank.

BANK OF BENGAL, }
Calcutta, December 1904. }

G. P. SYMES SCUTT.

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CHAPTER I.



The early days of Banking in India.—The Bank of Calcutta,
the progenitor of the Bank of Bengal.



THE first Bank which was started in India under European auspices was the Bank of Hindustan. This institution was established as a branch of the business of Messrs. Alexander and Co., one of the leading Calcutta firms of the period, in or about the year 1770. Previous to this date the functions of Bankers had been exercised by the great Agency houses of Calcutta, who, besides being Merchants and Agents, conducted all branches of Banking business. They were Agents for the whole of the Civil and Military services, the Planters, and the Merchants scattered over the Upper Provinces, and it was they who were styled the Merchant Princes of India. Of the earlier days of the Bank of Hindustan very little appears to be recorded. The Bank had a note issue which seems to have experienced considerable fluctuations, sometimes mounting up to twenty or twenty-five lacs, and at others running down to as low as two or three lacs, according to the state of the market. The circulation of these notes was entirely confined to Calcutta and the immediate neighbourhood, the Government having refused to allow them to be received into their Collectors' Treasuries in the Mofussil. They also refused to recognize them on the spot as a legal tender. The *Calcutta Gazette* of the 28th March 1799 gives us a glimpse of the class of business the Bank of Hindustan was prepared to undertake, the advertisement pages giving particulars of the "Calcutta Exchange Lottery" for which the Bank acted as Agent for the sale of tickets.

The next Bank to come into existence was the Bengal Bank, which existed in Calcutta so far back as the year 1790. The records of this institution are too imperfect to enable many details to be given. The Bank

had a limited circulation. The following is a copy of one of its notes :—



| | | |
|---|---------------------------------|---------------------------------|
| | বেঙ্গল ব্যাঙ্ক | |
| | | No. ২৭৪৯. |
| সিকা ১০০ | CALCUTTA. এক শত টাকা সিকা | BENGAL BANK, 15th Nov. 1791. |
| <i>I promise to pay Ramcaunt Dutt or Bearer on demand one hundred Sicca Rupees.</i> | | |
| ONE HUNDRED. | <i>For the Bengal Bank,</i> | |
| <i>Esq.</i> | | BENJAMIN MEE. |

It is unknown exactly when this Bank ceased to exist, but it was long previous to the year 1800. The Bengal Bank of 1790, had no connection whatever with the starting of the present Bank of Bengal.

Concurrent with the Bengal Bank was the General Bank of India, which was also in existence in Calcutta in 1790. This Bank appears, like the Bank of Hindustan, to have been started by one of the mercantile firms of the period. Mr. J. Pollard was the Secretary. In records of the year 1791, we find a note as follows regarding this Bank :—

1791, January.—It was in contemplation to make the Bank more generally useful, and to change its name from that of the General Bank to that of the General Bank of India. The great scarcity of cash, however, temporarily interfered with the project. May—The alteration was effected this month, and the first meeting of the Proprietors was held on the 1st of June 1791.

Of the demise of the General Bank of India, chroniclers of the period have failed to provide us with any record.

Next to the Bengal Bank and the General Bank came an institution started in 1791 in the Madras Presidency, under the style of the Carnatic Bank. Barring the simple fact of its existence no details are forthcoming regarding this Bank.

**Carnatic
Bank.**

It is not uninteresting to note that whilst these Banks were started in the Bengal and Madras Presidencies as far back as the 18th century, there is no trace of any European Bank having been in existence in Bombay until about 1840—nearly 70 years after Calcutta had seen her first Bank open to the public.

The institution which afterwards evolved into the present Bank of Bengal first opened for business on the 1st May 1806, under the name and style of the Bank of Calcutta. The Bank's capital was Sicca Rs. 50,00,000, in five hundred shares of Sicca Rupees ten thousand each. The initiative in bringing the Bank of Calcutta into existence appears to have come from the Government of the time, the first official record on hand being the following letter:—

Letter from the Secretary to Government, to J. W. Sherer, Esq., C. S., dated the 27th February 1806.

I AM directed to transmit to you for your information and guidance, the accompanying copy of a plan for the establishment of a Bank at Calcutta, and to inform you that the Hon'ble the Governor General in Council has this day been pleased to appoint you to the office of Secretary and Treasurer to the Bank under the provisional arrangement contained in that plan.

The Governor General in Council has also been pleased to fix the undermentioned Establishment for the purpose of conducting the business of the Bank, which is directed to take place from the 1st of May 1806:—

ESTABLISHMENT.

| | | | | | |
|--|--------|-----|-----|---|---|
| Salary of the Secretary and Treasurer | ... | Rs. | 800 | 0 | 0 |
| Rent of a House | ... .. | " | 300 | 0 | 0 |
| Salary of a Book-keeper | ... .. | " | 300 | 0 | 0 |
| One Portuguese Writer | ... .. | " | 100 | 0 | 0 |
| Three Native Writers | ... .. | " | 100 | 0 | 0 |
| Khazanchee or Cash-keeper | ... .. | " | 300 | 0 | 0 |
| Podars | ... .. | " | 120 | 0 | 0 |
| Shroffs and Purkyers | ... .. | " | 80 | 0 | 0 |
| Bengali Writers | ... .. | " | 80 | 0 | 0 |
| Accountants | ... .. | " | 80 | 0 | 0 |
| Coolies, Durwans, &c. | ... .. | " | 20 | 0 | 0 |
| Peons | ... .. | " | 20 | 0 | 0 |
| Contingencies (expenses of Notes, Stationery, Candles) | ... .. | " | 200 | 0 | 0 |

Total per mensem, Sicca Rs. 2,500 0 0

The accompaniments to this letter consisted of three memoranda, described respectively, as—(1), Provisional arrangement, preparatory to the establishment of a Bank at Calcutta; (2), Explanatory Remarks; and (3), Plan of a Bank. These three documents extend to some length and it will probably serve every useful purpose to summarize the gist of each instead of quoting them *in extenso*.

The provisional arrangement suggested was that, in view of a permanent Bank being established in Calcutta on the 1st May 1807, on the plan proposed in the annexed paper, provided such scheme found favor with the Hon'ble the Court of Directors of the East India Company, to whom reference was to be immediately made by the Governor General in Council, a provisional institution should be introduced gradually as circumstances permitted. The capital of the Bank was to be subscribed for in a book to be opened at the Treasury. The shares (Sicca Rs. 10,000 each) were to be paid-up in four monthly instalments of Rs. 2,500 each, commencing on the 1st May 1806. Three Government Directors were to be appointed at once to conduct the affairs of the provisional Bank, and six Directors nominated by the subscribers were to be elected after the permanent institution had been sanctioned by the East India Company in London. A Treasurer and Secretary was also to be appointed. Loans were to be made against security for a maximum period of two months, and which allowed a margin of at least ten per cent. The Directors were to be prohibited from advancing monies to any party who might previously have not punctually fulfilled his obligations to the Bank. The rate to be charged for loans was never to exceed ten per cent. The limit of two months was to apply to loans to Government, who were never to be indebted to the Bank for a greater sum than Sicca Rs. 5,00,000. Bank Notes were to be issued in sums not less than ten rupees, nor exceeding Rs. 10,000, in exchange for Government Treasury Bills: such notes to be receivable in payment of Government dues at the General Treasury, and at all the public Treasuries and Offices in the Presidency. The Bank was to hold an equivalent amount of interest-bearing Treasury bills against all its notes in circulation. The Bank was to have the first refusal of all bills Government were prepared to sell on any of the Revenue Treasuries in the Provinces. In cases of doubt as to the procedure they should adopt, the Directors were to refer to the Governor General in Council for the necessary instructions for their guidance. In the event of the Hon'ble the Court of Directors refusing to sanction the proposed establishment, the Governor General in Council engaged to return to the sub-

scribers their capital and interest at 10 per cent., by four monthly instalments, commencing from 1st November 1807.

Following the above details of the proposed "Provisional Arrangement" came "Explanatory Remarks," giving details of the advantages which it was expected would result from the suggested provisional arrangement "preparatory to the regular establishment of a Bank on a permanent footing." The first advantage claimed was that of general utility to the public, "without incurring any risk and without the smallest inconvenience." The second advantage claimed is of particular interest as giving some insight into the methods of the local financiers of the day. It runs as follows :—

"The Merchants and others of this place will be accommodated with Loans in specie at a moderate rate of interest, when specie may not be procurable in other quarters except at an enormous expense, and by allowing them to repay such Loans *at any intermediate period* at their own option, they will have an opportunity of replacing the money when it can be done with most convenience and advantage to themselves. At present they are exposed to the exactions of persons who make the purchase and sale of specie a matter of traffic; who purchase it up when it is abundant and bears no extraordinary value, and then withhold it from circulation until the necessities of the merchants and others compel them to purchase it at any rate for remittances to the Provinces and other purposes, for which the local Currency of Calcutta cannot be used. The Bank will thus, it is expected, become the great organ for supplying specie, which it will furnish without expense to the party requiring it, and hopes may be entertained that in a short time it will supply the place of persons whose agency is far from being productive of convenience or advantage to the public. These individuals have an interest in causing the most sudden and violent fluctuations in the market, and in depreciating from time to time the value of the local currency, and it is obvious that this interest may lead them to pursue measures adverse to the general interests of the community. The sudden and violent fluctuations in the value of the Treasury Bills have aggravated in a great degree the inconvenience and loss which the public have suffered from their depreciation. The proceedings of the Bank on the contrary will tend directly to equalize every-

thing, and will be regulated with the sole view to promote the general good. Specie will be paid in to the Bank, when it is most abundant, in discharge of temporary Loans, and will there remain until called for, instead of falling into the hands of persons who would withhold it from circulation for interested purposes. It will be drawn from the Bank of course when there is again a demand for it for particular purposes, and the merchant who may have immediate and urgent occasion for it, and who may at the same time possess the means of replacing it within a short period, will be supplied with it without incurring any expense instead of being forced to purchase it on extravagant terms. It happens not unfrequently that the Agents and others of this place are compelled to give a high premium for specie, when they have reason to expect that, by the delay of a few days only, they would be enabled to supply themselves without incurring any charge.

The next plea put forward related to the advantages to be derived from the introduction of a currency note circulation, which it was pointed out would meet the needs of those merchants and others who were at that time solicitous of having Government Treasury Bills issued in smaller sums than had hitherto been done. The sale of bills on provincial Treasuries was expected to be a great convenience, no medium having apparently been previously in existence between the Government and the public, with the result that the latter had usually suffered from the disadvantages of a high and fluctuating exchange presumably engineered by shroffs to their own considerable benefit. It was surmised that the subscriptions for forming the capital of the Bank would probably be to a great extent made in Treasury passes or notes. These documents appear to have been somewhat in the form of the Government Promissory notes of the present day, but to have in practice exercised some of the more important functions of currency notes. The fact that they were not payable on demand, however, appears to have had a demoralizing effect upon them, the Minute alluding to the inconvenience the public were suffering from the depreciated currency, and going so far as to anticipate that a note issue by a Bank backed by the Government, in which the Bank's notes were to be given in exchange for Treasury Bills and to be repayable in cash, the Bank meanwhile holding the Treasury Notes until due, and then drawing them with interest preferably in the shape of demand bills on mofussil Treasuries, would considerably ameliorate the condition of the currency of the time, and also *inter alia* improve the

financial standing of the Government. It is not quite clear how the Bank was to maintain an adequate cash reserve against its note issue, the only source apparently available being the deposits and such of the capital as might be subscribed in cash. Meanwhile, of course, the Bank would be receiving interest from Government on the Treasury Bills held against its own note issue. The note issue appears to have been the bait held out to subscribers by the Government—the original promoters of the Bank—who looked to the institution they advocated to save the currency situation of the times.

The next item of the “Plan of a Bank” was a lengthy Minute of some 67 numbered paragraphs setting forth the lines upon which it was suggested to create a permanent Banking Institution, should the Hon’ble the Directors of the East India Company see fit to sanction its initiation with their august approval. It was intended, and it so eventually transpired, that the Bank of Calcutta should be a purely provisional arrangement until such time as a reply could be received from the Directorate of the Hon’ble East India Company, and that, if such were favorable, a permanent structure should be erected on the provisional basis thereby prepared. The writer has picked out a few of the most interesting characteristics of the “Plan of a Bank” and details them below :—

The Bank was to be incorporated for a term of 7 years.

The Governor General in Council was to exercise control over the administration of the Bank.

The Government were to guarantee the responsibility of the Bank’s establishment.

Directors, who might be “Armenians, Natives or others” had to hold at least one whole share of Rs. 10,000 each.

The power of electing a Director in the case of a vacancy lay with the Proprietors and not with the remaining Directors.

The three Government Directors were to be certain Government officers, *viz.* “A member of the Board of Revenue or Board of Trade, one of the Secretaries of the Government or the Accountant General or Deputy Accountant General, for the time being, or such other officers as Government may think proper to nominate.”

The expenses of the establishment were limited to Sicca Rs. 30,000 per annum, an amount not to be exceeded except by sanction of the Proprietors in General Meeting.

Three Directors were to sign all Bank Notes.

The Secretary and Treasurer, the Head Accountant and the Native Khazanchee were to be sworn to a faithful discharge of their trust before the Governor General in Council.

The books of the Bank were to be balanced half-yearly on the 30th April and 30th October of each year.

The notes of the Bank were to be receivable at the General Treasury and other Offices of the Presidency, but not at Provincial Treasuries without special sanction.

Interest at a higher rate than 12 per cent. was not to be charged on loans.

The maximum which the Bank had power to lend to Government was Sicca Rs. 5 lacs, and to any other party Sicca Rs. 1 lac.

Advances on goods were not to be for more than half their estimated value.

Any person drawing against his account when not in funds was to be fined 1 per cent. in addition to having his cheque rejected.

The Directors were to be prohibited from granting new loans or discounting bills when the cash balance fell below $\frac{1}{3}$ rd of the notes and other claims outstanding payable on demand.

Following the 67 paragraphs of detail came a statement of the estimated working of the proposed Bank which is worth quoting *extenso*. It runs as follows: -

STATEMENT.

SKETCH OF AN ESTABLISHMENT.

| | Rs. | A. | P. |
|--|-------|----|----|
| Salary of the Secretary and Treasurer (who shall also have apartments in the Bank) | 800 | 0 | 0 |
| Rent of a House | 300 | 0 | 0 |
| Salary of a Book-keeper | 300 | 0 | 0 |
| One Portuguese Writer | 100 | 0 | 0 |
| Three Native Writers | 100 | 0 | 0 |
| Khazanchee or Cash-keeper | 300 | 0 | 0 |
| Carried over ... | 1,900 | 0 | 0 |

| | Rs. | A. | P. |
|---|--------|----|----|
| Brought forward ... | 1,900 | 0 | 0 |
| Podars | 120 | 0 | 0 |
| Shroffs and Purkyers | 80 | 0 | 0 |
| Accountants | 80 | 0 | 0 |
| Bengali Writers | 80 | 0 | 0 |
| Coolies, Durwans, &c. | 20 | 0 | 0 |
| Peons | 20 | 0 | 0 |
| Expense of Notes, Stationery, Candles and Contingencies | 200 | 0 | 0 |
| Per mensem, Sicca Rupees ... | 2,500 | 0 | 0 |
| Per annum, Sicca Rupees ... | 30,000 | 0 | 0 |

The following calculations afford some ground for estimating the probable profits of the Bank.

The first supposes a circulation of fifty lacs of Notes including Book Debts not bearing interest.

The second a circulation of thirty lacs only, which is the least that can be estimated. They both show the probable dividend, whether interest be at twelve, ten or eight per cent. They do not, however, include compound interest on short loans and on bills discounted (the interest on the latter being received in advance) which will of course enhance the dividend.

| | Rs. |
|---|-------------|
| The Bank circulating fifty lacs would have received a corresponding amount to lend out at interest, <i>viz.</i> | 50,00,000 |
| Add Capital Stock of the Bank ... | 50,00,000 |
| | <hr/> |
| | 1,00,00,000 |
| Deduct Reserve of Cash to meet out- standing demands, amounting to fifty lacs; one third is about ... | 16,66,000 |
| | <hr/> |
| Cash applicable to loans | 83,34,000 |
| | <hr/> |
| Interest thereon at 12 per cent. per annum is | 10,00,080 |
| Deduct charges | 30,000 |
| | <hr/> |

| | Rs. |
|--|-----------|
| First annual Dividend on the whole Capital of fifty lacs or 19·4 per cent. Sicca Rupees | 9,70,080 |
| Cash applicable to Loans as above ... | 83,34,000 |
| Interest thereon at 10 per cent per annum | 8,33,400 |
| Deduct charges | 30,000 |
| Second Dividend or 16·068 per cent .. | 8,03,400 |
| Cash applicable to Loans as above ... | 83,34,000 |
| Interest thereon at 8 per cent. per annum | 6,66,720 |
| Deduct charges | 30,000 |
| Third Dividend or 12·734 per cent. ... | 6,36,720 |
| In the 1st case the dividend gives an interest on the Capital at the rate of 19·4 per cent. | |
| In the 2nd case the dividend gives an interest on the Capital at the rate of 16·068 | ,, |
| In the 3rd case the dividend gives an interest on the Capital at the rate of 12·734 | ,, |
| Without calculating upon compound interest, &c., &c. | |

SECOND ESTIMATE.

| | |
|---|-----------|
| Circulation of thirty lacs, correspond- ing amount lent | 30,00,000 |
| Capital of thirty lacs, corresponding amount lent | 50,00,000 |
| | 80,00,000 |
| Deduct Reserve of one-third of thirty lacs amount outstanding | 10,00,000 |
| Cash applicable to loans | 70,00,000 |

| | Rs. |
|---|----------------|
| Interest thereon at 12 per cent. per annum | 8,40,000 |
| Deduct charges | 30,000 |
| | 8,10,000 |
| First dividend or 16·2 per cent. ... | 8,10,000 |
| | 70,00,000 |
| Interest thereon at 10 per cent. per annum | 7,00,000 |
| Deduct charges | 30,000 |
| | 6,70,000 |
| Second dividend or 13·4 per cent. ... | 6,70,000 |
| | 70,00,000 |
| Interest thereon at 8 per cent. per annum | 5,60,000 |
| Deduct charges | 30,000 |
| | 5,30,000 |
| | 5,30,000 |
| In the first case the interest on the Capital will be | 16·2 per cent. |
| In the second case the interest on the Capital will be | 13·4 „ |
| In the third case the interest on the Capital will be | 10·6 „ |

Such was the gist of the communication which emanated from the bureau of the Government of India in February 1806, and which planted the seed which germinated into the Bank of Calcutta, and subsequently the present institution—The Bank of Bengal.

The first meeting of the Board of Directors of the Bank of Calcutta was held on the 9th April 1806, and there were present Richard Becher, R. W. Cox and H. St. G. Tucker, Esquires, Civil Servants of the Hon'ble the East India Company, the Government nominated Directors of the Bank. The first business transacted by this purely official Board was the consideration of certain instructions from the Government, which are of some interest.

The first document dealt with was a letter from the Government of India informing the Directors that the Civil Servants of the Hon'ble Company were prohibited from holding shares in the Bank. Such as had already become subscribers were to be notified to withdraw. Following the above came the consideration of a letter which Mr. Director Tucker, the Accountant General, proposed to address to the Secret-Department of the Government of India, regarding the administration of the Bank. The letter advocated the gradual withdrawal of the depreciated Treasury Bills from circulation as soon as it could be conveniently arranged for the notes of the Bank to take their place. It also suggested that the Bank's notes for denominations of less than Rs. 1,000 should be payable at all times in specie, and that the signature of one Director, instead of three as previously suggested, should suffice. The Directors in meeting assembled approved of the suggestions contained in this letter and also arranged to have notes of Rs. 10, Rs. 50, Rs. 100, Rs. 250, Rs. 500, Rs. 1,000, Rs. 5,000 and Rs. 10,000 each prepared; to address Government with a view to—(a), the Law Officers of the Hon'ble East India Company being instructed to give their assistance to the Bank when required; and (b), sentinels being posted to guard the Bank. Such was the business dealt with at the inaugural meeting of the Directors of the Bank.

The next meeting, held on 7th May 1806, gives an insight into the kind of business which Banks were in the habit of engaging in a hundred years ago. The items run as follows:—

READ the following letter from the Commissioner for the Management of the Calcutta Town Hall Lottery.

To R. Becher, Esq.,
„ R. W. Cor, „ } Directors of the Bank of Calcutta.
„ H. St. G. Tucker, „ }

GENTLEMEN,

WE request you will be pleased to acquaint us whether it will be agreeable to you to undertake the sale of the Lottery tickets at the Bank, and to remit the proceeds to the General Treasury as often as they amount to ten thousand rupees; also to undertake the payment of the prizes agreeably to the list containing the numbers of the tickets drawing prizes, which will be signed by us, and for the

amount of which the Treasury order drawn in our favor will be made over to you.

We have, &c.

AGREED that the Bank undertake the sale of the Lottery tickets and the payment of the prizes as proposed in the above letter.

Following the above came a resolution which is not without interest:—

RESOLVED that the following advertisement be published in the *Calcutta Gazette*:—

Bank of Calcutta, May the 1806.

1st.—The Public are hereby informed that the Bank of Calcutta will commence business on Monday, the 2nd June.

2nd.—The Directors of the Bank will meet every Wednesday for the purpose of receiving and determining on all applications for Loans in specie, under clause VIII of the Provisional arrangement for the management of the Bank. A box will be open at the Bank from 9 till 12 o'clock on that day for the reception of such applications, which must be presented under sealed covers addressed to the Secretary, and accompanied by the Government Paper to be deposited as security for the loan.

3rd.—The Directors will also receive, at the same time, tenders for the sale of the Government Treasury Notes, or for advances of money upon the security of such Notes.

4th.—Should the Directors find it necessary to reject such tenders, or the applications which may be made to them at any time for loans, the letters containing such applications or tenders, with the Government Paper, will be returned superscribed "rejected" under a sealed cover addressed to the parties, without any reason being assigned by the Directors for the rejection.

5th.—Whenever an application may be complied with or a tender be accepted, either wholly or in part, the necessary communication will be immediately made to the party by the Secretary, and the accommodation granted with as little delay as possible.

6th.—The Treasurer of the Bank will at all times (Sundays and public holidays excepted), during the established hours of business, receive and comply with all applications for the issue of the Government Treasury Bills, in exchange for the Notes of the Bank. The Treasurer will also comply with all applications for the issue of the Notes of the Bank in exchange for the Government Treasury Bills; the Directors exercising, however, a discretion with respect to the issue of notes under 250 Rupees in exchange for Treasury Bills.

7th.—The Treasurer will receive at all times, as expressed above, applications for bills on the Provincial Treasuries, and such applications will be immediately complied with, either wholly or in part, whenever the Bank may find it practicable to obtain such bills from the public Treasury. A paper will be affixed at the Bank from time to time specifying the rates of exchange at which the bills will be negotiated, and these rates will be moderate in all cases.

8th.—The Notes of the Bank will be issued in the under-mentioned sums, and be signed by one of the Directors of the Bank :—

| | | | | |
|--------|---------------|--|----------|---------------|
| For 10 | Sicca Rupees. | \| | For 500 | Sicca Rupees. |
| ” 50 | ” ” | \| | ” 1,000 | ” ” |
| ” 100 | ” ” | \| | ” 5,000 | ” ” |
| ” 250 | ” ” | \| | ” 10,000 | ” ” |

9th.—The Notes under 250 Rupees will be paid at all times at the Bank in specie.

10th.—All Promissory Notes or other obligations to the Bank are to be made payable to the Treasurer, who will execute the necessary discharges.

Published by order of the Directors

of the Bank of Calcutta.

In February 1807 the period for granting loans was extended from two to three months under the sanction of the Governor General in Council. Immediately succeeding the above came the following Notification in the *Calcutta Gazette* :—

Bank of Calcutta, the 11th February 1807.

Notice is hereby given that the Bank Notes of every description will, from the 16th instant, be paid in specie on demand.

That Bills of Exchange drawn on the Governor General in Council will, from the 16th instant, be discounted at the Bank, whenever it may be convenient, on application being made for that purpose.

That the Bank will open accounts with individuals from Monday, the 2nd March.

Nothing further of particular interest appears to have occurred until the commencement of the year 1809 which brought with it our present institution—"The Bank of Bengal."

CHAPTER II.

The Bank of Bengal, 1809—1839.

THE first meeting of the Directors of the Bank of Bengal was held on Monday, the 2nd January 1809, when all the Directors, Messrs. R. W. Cox, Hon'ble S. G. Tucker, Wm. Egerton, A. Colvin, J. W. Fulton, G. Tyler, John Palmer, James Alexander, and Maharaja Sookmoy Rae, were present. The minutes describe how—"The Directors, having received the Charter of Incorporation from the Right Hon'ble the Governor General in Council, and taken the oaths of office before him, Resolved that the Charter be read." They further resolved to appoint Mr. Tucker, President, Mr. Morton, Secretary and Treasurer, and Ramchunder Rae, Khazan-**1809 & follow-
ing years.**chee. It was also agreed to take over the staff of the Bank of Calcutta for the discharge of the duties of the Bank of Bengal. Directors' Meetings were to be held bi-weekly on Mondays and Thursdays, at 3 P. M. The Treasurer was authorized to grant loans on intermediate days on the deposit of adequate Government securities or bullion. This original Charter of the Bank signed by Gilbert, Lord Minto, was much on the lines indicated in the preceding chapter, and is an interesting document as giving an insight into the monetary and financial customs of the time: it has been reprinted in full, and will be found in Appendix A at the end of this volume. Several of the terms of the Charter are worthy of special notice as being indicative of the particular objects for which the Bank was established. Not more than one lac of stock could be held by a single shareholder, a provision presumably intended to prevent the Bank from falling into the hands of a few monopolists. The limitation of the Bank's advances to Government to five lacs is less easy to understand. In an interesting foot-note on this subject, Mr. Brunyate, in his "Account of the Presidency Banks," writes:—

"This restriction was probably borrowed from the constitution of the Bank of England. The Statute of 1695 prohibited that Bank from making advances *without the express*

permission of Parliament. The restriction was one limiting the powers of the Crown as much as those of the Bank. Pitt got this provision set aside in 1793, and his constant demands on the Directors for advances involved the Bank in the utmost difficulty and peril. The recollection of this must have been fresh in the minds of the founders of the Bank of Bengal. Again, the Bank of England was prohibited from charging a higher rate of interest than 5 per cent. till the modification of the Usury laws of 1839. Other points of resemblance in the constitutions of the two Banks could be referred to."

Another most important item in the Charter was the clause which limited the total liabilities, including the note issue, deposits, and other liabilities of all kinds, to Sicca Rs. 50 lacs, the amount of the Bank's capital. Other points of interest were that there should be two meetings of shareholders yearly, and that upon giving one year's notice the Government might put an end to the Corporation.

On the 19th of January, the Government called upon the Bank to deposit Sicca Rs. 20 lacs of Government Securities with the Treasury, as security against the receipt of the Bank's notes at the Public Treasuries. Early in March the Directors petitioned the Governor General in Council for permission to make advances against the security of Salt and Opium, held by the Public Officers of Government on the Bank's behalf, which was sanctioned. The profits for the first half-year of the Bank of Bengal's existence were declared on the 6th July 1809, and amounted to Rs. 2,44,140-10-0 or $9\frac{1}{3}\frac{3}{4}$ ths per cent. per annum on the Bank's Capital. The Bank's affairs appear to have run with comparative smoothness in these early years, only an occasional item here and there being worthy of record, and that usually more on account of its materially differing from the practice of the present day than for any other reason. For instance, in February 1811, a forged Bank note for Sicca Rs. 500 was presented, and the Directors having recorded their opinion that "a refusal to pay would be attended with the most injurious effects to the circulation of Bank notes: Resolved, that the present forged note be paid, and that it is expedient to pay all other forgeries upon the Bank when presented by persons who have become fairly possessed of them." From August 1816, the Bank commenced to issue notes to represent one gold mohur or sixteen Sicca Rupees. A minute of the following year contains an interesting dissertation on the financial practices current in Calcutta in those days. The Bank's resources appear to have been inadequate to meet the growing trade demand of the times, and

for the first few years of its history the Bank seems to have been somewhat victimized by the shroffee bazaar, who endeavoured to drain its resources just before the busy season commenced, with a view to financing the trade of the country themselves at exorbitant rates. But *autres temps, autres mœurs*, and the wily schemes of the indigenuous financial geniuses, who fabricated this ingenious method of enriching themselves at the expense of the country and the Bank, were firmly taken in hand and put a stop to by the Directors of 1817, who decided that henceforth the rate should be made to "fluctuate according to the demand for money." A special meeting of the Proprietors was held on the 21st January 1819, for the purpose of empowering the Directors to spend a larger sum than that laid down in Section XXII of the Bank's Charter (Sicca Rs. 30,000 per annum) for the expenses of the establishment. The meeting sanctioned an increase of Sicca Rs. 10,000 per annum. One of the reasons given by the Directors for this increased expenditure was the enhanced house rent in Calcutta.

Three years after the above events, in June 1822, the Directors addressed Lord Hastings, the Governor General of the day, on the subject of increasing the Bank's capital from Sicca Rs. 50 lacs to Sicca Rs. 100 lacs, and of modifying in some other respects the existing Charter. Regarding the former point the Directors wrote:—

**Charter of
1823.**

It might be inferred from the extended population and Commerce of Calcutta, since the year 1806, at which period, under the provisional arrangement pending the establishment and incorporation of the Bank of Bengal, the Capital Stock was fixed at 50 lacs, that either that sum greatly exceeded the demand in 1806, for the accommodations of a Bank, or must fall greatly short of it at present. The truth is that 50 lacs of Capital *did* exceed the amount that in 1806 could find profitable employment here in banking business, and much of it was subscribed in public securities bearing interest: moreover a period of commercial stagnation ensued in 1809 and 1810, and the real demand for accommodation was for a time inconsiderable, but not long after the opening up of trade gave a new commercial character to Calcutta, and since this era it has not unfrequently occurred that the community have suffered inconvenience from the inability of the Bank of Bengal to afford accommodation to the

extent required—not that the real demand for accommodation has been uniform—for often funds could not be employed, and great fluctuations still continue to characterise commercial proceedings in this community. Our experience, however, of the state of things for some time past, not only as it respects our own Bank, but other banking establishments in Calcutta, whose very existence indeed is some evidence that our means of accommodation are too limited, has satisfied us, that we are not premature in now soliciting an increase of our Capital Stock to the extent above mentioned.

Another interesting point raised was in connection with the proportion of cash to be held against liabilities. The expression of the Directors was as follows:—

Section XXVI provides that the amount of cash in the actual possession of the Bank shall bear a proportion of $\frac{1}{3}$ rd to the whole amount of notes and other claims outstanding. We are of opinion that with perfect security this proportion may be reduced to $\frac{1}{4}$ th.

The letter concluded with a request that a new Charter might be granted embodying the various proposed amendments. It was signed by the President, Mr. J. W. Sherer, who was the Accountant General and former Secretary of the Bank, and the other Directors. Replying, the Government of India, Territorial Department, enclosed a copy of a letter from Mr. Sherer, in his capacity of Accountant General, to whom the Bank's letter had been submitted, in which the sentiments expressed by no means coincided with those of the Bank's letter in many essential particulars. A second enclosure consisted of the following copy of a Resolution of the Government of India, which to a great extent embodied the report of the Accountant General, *viz*:—

Territorial Department, the 19th September 1822.

FINANCIAL RESOLUTION.

THE sentiments of his Lordship in Council concur generally with the views stated in the above report, and the several propositions contained in it appear to be entirely judicious.

2. Whatever may be the case under different circumstances of the money market, any immediate augmentation of the capital of the Bank would appear to be unnecessary; and,

at all events, it would be premature to adopt such a measure until it shall be seen that the funds of the establishment are insufficient when freed from the restrictions that so unnecessarily narrow their use.

3. Of these restrictions, that by which the Bank is prevented from issuing notes beyond the amount of its capital is plainly preposterous.

4. His Lordship in Council likewise concurs with the Directors and the Accountant General in thinking that, as a general rule, it will be amply sufficient, for the security of the Bank, to require that the cash retained by it shall never be less than $\frac{1}{4}$ th of the notes in circulation. Subject to this limitation, it will, of course, belong to the Directors to regulate their issues with a careful attention to the state of the money market.

5. It also appears to be unnecessary, for the security of Government, to require from the Bank any deposit of Company's paper in consideration of its notes being received at the public Treasuries. Those notes being always payable at demand, and Government reserving to itself the option of restricting the receipt of them in the morassil, if such restriction shall be found necessary, His Lordship in Council concurs with Mr. Sherer in thinking it proper to relieve the Bank from the obligation of vesting any part of its capital in Government securities further than the interests of the establishment itself may appear to the Directors to require.

6. The Resolution relative to this point, which was passed on the 18th January 1809, is accordingly rescinded, and the Sub-Treasurer will be instructed to deliver up to the Treasurer of the Bank the bonds now lodged with him under the operation of that Resolution.

7. This question does not of course touch the Charter, but it has naturally fallen to be considered with the other means of rendering the capital of the establishment available to the utmost extent for banking purposes.

8. While the currency of notes (with the exception of those used merely as a remittance) continues as at present confined to Calcutta, there seems little reason to think that the amount outstanding will ever reach the limit of two crores of rupees. The rule, therefore, fixing such a limit, might be

regarded as superfluous; but, as a general principle, His Lordship in Council is not, however, aware of any objection to the enactment of a rule that the amount of notes in circulation shall never exceed a sum equal to four times the capital of the Bank. Such a rule will answer whatever augmentation may ultimately be made in the capital of the Bank without the necessity of modifying the Charter.

9. The other suggestions of the Accountant General are approved, and do not appear to call for any particular remark further than that, in requiring all bills discounted to be supported by two substantial names: it shall be distinctly provided (as was doubtless intended) that the persons, on whose credit an advance may thus be made without the security of a deposit, shall not be connected in partnership as private Merchants, Agents or Bankers.

Ordered, that Mr. Sherer's report and the copy of the Charter submitted by him, with a copy of the above remarks, be sent to the Hon'ble Company's Attorney, with directions that, in communication with the Bank's Directors, and under the instructions of the Advocate General, he may prepare the draft of a Charter revised on the principles explained in the abovementioned papers. The Advocate General will, of course, at the same time advise the Directors as to the proper forms to be observed in surrendering the existing Charter and accepting a new one.

(A true Copy.)

(Sd.) HOLT MACKENZIE.

As a result of the foregoing, and on conditions similar to those enumerated, the Bank's Charter was renewed on the 29th May 1823 (during the Government of the Hon'ble John Adam), until the expiration of twelve months' notice to be given after 31st December 1827, being an extension for five years.

In consequence of a fraud committed on the Bank some time during the previous year, the dividend **Fraud in 1824.** for 1824 was reduced to 2½ per cent. One of the Company's Loan acknowledgments, upon which the Bank had advanced a sum of Rs. 40,000, was found to have been abstracted and re-pledged to the Bank by a party representing

himself as Soobul Chunder Dey. There was considerable mystery attending the circumstances, which neither Mr Glass, the Secretary, nor the Directors could fathom. The then Khazanchee held jointly with the Secretary the key of the iron chest in which the Company's Paper was deposited, but it is difficult to say how the abstraction occurred. In the investigation by the Police, suspicion rested on the head potdar, one of the Khazanchee's own people, but when the case came before the Supreme Court, it was dismissed for want of evidence. The same year Mr. Henderson was appointed Accountant in the room of Mr. Tyler, who died.

The first suggestion of the Bank's extending its operations outside Calcutta by means of an Agency
Agency at Benares. was made in this year, 1825. The circumstances may perhaps be best explained by an extract from the Directors' Proceedings of the 9th June:—

The President, having stated the existing inconvenient demand for cash in his opinion to be mainly for remittance to the Western Provinces, proposed, and it was—

Resolved, that in order to meet the demand for such remittance, and advantageously convert the Government securities belonging to the Bank into cash, it may occasionally be very desirable to transmit a portion of those securities to the city of Benares for sale, and negotiate drafts against the proceeds thereof.

That, to effect the object, it is necessary for the Bank to have an intelligent and trustworthy Agent at Benares.

That his Lordship the Governor General in Council be respectfully solicited to grant permission for the employment in that capacity of Mr. Prinsep, the Assay Master at Benares, for receipt, by the Collector of Benares, of any moneys Mr. Prinsep may tender on behalf of the Bank at his Treasury, and for the making and issuing of drafts against the same by the Accountant General on account of the Bank.

The President stated that an application, in terms of the foregoing resolution, will have full concurrence of the Accountant General.

This proposition was subsequently approved by the Government and carried into effect.

In July of the same year, the Bank built new premises on the present site at a cost of about Rs. 61,500. **1825 & subsequent years.** The only item of interest in 1826 appears to consist of a letter from the Government exempting the Secretary of the Bank from serving on the Grand Jury. The following year saw Post Bills first issued by the Bank—this class of business having been duly sanctioned by the Government. The following extract from the Proceedings of the 11th October of the same year is not without interest :—

Resolved that, for the accommodation of the public, and in order to obviate the inconvenience now felt in the negotiation of public securities, there be appropriated a room in the Bank for the purpose, to be open daily for one hour, *viz.*, between 2 and 3 P.M., and that all persons desirous to purchase or sell such securities be invited to meet at the Bank where every convenience will be provided for the purpose.

In February 1829, Mr. J. A. Dorin, c.s., who had been officiating as Secretary and Treasurer in the room of Mr. Glass, since 1826, was confirmed in the office. **Rajkissore Dutt's forgeries.** attracted a good deal of attention in this year. The Bank had advanced some Sicca Rs. 3½ lacs upon forged Company's Papers tendered by him for loan. When the papers were taken, in the usual course, to the Secretary for the required advance, Mr. Dorin, thinking he perceived some peculiarity in the printing, which excited his suspicion, sent the papers to the Treasury for examination, in accordance with an arrangement entered into with the Accountant General to the Government in 1828, "that, as a security against fraud and forgery, as well as counterfeit securities, the Bank before making any advance against Government Promissory Notes, should send the notes themselves to the office of the Accountant General, to be verified by the Head Uncovenanted Assistant, who, after comparison with the office registers, was directed to certify to their correctness or otherwise." On their being returned with the assurance that all was right, Mr. Dorin, deeming further objection unjustifiable, passed them. The loan was renewed, but, under the same precautions of that able officer, who still retained his suspicions, the result was the same. When the duplicate numbers turned up, the papers deposited with the Bank were then

only discovered to be forgeries. The exactness of the signatures was so complete, that the public officers, whose names appeared on the papers, could not deny their genuineness. It was very generally believed, at the time, that the signatures were genuine, but had been surreptitiously obtained, and in this opinion the Magistrate, who investigated the case, concurred. Mr. H. T. Prinsep, the Financial Secretary to Government, whose name was appended to the notes, when placed in the witness box in Court, declared, when the notes were put into his hand, that he could not swear that the signatures were *not* his own. There is little doubt that duplicate notes were signed by him, and that, without looking at what he signed, he affixed his name to those so-called forgeries, which amounted to nearly seven lacs of Rupees. Rajah*****'s endorsement was on several of the papers, and there was sufficient evidence to show his signature to have been genuine, and that he participated in the amount raised on the notes. Government, having declined to make good to the Bank the amount advanced upon the reputed forgeries, the matter was referred to the Court of Directors in England. It is not until 1834 that we hear more of this case when, under date June 30th, it was declared that, the Court of Directors of the East India Company having decided against the claim of the Bank to a refund of the amount advanced on Rajkissore Dutt's forgeries, no dividend would be declared, the whole of the profits of the previous half-year being written off to Profit and Loss. The Bank had brought its action against the Government in the Supreme Court and lost it. A want of unanimity, however, on the part of the Judges, had induced the Bank to appeal to the Privy Council, which confirmed the decision of the Lower Court. On its being known that no dividend would be made, Bank Stock fell from Rs. 6,000 to Rs. 4,500, and even to *par* (Rs. 4,000), so great was the consternation in the bazaar. The excitement, however, was merely temporary, and tended only to benefit those who seized the opportunity to purchase all the Bank shares they could meet with; for the following year the shares rose in price to their former standard.

The matter of these forgeries was not, however, even then allowed to drop: in January 1835, the Bank's Directors submitted a memorial to the Governor General pointing out the extreme hardship entailed to the Bank's shareholders by the declaration of no dividend in June 1834, an incident entirely due to the decision of the Privy Council in the above matter, and praying that Government might afford the Bank such relief as might seem to them to be "equitable and proper." A paragraph in the petition

is worth recording as giving an insight into the Bank's system of working at that period. It reads as follows:—

That, consistently with this practice, any person desirous of a loan or temporary accommodation from the Bank, has always been considered entitled to claim the same on making over, duly endorsed, either specially to the Secretary of the Bank, or generally by a signature in blank, Promissory Notes of the Government for an amount somewhat exceeding the loan desired. When the period of the loan expires, the person availing himself of this accommodation is bound to pay the principal and interest of the loan, failing which, penal interest at 12 per cent. is demanded, and the Government Promissory Notes are liable to be sold, and are sold in liquidation.

This Memorial was replied to by the Directors of the East India Company, under date 30th March 1836, in a note which, whilst greatly sympathizing with the unfortunate position of the Bank, regretted their inability to do otherwise than abide by the decision of the Courts. They argued that compliance might lead to their being importuned, and that proper caution was not used by the Bank. They also repudiated all negligence on the part of their own servants.

In April 1829 the Bank was advised that the Board of Commissioners for the Affairs of India had confirmed the renewed Charter granted to the Bank in May 1823. The Hon'ble Court, however, at the same time notified their desire for the surrender of the existing Charter in place of one containing the following modifications:—

**Confirmation
of Charter
of 1823.**

- I.—That the issue of Bank Notes shall be restricted to the sum of one crore of sicca rupees.
- II.—That the grant of accommodation to the public shall cease whenever the treasure in the coffers of the Bank shall be reduced to one-third of the demands outstanding against it.
- III.—The Hon'ble Court have likewise desired that the capital of the Bank may be increased to seventy lakhs of rupees, and have directed that Government Securities to the amount of twenty lakhs shall be lodged in the General Treasury as formerly.

These modifications were strenuously objected to by the Directorate of the day, their reasons being detailed in a lengthy letter submitted to the Indian Government. This representation was in due course referred Home by the Government of India.

It was in 1833, that a half-yearly balance statement of the Bank was first published to the Proprietors and the world at large.

In August of the same year, a letter was addressed to the **Suggested management of Govt. Treasury by the Bank.** Governor General in Council by the Board, pointing out the advantages which would result from the taking over of the disbursements on Government Account by the Bank from the various offices (General Treasury, Presidency Pay Office, Agency Office, and Military and Marine Paymasters' Offices), which at that time performed the functions in question. The existing system appears to have been an exceedingly cumbrous one, as there seems to have been no method for the transfer of monies between certain Government Departments, except by the actual remittance of specie. It was suggested that Government should hold 20 lacs of Government Securities as security on this account, and should remunerate the Bank for the necessary extra establishment which it would have to employ. The next we hear on this subject is a letter from the Accountant General, Mr. Morley, to the Government, strongly advocating the proposed measure and estimating that the saving to Government under the head of reduction of establishment alone would amount to over Rs. 60,000 per annum. A certain amount of correspondence between the Government and the Bank took place during the succeeding three or four years; the Bank offering to carry out the work in question in consideration of a sum of Rs. 2,000 per mensem, and some guarantee against possible loss. This offer was, however, refused by the Governor General in May 1837 under the plea of inexpediency—an explanation somewhat difficult to follow in view of some of the preceding correspondence.

In September 1833, the Bank was the recipient of a letter from the Government expressing dissatisfaction at the facts published in the Balance Statement of the Bank for the preceding half-year. The points to which exception was taken were as follows:—

- Firstly.*—The amount of overdue and unpaid balances.
Secondly.—The nature of some of the advances made.

Thirdly.—Their alleged excess in amount beyond the limits imposed by the Charter, and

Fourthly.—The description of securities said to be held which were forbidden by the Charter.

In commenting on the various points involved, an early explanation of the apparent violation of the Bank's Charter was called for. Immediately following this letter came another from the Government, notifying that it had been decided "to relieve Mr. G. Udny from the duties of Commercial and Marine Accountant, and Commercial, Salt and Opium Auditor, that his undivided attention may be given to those of the Secretary and Treasurer of the Bank of Bengal." From this it appears that up to this date it had been the custom for the Civilian Secretary to the Bank to carry out other duties at the same time. This seems to be the only instance in which allusion is made to such a state of things ever having existed. The letter went on to add that it was proposed to increase the Secretary's salary to Rs. 28,800 per annum, half to be paid by the Bank and half by Government. Replying to the former of these two letters, the Bank went into elaborate details to show how the several apparently unsatisfactory items on its balance statement had been arrived at, the principal reason affirmed being the terrible commercial crisis of December 1832, in which several of the largest agency houses in Calcutta crashed down one after another, bringing ruin to a host of smaller firms.

The Bank's letter pointed out how great had been the assistance rendered to the commercial community at large by the course of action adopted by the Directors, and that more drastic measures on their part would surely have had the effect of enhancing the cataclysm of ruin and failure which had engulfed the Province—a result which would necessarily, by the further contraction of credit at a period of panic, have been highly detrimental to the Bank's interests as well as economically prejudicial to the interests of the country.

Though dates are not in all cases available, it appears that at about the period named the following houses failed with shortages of the amounts respectively specified against their names:—

| | | |
|------------------------------------|-----|-----------|
| January 1830, Palmer & Co. ... | Rs. | 26,00,000 |
| December 1832, Alexander & Co. ... | „ | 34,40,000 |
| Early in 1833, Mackintosh & Co. .. | „ | 24,70,000 |
| Colvin & Co. ... | „ | 12,10,000 |
| Cruttenden & Co.... | „ | 13,50,000 |

Rs. 1,10,70,000

The Bank had transactions with several of these firms, particularly Messrs. Alexander and Co., and when they failed had to take over certain indigo factories, which it held as collateral security, and which it necessarily had to manage after the collapse came. Verbally discussing the situation, the Governor General is reported to have expressed his desire to "let the Bank down as softly as possible," and to allow it to get out of "the scrape" it was in, in the manner that seemed best to the Directors, without further Government interference. He further stated that he was of opinion that the Bank's Charter required considerable revision.

Looking impartially at His Excellency's remarks, after nearly three-quarters of a century and with the full history of the episode before one, it is hard to find justification for his comments. It would rather appear that the Bank Directors were deserving of praise for their handling of the principal financial institution in India during a period of extreme financial disquietude.

A minute of this year shows a refusal on the Bank's part to make advances against piece-goods on the ground of their perishable nature, and the constant care and attention required to preserve them from injury.

Considerable friction took place at about this time with the **Union Bank.** Union Bank—the Bank of Bengal refusing to receive the notes of that institution except as short credits. The episode was brought to a head by the publication of a notice by the Bank of Bengal on the 1st February 1834, refusing to receive any Bank notes other than those of its own issue. This action elicited a remonstrance from "59 of the leading firms," and a very decided protest from the Union Bank, who complained of the aggressive action of the Bank, which they claimed to have been injurious to their credit. The Bank of Bengal held its ground, however, and the matter was eventually dropped.

In January 1835, the Bank was advised by the Government that the Court of Directors of the East India Company had made several suggestions and called for certain information with a view to the granting of a new and amended Charter in place of the existing one. The main questions touched upon in this letter were :—

**Proposed
revision of
Charter.**

- (a) A suggested increase in the Bank's capital.
- (b) A reduction in the nominal value of the shares.

- (c) The opening of branches.
- (d) The abolition of the one lac limit for advances to any one particular party.
- (e) The exclusion from the Direction of the Bank of Bengal of all persons connected with the management of other Banks.

In reply, the Directors generally concurred with the suggestion to increase the Bank's capital, adding, however, that they considered that the minimum proportion of cash in hand to liabilities might well be reduced at the same time to one-eighth or even one-tenth. They further expressed themselves quite in accord with the proposal to reduce the nominal value of the shares. The proposed establishment of Branch Banks also met with moderate approval from them: their remarks on the subject concluding with:—

But we beg to observe that this question appears to us to be one of State policy and general finance, which it behoves the Government rather than ourselves to consider in its effects on the public resources, as well as on the commerce and prosperity of the country. If the Government determine that it is beneficial and safe to extend the influence and dealings of our Bank in the manner indicated, we are quite prepared to second its views in this respect.

The abolition of the one lac limit was considered as likely to be distinctly beneficial to the Bank, and the exclusion of the Directors or officials of other Banks from the Bank of Bengal's Direction was also approved, though not unanimously. Having thus replied to the various points raised by Government, the Directors went on to make a suggestion, which they thought might well be embodied in the new Charter. This consisted of a proposal to create a Reserve Fund for the Bank which "would, of course, be limited, and need not be maintained at a larger sum than one year's average dividends." Some further correspondence terminated in the publication by the Government of a notification in the *Gazette* on 7th March 1835, authorizing an increase of the Bank's capital from fifty to seventy lacs of Sicca Rupees.

On the 6th April of the same year, a Special Meeting of the Proprietors was held to consider the suggested amendments to the

Charter. The Proprietors in the first instance passed a resolution to the effect that "it is not at present desirable to extend the operations of the Bank either by way of branches or agencies, or in any manner to place the assets or responsibility of the Bank beyond the immediate control of the Calcutta Directors." The meeting, with the correspondence before it, then agreed to the following Resolutions:—

- 1st.—That it is desirable that the clause of the Charter limiting the advance to any one party on simple personal security to one lac of rupees be rescinded, and that the amount of such advance be left discretionary with the Directors.
- 2nd.—That the amount of each share of the capital stock be reduced from 10,000 rupees to 5,000 rupees.
- 3rd.—That the scale of votes recommended by the Directors in the correspondence be adopted, the maximum being for 30 or more shares seven votes.
- 4th.—That the clause of the Charter limiting the amount of stock to be held by any one Proprietor to one lac of rupees be rescinded, and that there be no limit as to the amount, but that a clause be introduced to any new Charter authorizing the imposition to a limit, if such should be found expedient.
- 5th.—That it is not desirable to exclude from the Bank direction a Director of another Bank or similar institution.
- 6th.—That there be no Reserved Fund of profits to meet prospective losses.
- 7th.—That the Bank have the power of selling the stock as well as appropriating the dividends in the case of any Proprietor being debtor to it.
- 8th.—That the proportion of the Bank's bullion and specie to its total liabilities be reduced from one-fourth to one-eighth.
- 9th.—That for the additional capital of 20 lacs of rupees, three Directors, to be elected by the Proprietors, be added to the present number of nine, three going out annually by rotation instead of two as hitherto.

10th—That in the stead of a monthly publication in the *Government Gazette* of the last three months average balance of the Bank's bullion and specie, such publication be not made more frequently than *once* every three months, and that the publication to be of the average of the quarter immediately preceding that last ended.

A copy of the foregoing was handed to the Government, who generally approved of the Resolutions passed, except the eighth and ninth, and intimated that the arrangements for drafting a new Charter should be proceeded with. Regarding the eligibility of the Directors of other Banks for seats on the Board of the Bank of Bengal, a good deal of correspondence ensued; a second meeting of the Bank's shareholders was held which confirmed their original Resolution *not* to exclude such gentlemen. The Government were, however, not content with this and insisted on a voting paper being sent to every proprietor in India, with a result that the Resolution of the General Meeting was reversed by a majority of 34. It was at this period that the "new or Company's Rupees" were issued in place of the hitherto existing Sicca coinage, and the Bank decided that the new Charter should be expressed in Company's Rupees, and the new capital as 75 lacs of Company's Rupees, in shares of Rs. 4,000 each, in place of the originally proposed 70 lacs of Sicca Rupees, in shares of Sicca Rs. 5,000 each. The Directors also determined that the Bank keep its accounts from the 1st January following in Company's Rupees, that an advertisement be published in the daily papers notifying accordingly, that from that date the Bank would issue no other coin, and that parties having accounts with the Bank be requested to draw their cheques expressing value in Company's Rupees only."

As a result of the foregoing an Act (XIX of 1836) was granted by Lord Auckland, embodying the details mentioned regarding increase of capital and conversion of the same from Sicca to Company's Rupees. This Act was passed as a provisional measure pending the sanction of these and other details in the proposed new Charter.

**Act XIX of
1836.**

In November of the same year (1836), the Bank received through the Government of India copies of correspondence which had passed in England between the Hon'ble Court of Directors of the East India Company and the Projectors of a "Great Banking Establishment," proposed for British India, and

**Proposed
"Bank of
India."**

was requested to comment on the suggested scheme. The idea originated in London, the signatories to the letter, addressed to the East India Company, being a large number of influential merchants having business relations with India and China. The scheme itself was for the foundation of a "Bank of India," to be established by Act of Parliament, and to hold a Charter from the East India Company. In the memorandum discussing the project, its promoters made some pertinent remarks regarding the limitations of the Bank of Bengal's sphere of usefulness and the compressing effects of the rigid Charter and intimate association with Government. Reading this document some seventy years after its publication, it can but be admitted that its authors deserve congratulation on their almost prophetic utterances regarding the Institution which was then and is now the leading Bank in India.

Regarding the Bank of Bengal in 1836 the memorandum runs :—

But the constitution of the Bank of Bengal prevents its becoming as efficient an instrument for the Public service, and for the Public interests of British India, as a Bank ought to be and might be made. The defect in its constitution is its immediate connection with the Government. A Bank in India to be really useful should rely upon its own resources, and its connection with the Government should not be one of partnership, but of superintendence on the part of the latter. Government should share neither responsibility nor profit, but keep the action of the Bank steady within its prescribed limits.

That the Government at times requires for Financial and Revenue operations in peace, and for its expenditure in war, the aid of a wealthy Bank, is undeniable ; but the primary object of its establishment should not be to afford assistance to the Government. This, it is to be feared, will, however, always be the case when the Government are at once partners and managers of a Bank.

But, notwithstanding its identity with the Government, the Bank of Bengal is not what a wealthy, independent Bank might be, *viz.*, the Government Bank transacting the Government business.

The Bengal Government keep their Treasury quite distinct from the Bank of Bengal, but a Bank properly constituted might supersede the necessity of the Treasury, the Financial Agency at Canton (?) and Madras, and thereby occasion a considerable saving to the East India Company. A Bank relying upon its own resources, and those resources known to be large and adequate to its operations, might, adhering strictly to Banking principles, not only transact at a moderate charge the Public Business, but manage the payment of interest on the Public Debt, and facilitate the receipt of the Revenue, and its subsequent diffusion through the various channels of the Public expenditure.

The Directors of the Bank after a lengthy criticism of the proposed institution recorded an unfavorable opinion of the scheme propounded. This opinion was also concurred in by the Proprietors at a Special Meeting held to consider the subject on the 10th June 1837.

It was also decided on the above occasion that there was no objection to the new Charter still in preparation conferring the power of establishing Branch Banks or Agencies, should it be deemed expedient to do so in the future. Another point determined by this meeting was "that the Bank was prepared to receive its new Charter or Deed of Re-Incorporation in the form of an Act of the Legislative Council," provided there be inserted therein clauses giving a distinct pledge as to the period for which the Act shall continue in effect, and in respect to the conditions of its revocability, and provided the Bank Directors shall be advised that the Local Act will be of equal effect in England as in India in giving to the Proprietors corporate protection in the exemption from personal liability.

The following Resolutions were also amongst those passed :—

That Directors who go out by rotation ought not to be immediately re-eligible.

That the number of Government Directors be reduced from three to two giving one Government Director for every $5\frac{1}{2}$ lacs of stock, and the public one Director to every $6\frac{1}{2}$ lacs of stock.

Another Meeting of Proprietors was held in April 1838, when it was resolved to increase the Bank's Capital from Company's Rs. 75 lacs to Company's Rs. 112½ lacs. This Resolution was confirmed by Act XXIV of 1838. At a further meeting on the 15th February 1839, the Proprietors resolved as follows:—

That the Proprietors approve and accept the Draft Act laid before them at this meeting, as modified under the orders of the Hon'ble Court and published in the *Gazette of Calcutta*, and consent to surrender their existing Charter upon the passing of the said Draft of Act into law from which date it will take effect.

Shortly afterwards this much discussed Act (VI of 1839) came into being. The following are amongst the principle points on which it differed from its predecessor, the renewed Charter of 1823:—

The Act of 1839 repealed the Charter of 1823, Act XIX of 1836 and Act XXIV of 1838.

The amount which the Directors were authorised to spend on establishment without reference to the Proprietary body was increased to Rs. 60,000 per annum.

The limit of advance to one party was raised from one lac to three lacs.

The Bank's note issue was limited to two crores.

The formation of a Reserve Fund was sanctioned; the same not to exceed 5 per cent. of the Capital Stock of the Bank.

The establishment of Branch Banks was authorised.

The Act was to run until 1st May 1846 and thereafter until further notification.

From the above it will be noticed that no change was made in the proportion of cash to liabilities, which still remained at one-fourth as in the Charter of 1823. The Bank's suggestion that it

should be altered to one-eighth, though supported by the Government of India, was vetoed by the Directors of the East India Company. Another point of considerable interest is that on this occasion the Government offered the Bank the power of conducting exchange operations with England; this facility, however, the Directors of the day did not see fit to avail themselves of, as after the words "buying and selling bills of exchange" in the draft Act, they made the significant addition "payable in India."

In March 1837 the Bank first undertook the custody and realization of interest upon Government and other securities. The pay of the Secretary was raised in this year from about Rs. 2,500 mensem to about Rs. 3,000 per mensem, Rs. 1,250 of which was paid by Government. At the same time it was decided that the services of a Deputy Secretary were necessary, and there was some discussion as to whether he should or should not be a Covenanted Civilian. Government eventually decided that this was not necessary, and Mr. Henderson, the Head Accountant, was appointed to the post on Rs. 600 a month.

The Bank's Note Issue.

Before proceeding further with the History of the Bank, it will not be out of place to devote a little consideration to the Bank's note issue in its earlier years. The original idea for the creation of a semi-State Bank in Bengal emanated from Mr. Tucker, the Accountant General at Fort William, as far back as the year 1801. In advocating his scheme, Mr. Tucker expressed his opinion that "the establishment of a Bank, besides securing many commercial advantages, would prevent the depreciation of the Government bills, by introducing a new customer into the market, who would always be provided with a store of specie." It was therefore freely admitted by the promoter of the suggested plan that the main result to be derived from the adoption of his scheme was the amelioration of the Government's depreciated paper by the introduction of the Bank's convertible currency notes, and that the commercial benefits likely to ensue were but of secondary importance. This view was endorsed by the Government of Bengal. When the Bank had once started, it did not take long to show that Mr. Tucker's ideas, as to the benefits which Government would derive from its creation, were well founded. The value of Treasury Bills soon reverted to a more healthy figure as the Bank's notes came into general use. Every precaution was taken by Government to safeguard its nursling and to see that it fulfilled the purpose for which it was brought into being. At the very beginning

the Bank's notes were only accepted by Government in Calcutta, but afterwards orders were issued for their receipt at all Treasuries in the Lower Provinces. These latter orders were in force in 1836, when the Bank asked Government to receive its notes at Treasuries in the North-Western Provinces. Sanction to this, however, was not accorded, as Government feared that such procedure might damage its exchange operations. At about this period the average circulation amounted to, roughly, Sicca Rs. 120 lacs. In this manner the first few decades passed without calling for any particular comment. The Bank's note issue was being carefully nursed into adolescence, and the people of the country familiarized with the use of convertible paper money. The Government even went to the extent, when the Charter of 1839 was under discussion, of suggesting the starting of Branches in the mofussil with a view to extending the Bank's note issue. The reason for this policy was to appear at a later date.

The period covered by this Chapter saw a good many changes in the various other Banks established in Calcutta. The Commercial Bank, the Calcutta Bank, the Agra and United Service Bank, the Union Bank, which was built up upon the ruins left by the catastrophes of 1832-33, the Government Savings Bank and the Bank of Mirzapur came in existence. The Calcutta Bank failed in 1829, the Bank of Hindustan, which had been in existence since 1770, the Commercial Bank, and several minor institutions, went under in the terrible crisis of 1832-33. The Bank of Mirzapur was never more than a weakling and collapsed in 1837, two years after its birth. The Bank of Hindustan was afterwards resuscitated, but failed a second time, it is believed, in 1866.

CHAPTER III.

The Bank of Bengal, 1839—1860.

Mirzapur Agency.

ONE of the most important matters which was under consideration at the period at which this Chapter commences was the proposed opening of branches at various trade marts in the mofussil. The city of Mirzapur was selected for the initial experiment, and Mr. Claud Hamilton, of Messrs. Hamilton, Higginson & Co., of that city, was appointed Agent. The usual route for freight to Mirzapur was by boat, and the time of transit five or six weeks. The Bank's treasure was kept in separate chests in the Treasury, and under the Treasury guard. The first half-year's profit on the working of this Agency amounted to Rs. 13,791-3-10.

The Bank's Secretaryship.

In December 1839, Mr. G. Udny resigned the Secretaryship, and in advising Government of the fact, the Directors took the opportunity to enquire whether, in the event of a non-official Secretary being appointed, Government would continue to pay a portion of his salary. This Government declined to do, as they averred that the motives for an augmentation of salary, which had existed in the case of a Civil Servant, would no longer apply. Closely following Mr. Udny's resignation came a letter to the Directors from the holders of some 1700 or 1800 of the Bank's shares, urging that a mercantile man and not a covenanted civilian be appointed to the vacant office. The matter was brought up for discussion in the Council Chamber, with the result that a minute was drawn up on the subject, which was ordered to be communicated to the Directors of the Bank. The minute runs as follows :—

RESOLUTION :—It appears that by the constitution of the Bank, as established by Act No. VI of 1839, the appointment of all officers is vested in the Directors for the time being,

whereof three are nominees of the Government, and that since the Bank of Bengal was first established by Charter, the same has been the legal footing on which these appointments have stood. But on all past occasions the Directors, desirous apparently of strengthening their connection with the Government, have appointed a member of the Civil Service, who latterly has been lent to the Bank for the exclusive performance of the duties of Secretary and Treasurer in that establishment. Consequently upon this arrangement, the Government, reposing implicit confidence in every part of the Bank management, has prosecuted through its agency the important experiment of seeing to what extent a Paper Currency can safely and conveniently be introduced into India, and was prepared to have continued measures to the same end through the same agency, on which account the power of establishing branch banks in the interior with the sanction of the Government and the Court of Directors has been conferred by the late Act of Incorporation.

But if the relation of the Bank towards the Government be changed in so important a particular as the appointment of the principal ministerial officer, through whom all the notes and paper of the Bank are issued and controlled, it becomes a serious question whether to continue the same confidential footing in respect to receiving the notes and other paper in the Treasuries of the Government in the interior: and the President in Council is of opinion that in lieu of joining in any further measures for extending the circulation of paper money of the Bank's creation, it will be necessary, either to relinquish altogether such intention, or to devise an agency that shall be more subject to the control, and more entitled to the confidence of the Government, because managed ministerially by an officer bound to the Government by covenant and by the ties and advantages of the Civil Service. So far as concerns the Banking business of this great commercial city, the President in Council freely admits that a commercial man, selected for his aptitude for business and for acquaintance with the credit of individuals and with the wants of the commercial community, might perhaps be a fitter head ministerial officer than a Government servant trained in the forms of general business only, which are incident to the Departments of administration.

If the Directors, therefore, desire to confine their views to the banking business of Calcutta, or to make their principal aim separately from the profits of the extended circulation obtained through the aid of the Government, the President in Council would unwillingly interfere in the selection of the Secretary, but it is necessary that they should make their choice with a full knowledge of the probable consequences of a deviation from the practice established in respect of the election of Secretary to the Institution.

At the ensuing meeting of the Bank's Directors, the three Government Directors moved that the Secretary to the Bank should be a Government servant: this proposition, however, was dissented from by the whole of the six mercantile Directors, and Mr. Thomas Bracken, formerly of the Agra Bank, was appointed Secretary. The mercantile Directors at the same time drew up a somewhat lengthy minute expounding the position clearly, and quoting the reasons which had influenced them in their selection of a non-official Secretary. This minute was most strongly objected to by Mr. Government Director Prinsep, who wrote his colleagues a voluminous reply to their arguments. Mr. Bracken's election was duly confirmed by a Special Meeting of the Proprietors, held on the 6th February 1840, the meeting at the same time recording their opinion that "the proprietors now present cannot for one moment suppose that the contingency expressed in the minute of Government, dated 13th January last, could ever be carried into effect in justice to the proprietors or the interests of the Government, and that these sentiments are recorded for the satisfaction of distant proprietors".

In this year the Union Bank made several overtures to the Bank in order that its notes might be received as cash. The Directors, however, adhered to their decision of 1834.

1840 and following years.

At the Annual General Meeting of the Proprietors, held on 3rd August 1840, we find the following Resolution:—

RESOLVED *nem con* that under Clauses 23 and 36 of the Act VI of 1839, commonly called the Bank Charter Act, power be given to the Directors of the Bank to increase the establishment to such extent as they may think necessary with reference to the increasing business of the Institution, and to make provision for the salary of the Secretary,

consequent to the withdrawal of that portion heretofore paid by the Government, provided that the total charge does not exceed Company's Rupees one lac and twenty thousand (Co.'s Rs. 1,20,000) per annum.

One or two of the Rules of Business of the Bank as published in 1840 are worth recording :—

The Bank receives and pays no notes but those of its own issue.

The Bank takes charge of Government Securities, Bank of Bengal and Union Bank Certificates, and realises Interest and Dividends on the same free of charge for constituents.

In 1841 the Directors decided that in future the Bank would not realize interest on Company's Paper deposited with it as security for advances. This year was principally noticeable on account of several frauds which took place, particularly one in the Cash Department, whereby the Bank lost Rs. 34,000. In August the Directors of the recently started Bank of Bombay intimated that they intended to open a Branch in Calcutta. They, however, never appear to have carried out their intention. A Directors' minute of the following year shows that the Bank was in the habit of refusing to make purchases of Government Paper on behalf of its constituents, it being considered that this came under the head of agency business, from which the Bank was directly precluded under its Charter. The minimum sum for which an advance could be taken against Company's Paper was Rs. 3,000 in these days. At the Annual General Meeting of Proprietors, held on the 1st August 1842, it was resolved "in consequence of the great increase of the business of the Bank to extend the sum allotted for establishment to Company's Rs. 1,30,000 per annum. In 1843 the Bank's records show mention for the first time of the Bank of Madras, for whom it agreed to act as correspondent in a similar manner to that in which it acted for the Bank of Bombay. From 1844 the Bank engaged a medical attendant for its employes. A pathetic incident is detailed in the Proceedings of November 1846, when one Roop Chand Set, Head Examiner of Bank Notes, was granted a pension at the age of 75 years, and after 40 years' service in the Bank. But three weeks after this grant of pension it is recorded "that the old servant of the Bank, to whom the Directors gave two-thirds of his salary recently on his retirement after 40 years' service from age and infirmity, died this morning. The cause of his death is supposed to have been excitement deranging the circulation of the heart and lungs, consequent to his delight at a sufficient

provision for his declining years, a case similar to that of Baron de Bode, as reported at the inquest on that nobleman."

In February 1847, Mr. Thomas Bracken, the Secretary, resigned, and was succeeded by Mr. Charles Hogg. In taking leave of Mr. Bracken, the Directors placed on record their opinion of his services to the Bank; the Resolution being drafted in the following terms :—

In accepting the resignation of their Secretary, Mr. Thomas Bracken, who has so long administered the affairs of the Bank, and devoted to that purpose abilities of the first order, the Directors desire to express their regret at the loss of an officer, so peculiarly adapted to the situation he has filled, and to place on record their entire approval of his firm and impartial conduct in the discharge of duties, often of a very complicated nature, and in the performance of which his uniform study has been to promote the interests of an institution, the importance of which must be estimated by the reflection that its operations influence, and in a great degree regulate, the money markets of India.

January 1848 saw the closing of the Mirzapur Agency, the Bank's first experiment in opening branches in the mofussil.

It was in this year that the Bank received for the second time in its history, a communication from Government complaining of an alleged infringement of the Bank's Charter. The letter from Government gave cover to a copy of an extract from a despatch from the Court of Directors of the East India Company. The principal grievance complained of was that the Cash Balance of the Bank had for four months, from April to July 1846, been permitted to fall below one-fourth of its Liabilities. The fact that the Bank held at the time a very large amount of Government Paper, was considered by the East India Company to strengthen the propriety of their objection. They complained that the Bank usually kept far too much locked up in Government Securities, and "but for the retention in the General Treasury at particular periods of large amounts of its notes, the Bank would consequently have been exposed to the greatest risk." The despatch was by no means over-courteous in tone, its concluding paragraph being :—

It is therefore obvious that the Directors think but lightly of an infringement of the Bank's Charter. This is an

impression which we cannot suffer to continue. Having acted with manifest imprudence in investing so largely in Government securities, they cannot be permitted to escape the natural consequences of their imprudence by a breach of the law. The provisions of the Charter are binding upon those who have the administration of its affairs. It is not for them to determine whether they will adhere to the provisions or not; they have no choice but to conform to them; nothing can justify a departure from that which their Charter prescribes, and we desire it to be distinctly understood that any wilful violation of the law by the Directors of the Bank will render their Charter liable to resumption.

Replying to this letter the Directors entered a protest against "the language in which the strictures of the Hon'ble Court are couched," and furnished a lengthy justification of the procedure of the Board in 1846. This reply was signed by all the Directors except Mr. Government Director G. Udny, the Sub-Treasurer, who, holding entirely different views from his colleagues, thought fit to address Government separately in defence of himself, as having been a Director in 1846. This letter was returned to Mr. Udny "as his Lordship in Council does not deem it expedient or usual that the Government should receive communications from individual Directors of public bodies." Mr. Udny thereupon submitted an elaborate memorial, through the Government of India, to the Hon'ble Court of Directors of the East India Company. This the Directors of the East India Company refused to consider. In July 1846, Mr. Charles Hogg, the Secretary to the Bank, submitted his resignation, but, after the same had been accepted, asked permission to withdraw it. This was granted, and at the same time a resolution was placed on record, applicable to all future Secretaries, to the effect that they could not resign the office without three months' notice of their intention to do so.

In February 1851, Mr. Hogg resigned the appointment of Secretary and Treasurer, and Mr. (afterwards Sir William) Grey, c. s., was appointed in his stead. A minute was at the same time placed on record testifying to the appreciation in which Mr. Hogg's services to the Bank were held by the Directors. Up to this date the European Staff of the Bank had consisted of three European officers, the Secretary and Treasurer, the Deputy Secretary, and the Accountant: in 1852, however, the increasing

**1851, and
following
years.**

work of the Bank necessitated the appointment of a fourth or junior officer, who was appointed on a salary of Rs. 400 a month. Mr. G. W. Moultrie was selected to fill the vacant post. Officers on leave, at this period of the Bank's history, were allowed one-third of their substantive pay as leave allowance.

In June 1853, the following Resolutions were passed by the Board :—

“That the Bank of Bengal ought not to hold any portion of its capital permanently invested in Government securities.

“That in accordance with the above Resolution, measures be taken for disposing of the paper now held by the Bank before the state of the market becomes such as to call for an increase of the present rates of the Bank.”

Mr. Grey resigned the Secretaryship in April 1854, on appointment as Secretary to Government. He was succeeded by Mr. W. Maples, c. s., who unfortunately died after having held the office for a few days under a month. On Mr. Maples' death, the Deputy Secretary, Mr. J. B. Plumb, was appointed Secretary and Treasurer, and Mr. J. H. Lee, Deputy Secretary. In 1854, under Act XXI of that year, the Deputy Secretary was authorized to sign for the Bank, and power was given to make advances against shares of guaranteed Railways. In November

1855, and under the authority of Act No. XXVII of the same year, the Bank gave notice that it was prepared from 1st January 1856 to receive, purchase, sell and realize interest on securities or shares, at the same charges as hold good at the present day.

It was also in the latter part of 1855 that the Bengal Chamber of Commerce approached the Government, with reference to a proposal which had been made to them that they should take steps to bring about the publication of a weekly

statement of the Bank's circulation and bullion. In bringing the matter to the notice of the Government, however, the Chamber pointed out that they did not consider that it would be quite fair to ask the Bank to publish such returns, unless the Government led the way by the publication of a half-yearly budget showing expected revenue and proposed outlay, and of monthly statements of actual efficient cash balances in the Treasuries throughout India. Replying to this letter the Government indicated that they saw no

**Acts XXI of
1854, & XXVII
of 1855.**

**Publication
of Weekly
Statement.**

necessity for the publication of any of the official figures asked for, but added that they considered that it was desirable that a weekly statement of the affairs of the Bank should be available for the inspection of the public, and that they proposed to recommend the Bank's Directors to carry out this suggestion. This was duly done and the proposal carried into effect for the first time in January 1856.

The following is a copy of the first published Statement:—

Statement of the Affairs of the Bank of Bengal for the Week ending 16th January 1856.

| LIABILITIES. | | | ASSETS. | | |
|-------------------------------|-------------|--------|---|-------------|--------|
| | Rs. | As. P. | | Rs. | As. P. |
| Proprietors' Capital | 1,07,00,000 | 0 0 | Government Securities | 25,18,796 | 5 10 |
| Reserve Fund ... | 1,98,245 | 8 4 | Dues from Government | 22,459 | 9 10 |
| Current accounts... | 85,76,740 | 14 1 | Mint certificates undue | 48,94,149 | 15 11 |
| Other claims ... | 97,892 | 9 10 | Cash | 61,29,708 | 4 2 |
| Bank Notes and Post Bills ... | 1,46,86,852 | 9 11 | Loans on deposit of Securities, Accounts of Credit on do. | 1,76,06,819 | 9 9 |
| | | | Government Bills discounted | 94,306 | 7 7 |
| | | | Mercantile Bills discounted | 28,30,187 | 9 9 |
| | | | Dead Stock | 1,63,303 | 11 4 |
| Rupees ... | 3,42,59,731 | 10 2 | Rupees ... | 3,42,59,731 | 10 2 |

Published by order of the Directors,

(SD.) C. N. COOKE,
Accountant.

(SD.) J. B. PLUMB,
Secy. & Treasurer.

**Protest
by certain
Proprietor's
regarding
various
matters.**

At the Annual General Meeting, held on the 4th August of the same year, a resolution was passed granting Rs. 25 to each Director on the occasion of his attendance at the weekly Board Meetings. Previous to this date no fees had been paid to the Directors of the Bank. A month later a letter was received from the Government of India, enclosing a copy of a Memorial which, without any reference to the Bank, had been sent to the Governor General in Council by some 31 Proprietors. The Memorial was a lengthy one and inveighed against the management of the Bank on various points; the most important accusations being :—

- (a) That the proposal to remunerate the Directors had been “hustled” through an unrepresentative meeting, without previous notice to the Proprietors, and that such remuneration was absolutely unnecessary.
- (b) That the expenses of the Bank had been permitted by the Directors to greatly exceed the amount sanctioned by its Charter.
- (c) That the six Directors of the Bank at present nominated to represent the shareholders had many of them no permanent interest in the welfare of the Bank.
- (d) That nothing like an open election for them takes place, and that they often acquire their shares in the Bank only after nominated to the direction by a small party who have got hold of the management of the Bank, and that the shares affording a qualification are generally disposed of immediately upon the retirement of the Directors from office.

The memorialists then went on to crave the Governor General in Council to exercise “an inquisitorial power” over the Bank’s affairs, as he was entitled to under Clause XXXIV of the Charter. They further expressed their opinion that an Annual Report of the Bank’s working should be published for the benefit of the Proprietors. In forwarding this memorial, the Governor General intimated that he did not propose to interfere in the matter, but called attention to the alleged infringement of the Charter. He also added that the Government Directors had been forbidden to receive any fees from the Bank. An acknowledgment

was sent intimating that the provisions of the Charter had always been substantially observed, and that the increased expenditure for establishment, caused by the Bank's increasing business, had been duly sanctioned by the proprietors.

The question of the acceptance of the attendance fee by the elected Directors was then discussed, when it was resolved to defer the matter until the 15th December following, with a view to give the Proprietors further opportunity, if they thought fit, to convene a general meeting to rescind the resolution passed at the preceding annual meeting. The next item on record in this connection was the receipt by the Directors of the Bank of a letter, signed by 15 Proprietors, calling a special meeting of the shareholders of the Bank. It is worth recording, and reads as follows :—

TO THE DIRECTORS OF THE BANK OF BENGAL.

WE request you to take notice that it is our intention to hold a general meeting of the shareholders of the Bank at the premises of the Bank, on Monday, the 8th December next, at 12 o'clock, in accordance with the provisions of Clause XXXVII of the Bank Charter, for the following purposes :—

1st.—To ascertain the nature and extent of the defalcations recently brought to light in the funds of the Bank.

2nd.—The causes which have led to the defalcations.

The Secretary in whose time they occurred.

The reason why they have been concealed so long and the remedies proposed by yourselves.

3rd.—The annual expenses of the Bank for establishment, law charges and miscellaneous objects.

4th.—The sums expended on new buildings.

5th.—Whether the provisions of Clause XXIII of the Charter have been observed which provides for no increase in the establishment of the Bank without previous authority from the general meeting of the Proprietors, and generally to ascertain the present position and future prospects of the Bank.

6th.—To consider and confirm or rescind, if expedient, a vote obtained without previous notice at the last meeting of the Proprietors of the Bank for conferring a gratuity of Rs. 25 on the Directors at each of their meetings.

7th.—To provide by application to Government for an amendment of the Bank Charter, whereby no measures involving an alteration in the constitution of the Bank, or an increase of its charges and establishment, or the expenditure and disbursement of monies on account of the Bank, shall be brought forward and passed at general meetings of the Bank, without due notice being given in the *Government Gazette* for a month at least previous to such General Meeting, and lastly, to provide for an annual printed Report from the Secretary and Directors of the Bank to the shareholders, showing :—

The position of the Bank including the profits made and losses incurred during the previous twelve months.

The Balancing of the Books.

The increase or diminution in the expenses of the establishment and the causes for the same, together with the amount expended for legal charges, etc., etc.

And generally, any other information which it may be desirable for the shareholders to possess with the view of securing the utmost possible publicity as to the affairs of the Bank, compatible with the interests of its constituents and the public.

SIGNED BY 15 PROPRIETORS.

The defalcations mentioned in clause (1) referred to certain discrepancies which had not long previously been discovered in the Bank's Account Current Ledgers, which do not appear to have ever been properly balanced up to this time. The system in vogue necessitated the use of one set of ledgers in English and another in Bengalee, the one being supposed to check the other. On the discovery of the discrepancies, the Directors had caused a very searching enquiry to be made in the matter, with the result that defalcations amounting to nearly Rs. 20,000 were made good, and

a new and satisfactory system of working with Check Ledgers in English was introduced.

With regard to the shareholders' letter, the Directors had compiled a statement, answering their various questions, which was submitted at the meeting, which, after an adjournment, took place on the 18th December 1856. The following is a report of the Proceedings, which shows that the shareholders who objected to the policy pursued by the Board met with defeat on every point:—

Proceedings of an Adjourned General Meeting of the Proprietors of the Bank of Bengal, held at the Bank, on Wednesday, 18th December 1856.

Mr. C. Hugh Lushington in the Chair.

The Chairman read the questions contained in the notice addressed to the Directors of the Bank, dated the 3rd ultimo, signed by certain shareholders of the Bank, and representatives of shareholders, and the replies of the Directors thereto.

The following question was then proposed by Mr. George Ashburner, and seconded by Baboo Govin Chunder Dutt—

That a month's previous notice be required for the consideration of all propositions to be submitted to any general meeting of the Bank involving an increase of the establishment of the Bank, or an appropriation of money for any purpose whatever exceeding Rs. 1,500 per annum, or an alteration of the Bye-laws made by the Proprietors of the Bank, and that the Secretary be directed to publish in the *Government Gazette* a copy of the propositions to be submitted at such general meeting for one month previous to the meeting, and that the Government be respectfully applied to, to alter the Charter of the Bank according to the terms of this Resolution.

Mr. George Brown moved as an amendment that the words, "an increase of the establishment of the Bank, or an appropriation of money for any purpose whatever exceeding Rs. 1,500 per annum," and the words "and that the Government be respectfully applied to, to alter the Charter

of the Bank, according to the terms of this Resolution," be omitted from the Resolution, also that it be resolved that—

The Directors be allowed a discretionary power to sanction such contingent charges, and to appoint such extra establishment over and above the existing limit of outlay, as may from time to time appear to them absolutely necessary, such increase to continue in force until approved, or disapproved, by the Proprietors at the next ensuing general meeting.

The amendment was seconded by Mr. H. Cowie, and carried.

Mr Ashburner then proposed the following Resolution :—

That the Directors be required to publish, half-yearly, a statement of the position of the Bank, showing the profit and loss, the office charges in detail, the amount of each salary above Rs. 100 paid by the Bank, the bad debts made during the half-year, the law charges, the sums expended upon buildings and repairs, and a statement of the balancing of the books, together with any other information regarding the business of the Bank, which it may be desirable for the Proprietors to obtain.

The Resolution was seconded by Baboo Kylas Chunder Dutt, and carried *nem con.**

* MEMO.—It was understood that in the event of any suggestions being hereafter submitted to Government by the Directors for an alteration in the Charter Act of the Bank, the substance of the propositions contained in the second Resolution, and that part of the first Resolution proposed by Mr. Ashburner, which has been adopted by the meeting, shall be included in the alterations to be proposed by the Directors.

It was then proposed by Babu Heeralal Seal, second by Mr. Ashburner—

That the Directors be recommended, with a view to the next vacancy in the Secretaryship of the Bank, to consider whether a competent person for the situation may not be obtained from England, with great advantage to the Bank. Such person to be fully

acquainted by practical experience with the most improved system of Banking and Bank Book-keeping in England or Scotland.

Upon which Mr. David Cowie moved as an amendment—

That the question suggested by Baboo Heeraloll Seal be left to the discretion of the Directors.

The amendment was seconded by Mr. J. H. Fergusson, and carried.

The following Resolution was then proposed by Baboo Govin Chunder Dutt, and seconded by Mr. Ashburner :—

That the vote of the last meeting of the Proprietors of the Bank, conferring a gratuity of Rs. 25 upon the Directors for each attendance, having been obtained without notice to the shareholders generally, and by a vote of only six shareholders to three, be rescinded, and the question of remuneration for the Directors (if required by the advocates of the measure) being a very peculiar one, be submitted for the decision of the shareholders generally, both absent and present, by a circular letter signed by the Secretary requesting their vote upon the point.

Mr. David Cowie moved as amendment—

That this meeting of Proprietors desire to record their satisfaction with the general management of the affairs of the Bank, under the present Directors and Secretary, their approval of the Resolution of the last general meeting which authorized a fee of Rs. 25 to each Director for his weekly attendance at the Board, and their opinion that the means recently adopted by the Directors to trace certain long-standing discrepancies in the accounts of the Bank will prove amply satisfactory to Proprietors and the Public.

The amendment was seconded by Mr. D. Mackinlay, and upon being put to the vote, was carried by a large majority composed of the votes of 10 Proprietors present, and 13 votes by proxies, from gentlemen resident in Calcutta, upon this special question.

A vote of thanks was then accorded to the Chairman and the meeting broke up.

(SD.) C. HUGH LUSHINGTON,

Chairman.

In compliance with the resolution of the above meeting, the first published half-yearly report of the Bank's affairs was issued on the 15th January 1857, relative to the position of the Bank for the half-year ending 31st December 1856. This report, the first of a series which has been maintained uninterruptedly ever since, contains one or two items which may be extracted with advantage. For instance, a glance at the Bank's Statement after its first fifty years of strenuous life through more than ordinary perilous times, when considered from a commercial standpoint, cannot fail to be of interest. The following are the figures:—

Statement of the Affairs of the Bank of Bengal for the Half-year ending 31st December 1856.

| LIABILITIES. | | | | ASSETS. | | | |
|---|-------------|-----|----|---|-------------|-----|----|
| | Rs. | As. | P. | | Rs. | As. | P. |
| Bank Notes and Post Bills | 1,82,06,851 | 1 | 11 | Cash | 1,08,12,357 | 10 | 1 |
| Current Accounts ... | 95,82,620 | 7 | 1 | Government Securities... | 17,12,147 | 11 | 3 |
| Cash Credits Undrawn ... | 26,70,956 | 11 | 3 | Dues from Government | 2,65,754 | 13 | 3 |
| Other Claims, payable on demand | 9,220 | 0 | 0 | Mint Certificates Undue | 30,91,092 | 7 | 0 |
| Proprietors' Capital ... | 1,07,00,000 | 0 | 0 | Loans on Deposit of Securities | 1,68,41,000 | 0 | 0 |
| Reserve Fund | 3,96,498 | 6 | 3 | Accounts of Credit on Deposit of Securities | 30,94,900 | 0 | 0 |
| Profit for the Current Half-year | 3,40,302 | 9 | 4 | Government Bills Discounted | 7,41,097 | 5 | 3 |
| | | | | Mercantile Bills Discounted | 29,78,778 | 14 | 3 |
| | | | | Interest Outstanding ... | 95,231 | 7 | 8 |
| | | | | Dead Stock | 1,76,118 | 15 | 1 |
| Co.'s Rs. | 3,99,06,479 | 3 | 10 | Co.'s Rs. ... | 3,99,06,479 | 3 | 10 |

Passing on to the details of "Disbursements" we find a sum of Rs. 700 paid as a "gratuity for certain secret service, with a

view to detect forgers," and Rs. 4,589 paid to the special establishment of Auditors employed to trace the previously mentioned discrepancies in the Current Account Ledgers, a matter involving research for a number of years back. Publicity was also given to the fact that the Directors had under consideration the question of establishing branch offices at the principal towns and marts in the Upper Provinces and in the Punjab. The Bank's business increased with considerable rapidity at about this period, and with it the European establishment which, in May 1857, amounted to 10 officers, all of whom were required to furnish security. The following memorandum shows the Bank's European staff at the date in question :—

| Name. | Duties. | Amount of | Amount of |
|-----------------|-----------------------------|-----------|-----------|
| | | Salary. | Security. |
| | | Rs. | Rs. |
| J. B. Plumb | Secretary and Treasurer | 2,600 | 50,000 |
| H. J. Lee | Deputy Secy. & 'Treasr. | 1,500 | 50,000 |
| C. N. Cooke | Accountant | 900 | 50,000 |
| G. W. Moultrie | Deputy Accountant | 600 | 25,000 |
| C. J. Gray | Passing Officer | 450 | 25,000 |
| J. Nicoll | Assistant to Accountant | 200 | 10,000 |
| R. S. Moncrieff | Snpdt, Depositors' Dept. | 500 | 50,000 |
| D. Woods | Accountant in Charge, Secs. | 300 | 50,000 |
| W. E. Carbery | Assistant | 100 | 10,000 |
| J. B. Biss | Acting 2nd Passing Officer | 400 | 10,000 |

Shortly afterwards the amount of security required to be furnished was reduced to Rs. 15,000 for officers on Rs. 400 to Rs. 600 per mensem, and Rs. 10,000 for those on Rs. 200 to Rs. 400 per mensem.

This memorable year, 1857, which brought with it such a terrible crisis in the history of the British, was principally noticeable in financial circles in Calcutta and the neighbourhood on account of the great distrust exhibited by natives, and the active demand for silver in exchange for notes. These stormy times left their mark on the Bank records in the following memorandum, circulated by Mr. Lee, the Officiating Secretary, to the Directors on the 9th June :—

“The Officiating Secretary begs to state, for the information of the Directors, that an European guard was placed

at the Bank at about 9 o'clock last evening. The guard consists of a Sergeant, Corporal, and 12 Privates, all of H. M.'s 53rd Regiment. The Officiating Secretary made the best arrangements which under the circumstances he could make by placing the guard in the wooden gallery on each side of the stone staircase, having a full view of the two entrances to the treasure vaults; the lower or ground south verandah to be appropriated (if requisite) for cooking, washing, etc."

(SD.) H. J. LEE,

Officiating Secretary.

August and September of this year brought with it one of the tightest money markets which the Bank has ever had to deal with, and advances on unexceptionable security had time after time to be refused. The Directors were by no means unaminious in their policy, and to crown all came an emphatic reminder from the Government that the proportion of the Bank's cash to liabilities must be kept strictly "within rule," it appearing that the figures given in a periodical statement submitted to Government showed only a sum of less than 5 lacs to be in excess of the amount which the Bank was necessarily required by its Charter to hold against its liabilities. There was much discussion on the subject, several of the Directors inditing voluminous minutes on the point: it is doubtful though if either of their lengthy memoranda conveyed a more pertinent summing up of the situation than the pathetic query of one of their colleagues, Mr. H. Cowie, who contented himself with asking "how can we stop the demand for silver for our notes?" Four per cent. Government Paper at this time stood at 25 per cent. discount in Calcutta. There was during this crisis a distinct want of harmony existant between the Government Directors and the Mercantile Directors, the former separately addressing Government in respect to their disapproval of their colleagues' policy in the existing financial panic. The method advocated by the Government Directors appears to have been the usually approved expedient of checking the outflow of money by higher rates and larger margins, to say nothing of a total restriction of certain kinds of business, including renewals of all advances; but the Mercantile Directors seem to have been desirous of saving the situation by less forcible means, particularly as regards the last mentioned item. Government, in the person of its Secretary, Mr. C. HughLushington,

also President of the Bank, took the matter in hand, and on the Bank becoming out of rule shortly after the events narrated above, insisted on the adoption of most stringent measures to bring the Bank's affairs back at least into line with the provisions of the Charter. Probably the weakest statement the Bank has ever shown was for the week ending the 7th October 1857, when the figures were as follows :—

| LIABILITIES. | | | | ASSETS. | | | |
|--------------------------|-------------|-----|----|---|-------------|-----|-----|
| | Rs. | As. | P. | | Rs. | As. | P. |
| Proprietors' Capital ... | 1,07,00,000 | 0 | 0 | Government Securities ... | 25,79,153 | 8 | 6 |
| Reserve Fund ... | 4,33,655 | 4 | 8 | Dues from Government... | 18,133 | 5 | 6 |
| Accounts Current ... | 62,47,887 | 1 | 1 | Mint Certificates undue | ..... | ... | ... |
| Cash Credits Undrawn ... | 11,49,553 | 9 | 8 | Cash | 42,96,585 | 15 | 8 |
| Bank Notes & Post Bills | 1,15,22,036 | 9 | 5 | Loans on deposit of Securities | 1,99,62,708 | 15 | 7 |
| Other Claims ... | 1,90,906 | 4 | 5 | Accounts of Credit on deposit of Securities ... | 21,74,700 | 0 | 0 |
| | | | | Government Bills discounted | 1,11,513 | 2 | 6 |
| | | | | Mercantile Bills discounted | 9,13,663 | 6 | 8 |
| | | | | Dead Stock | 1,87,580 | 6 | 10 |
| Rs. ... | 3,02,44,038 | 13 | 3 | Rs. ... | 3,02,44,038 | 13 | 3 |

(Percentage 22.5).

Shortly after the date of the above statement, however, the position of affairs improved considerably, and by the 19th November the Cash Balance showed the respectable total of Rs. 129 lacs against similar liabilities to those quoted. At the end of the year, Mr. Lee, the Deputy Secretary, was granted twelve months leave after a service of 24 years, during which he had only been absent from his work for 8 weeks. A new form of Bank Note was adopted in this year. The London and Eastern Bank Corporation failed in 1857, and advice of the failure was received at the Bank of Bengal by "electric telegraph." The Christmas Day of this year was celebrated in the Bank by a dinner provided at the Bank's expense for the European Guard. In their Report for the half-year ending 31st December 1857, the Directors wrote :—

The sum exhibited under the head of DOUBTFUL DEBTS (Rs. 91,623-0-11), the Directors have written off to the Profit and Loss Account; all recoveries on account of which will be brought to credit as realized. These losses have been occasioned by the sudden and great deprecia-

tion in Public Securities that took place previous to the Doorgah Poojah Holidays, caused by the political circumstances of the country. The Directors have had the satisfaction, however, of declaring a dividend at the high rate of 14 per cent. per annum, after providing for all losses, and increasing the Fund reserved to cover depreciation on the Government Securities belonging to the Bank, by the sum of Rs. 60,770.

From April 1858 the Bank's notes were signed only by the Secretary, Deputy Secretary, and Accountant, and not by a Director as was previously the custom. This year was principally noticeable for the frauds which were discovered in the Bank Note Department. They were alluded to in the half-yearly report as follows :—

Frauds have been discovered to have been perpetrated by some of the subordinate Native Officers of the Bank Note Exchange Department, in surreptitiously introducing lost and stolen notes into parcels of notes intended for cancellation, and taking therefrom notes of a like amount. The guilty parties have not yet been detected, but those officers, upon whom strong suspicion rested of being accessories to the frauds, have been dismissed, and a more efficient system of check to such practices introduced. The full amount, Rs. 20,100, thus fraudulently abstracted, has been recovered from the Khazanchee, who has the appointment of, and is responsible for, the fidelity of the officers of the Department.

Establishment. Mr. J. B. Plumb, the Secretary and Treasurer, resigned his appointment on the 30th April 1859, and was, under the authority of a Special General Meeting of the Proprietors, granted a pension of £500 per annum. The Directors decided to advertise in India and England for a successor to Mr. Plumb, and appointed the Deputy Secretary, Mr. H. J. Lee, to officiate in the interim. Some 42 applications for the appointment were received, and the Directors selected seven from this number, and then left the final disposal of the appointment to a Board of ex-Directors in London. The Committee duly met and elected Mr. George Dickson, of Inverness, Secretary and Inspector of the Caledonian Banking Company, to the vacant office.

The twenty years covered by this Chapter saw a great many changes in Banking generally in India. The following are amongst the Banks which started during this period :—

Other Banks of the Period.

| Name of Bank. | Date of Formation. | Remarks. |
|--|--------------------|---|
| Bank of Bombay | 1840 | |
| North-Western Bank of India | 1840 | Liquidated in 1859. |
| Bank of Asia | 1841 | Broken up in 1842. |
| Bank of Ceylon | 1841 | Taken over by Oriental Banking Corporation in 1849. |
| Oriental Banking Corporation (original name Bank of Western India) ... | 1842 | Failed in 1884. |
| Bank of Madras | 1843 | |
| Delhi Banking Corporation ... | 1844 | ? |
| Benares Bank | 1844 | Failed in 1850. |
| Simla Bank | 1844 | Failed in 1893. |
| Cawnpur Bank | 1845 | Ceased to exist in 1851. |
| Commercial Bank of India ... | 1845 | Failed in 1866. |
| Dacca Bank | 1846 | Taken over by Bank of Bengal in 1862. |
| Uncovenanted Service Bank... | 1846 | Wound up about 1894. |
| Chartered Bank of Asia | 1852 | Dissolved 1855. |
| Chartered Mercantile Bank of India, London and China. ... | 1853 | |
| Chartered Bank of India, Australia and China ... | 1853 | |
| London and Eastern Banking Corporation | 1854 | Failed in 1857. |

In addition to those noted above, the Union Bank failed in 1847. For the history of these Banks previous to 1863, the reader is referred to Cooke's "Banking in India."

CHAPTER IV.

The Bank of Bengal, 1860—1872.

**1860,
& following
years.**

MR. GEORGE DICKSON, the newly appointed Secretary and Treasurer, arrived in Calcutta about the 20th of January 1860, and, on handing over the office to him, Mr. Lee resigned the Bank with a gratuity of Rs. 30,000, granted to him

by a Special General Meeting of the Proprietors. This sum was paid to the debit of the Reserve Fund. At the request of the Bank, the Government in February of this year consented to an increase of 75 lacs in the Bank Note issue in excess of the existing limit of two crores. This was sanctioned in consideration of the Bank promising to pay Government interest on the daily balance of the issue in excess of two crores at the rate of five per cent. per annum. On the 3rd March, the Right Hon'ble James Wilson announced the intention of Government to issue a State Paper Currency for India, and to withdraw the right of issue hitherto enjoyed by the three Presidency Banks. The Bank, whose circulation had recently touched its maximum point of over Rs. 279 lacs, at once addressed Government with a view to ascertaining its exact intentions in the matter. The immediate effect of the Government Notification had been to considerably depreciate the value of Bank shares. The particular points regarding which information was asked from Government were: "*First*—What are the terms and provisions of the contemplated arrangement, by which it is supposed the Banks may be compensated for the withdrawal of their right of issue? and *Second*—Whether, in the event of the proposed measure, as announced by you, becoming law, it is the intention of Government to continue their connection as shareholders in the Bank of Bengal?" This letter does not appear to have been formally replied to by Government. In July of this year the Government Directors received permission to accept fees from the Bank in common with the Mercantile Directors. This permission had a retrospective effect, and enabled the three Government Directors to draw back fees to the extent of Rs. 13,200 for the preceding four years. The sum in question was paid to the debit of Reserve Fund. This year saw the first printing press introduced into the Bank. The Board at this period authorized for the first time

the making of advances against piece-goods, such business having formerly been refused. The half-yearly report for the latter half of 1860 states that the cash balance had at one time reached no less than Rs. 308 lacs, an amount quite unprecedented in the Bank's history; it also alluded to the passing of the Income Tax and Stamp Acts, which had just taken place.

The question of a revision of the Bank's Charter of 1839 was taken up in 1860, and the Directors transmitted some suggested amendments to Government. The proposed new Act was to embody provision for the management of the Government balances and Paper Currency by the Bank. The question of the establishment of Branch Banks also occupied a good deal of attention, and much correspondence took place between the Bank and Government. The stations at which it was originally suggested that the Bank should open branches were Benares, Furruckabad, Umritsar, Mooltan, Saugor, Jubbulpore, Patna, Mirzapur, Dacca and Rangoon, in none of which cities, except Dacca, were Banks established at that time. The Annual General Meeting of 1861 empowered the Directors to take over the management of the General Treasury in Calcutta and also the Paper Currency, and further sanctioned the establishment of branch banks at such places as they might deem expedient. These resolutions were in a manner confirmed by the passing of a short Act by the Legislature pending the revision of the Charter Act legalising the transactions the Bank was

**Rangoon
Branch
opened.**

embarking upon. At their Meeting on Thursday, 31st October, the Directors resolved to open a Branch at Rangoon forthwith, and to appoint Mr. Thomas Watson, of Head Office, as Agent there on a salary of Rs. 800 per mensem. The Branch actually opened for business on 2nd December 1861. At about this period the amount of the Bank's holding in Government Paper was considerably increased, and from the facts available it is presumed that the market for this form of security was considerably more of a reality than it had been but a few years previously, when the purchase and sale of even small quantities of paper seems to have required some little time and arrangement. The easier negociability of such securities enabled the Bank the more readily to put its funds to some use in the slack season, instead of allowing them to lie fallow in its chests until the

**Home Agents
appointed.**

next seasonal demand sprang up. The Bank of England, the Bank of Scotland, and Messrs. Coutts & Co., were appointed the Bank's Agents in December 1861.

It will perhaps be difficult to better summarize the events which took place during the first half of 1862, than by quoting from the Half-yearly Report, from which the following is extracted :—

On first March last the General Treasury was abolished, and the duties hitherto discharged by the Sub-Treasurer were undertaken by the Bank. On the same date the Government Paper Currency was inaugurated, and the Bank's right of issue ceased. Simultaneously with the introduction of these changes the Bank's new Charter was put in operation, and additional Branches were opened at Mirzapore, Benares, Patna, and Dacca.

**Mirzapore,
Benares,
Patna, and
Dacca
Branches
opened.**

The scope and importance of these fundamental changes, the amount of compensation conceded to the Bank for the suppression of its right of issue, and the remuneration allowed for the discharge of special duties on account of Government, will be gathered from the following summary.

Under the Deed of Agreement executed on 8th October last, between Government and the Bank, it is provided :—

Bank's First Agreement with Govt. in 1861.

1st.—That along with the Cash Balance on hand, the whole of the business conducted by the General Treasury in respect to the collection, remittance, and payment of Money and Securities shall be transferred to the Bank.

Transfer of General Treasury to the Bank.

2nd.—That the Bank shall, under all circumstances, during the subsistence of the Agreement—a period of five years—be guaranteed in, and have the use of the Treasury Balance for ordinary Banking purposes to the extent of a minimum sum of Fifty Lacs. (*Exclusive of the subsidiary accounts of Government Officers in their official capacities*).

3rd.—That when the Balance exceeds the above fixed minimum amount, the Bank shall have full power to use such excess for ordinary Banking purposes up to a maximum point of Seventy Lacs.

4th.—That the Directors, at their own discretion, shall be at liberty either to set aside in cash any surplus beyond Seventy Lacs, on account of Government, or, invest such surplus in Government Securities, Railway Debentures bearing the guarantee of Government, or, in the discount of acceptances or other claims against Government. That the Bank shall be entitled to draw and apply the profits arising on such investments for their own use and benefit; but shall, on the other hand, be at all times answerable for the whole amount of the surplus balance beyond Seventy Lacs, when required by Government.

5th.—That a yearly payment of Rupees 43,606 (equivalent to the cost of the subordinate establishment of the General Treasury), in full of all costs and expenses, for the maintenance by the Bank, of the Establishment of Clerks and Servants necessary for carrying on the duties appertaining to the Treasury Department, shall be allowed by Government.

6th.—That the proceedings and business of the Bank shall, at stated periods, be patent to and subject to the examination and audit of a Government Inspector.

The magnitude and diversity of transactions connected with the management of the General Treasury will be apparent, when it is stated that a voluminous Statement, duly vouched and containing details of individual payments and receipts of the Public Revenue, classified under numerous heads of account, is daily transmitted to the Accountant-General, and that the Bank is in correspondence and direct business relations with nearly two hundred District Treasuries spread over India. In addition to these duties, the Bank further undertakes, on account of Government, the safe custody and general management of investments belonging to the Administrator-General, the Commissariat, the Civil, Military, and Medical Funds.

Relative to the duties falling to be discharged by the Bank under this part of the Agreement with Government, it is conditioned :—

**Management
of the Govt.
Currency
by the Bank.**

1st.—That an Agency of issue shall be established at the principal Office of the Bank, and that the Bank shall act as Agents of the Government in all things to be done under the Act XIX of 1861, which establishes the Government Currency. That the Bank shall meet all demands for Silver in exchange for Notes, or Notes in exchange for Silver or in payment of Mint Certificates, and generally deal with the Government Currency as regards registration, re-issue, stoppage of lost or stolen Notes, as hitherto the Bank has done with its own issues. That the Bank shall likewise undertake the responsibility that may arise in respect of wrongful payment, through mistake, of forged, mutilated, or fraudulently altered Notes.

2nd.—That the Bank shall provide a separate strong-room for the reception and safe custody of all Currency Notes, Coin, and Bullion belonging to the Issue Department; and also provide within the Bank a sufficient and convenient Office for the Department of Issue and the Head Commissioner of Currency.

3rd.—That for the duties so to be performed, the Bank shall receive a commission of three-fourths per cent. per annum on the daily average of Currency Notes outstanding and in circulation through the said Agency of the Bank.

As the Bank is the centre of all monetary transactions, not only for the Community generally, but for every Banking Institution in Calcutta, the Directors believe that the arrangements made for the management of the Currency by the Bank are not only acceptable to, but very convenient for, the Public.

Further on in the Report the Directors write regarding branches :—

With the co-operation of Government, and under conditions nearly similar to those which regulate the business relations

which subsist between the Supreme Government and the Head Office, the Directors have already opened five Branches, "Rangoon, Patna, Dacca, Mirzapur and Benares," and on the final determination of Government being known, are prepared to occupy the more important marts of trade in the Presidency which are still inadequately provided with banking facilities. On the

**Dacca Bank
taken over.**

intention of the Directors to open a branch at Dacca being made public, negotiations were originated which ended in the absorption of the Dacca Bank, established in 1846, with a Capital of Four Lacs of Rupees. The Directors, after a careful scrutiny of its affairs which they found to be successfully conducted, deemed it equitable, and for the interests of the Bank, to effect a transfer of the business on terms considered mutually advantageous. Under a provisional Deed of Agreement the Assets of the Dacca Bank were gradually liquidated, and the whole business has since been satisfactorily wound-up. In exchange for their Capital of Four Lacs, the Shareholders of the extinct Bank receive of the Bank's Stock Rupees Two Lacs ninety thousand nine hundred and nine.

The question of increasing the Reserve Fund and making it more of a Reserve Fund in the sense that the term

**Reserve
Fund.**

is understood at the present day, as opposed to an "Equalization of Dividend Fund," which to all intents and purposes it had hitherto been, received serious consideration, regarding which we read:—

From the amount of the Bank's Notes still outstanding, the Directors have resolved to write off Ten Lacs and carry the amount to Reserve Fund. Of the sum so disposed of, nearly Three Lacs have been outstanding since 1837; upwards of Three Lacs since 1843; and more than Two-and-a-half Lacs since 1854. Of the latest issues, dated in 1858, there are still Forty-four Lacs outstanding. The increased value of the Bank's investments during the past six months amounts to Rupees Four Lacs sixty-seven thousand five hundred and ninety-six, fifteen annas and eleven pies.

This sum, along with the profits arising on the transfer of the Dacca Bank, have, in like manner, been transferred to Reserve Fund.

The new Charter became law on the 28th February by the passing of Act IV of 1862. The following are noticeable features in connection with it :—

The new Charter, being Act IV of 1862.

1st.—It repealed—

Act VI of 1839, relating to the Bank of Bengal.

Act XXI of 1854, relating to the Banks of Bengal, Madras and Bombay.

Act XXVII of 1855.

2nd.—It altered the share capital of 2675 shares of Rs. 4,000 each to 10,700 shares of Rs. 1,000 each.

3rd.—It gave the Directors power to increase the Capital from Rs. 107 lacs to Rs. 300 lacs.

4th.—It gave the Bank power to make Bye-laws and to enter into agreements with Government.

5th.—It prohibited the two Directors annually vacating office from seeking immediate re-election, and also ordered that casual vacancies on the Board were to be filled by the Proprietors.

6th.—Advances against goods, wares, and merchandise were only authorized when such were not of a perishable nature.

7th.—It abrogated the provisions which had previously fettered the Bank regarding the amount of advances which might be made to Individuals or Firms—the clause limiting the amount to be invested in Government securities—the clause under which it was necessary to keep a Cash Balance of one-fourth of the outstanding liabilities payable on demand, and generally all the special provisions regarding the management of the Bank's ordinary business.

8th.—It empowered the Bank to draw Bills of Exchange and grant Letters of Credit payable out of India for the use and convenience of the Bank's constituents in the Agency Department.

It is interesting to note that this Act removed nearly all the restrictions which were so characteristic of the earlier period: it gave the Bank considerably greater freedom with regard to the scope of its operations than any other Act or Charter either before or

since. This may be considered as having been partly in compensation for the withdrawal of the Bank's note circulation, and partly because the new duties which devolved upon the Bank were in a measure less onerous than the old. It should not be forgotten, however, that the Government's powers of control remained unchanged, despite the modified conditions under which the Bank was permitted to transact business.

Some months before the passing of the Act, the first Bye-laws of the Bank were made, and, as was afterwards shown, invalidly sanctioned by the Governor-General. They were as follows:—

1st.—That three of the Directors shall form a quorum for the transaction of business at any Meeting of the Board.

**Bye-laws,
1861.**

2nd.—That the Directors, with a view to the despatch of business, shall have power to name in rotation a Committee of three of their number, consisting of one Government and two Elected Members, who shall attend at the Bank during a portion of each business day for the purpose of superintending the affairs of the Bank, and of advising with the Secretary and Treasurer regarding the current business at the Head Office and Branches. That the additional yearly remuneration to be paid to such Committees shall not exceed Ten Thousand Rupees.

3rd.—That no more than one Partner of any Mercantile Firm or Company, other than Joint-Stock Companies, shall be a Director of the Bank at one and the same time.

4th.—That whenever the conduct of any Director, or application for advances to any Director, or to any person who, with respect to him, is a conjunct or confident person, or to a Partner in any Company of which the Director may be a Partner (except such Company be a Joint-Stock Company of more than twenty Partners) shall form the subject of consideration or decision at any Meeting of the Board or Committee of the Board, such Director shall not be entitled to sit, judge, or vote, in relation to the matter in which he is or may be concerned.

5th.—That a list showing the name and designation of each party or firm at the Head Office and Branches, having advances by discounted Bills in excess of Three Lacs of Rupees, shall be read at every Weekly Meeting of the

Board, and the instructions of the Directors taken thereupon.

6th.—That the Directors shall have a discretionary power so to regulate the affairs of the Head Office and Branches as to maintain at all times a reserve in Silver, Gold, Government Currency Notes, and Government Securities, immediately available and sufficient to meet the claims against the Bank outstanding for the time being and payable on demand.

N. B.—The Treasury Balances are held under separate and special agreements entered into between the Government and the Bank.

7th.—That Bills payable within the Presidency and having a longer currency than three months are not eligible for discount. The Bank, however, undertakes to make advances at the Head Office and Branches under a separate obligation on approved Bills having a longer period than three months to run.

8th.—That no account shall be overdrawn, but it shall nevertheless be in the power of the Directors at their discretion to permit occasional advances by overdraft to parties of undoubted responsibility, on adequate collateral security, but for temporary purposes only.

9th.—That the seal of the Bank shall not be affixed to any deed or instrument except in the presence of three Directors whose signatures shall be duly attested by neutral parties.

10th.—That the Directors shall have power when opening drawing accounts with the Banks of Bombay and Madras, to permit, from time to time and without the deposit of collateral security, such temporary advances to either of those Corporations as to the said Directors shall appear to be expedient.

By order of the Directors,

GEORGE DICKSON,

Secretary and Treasurer.

From the foregoing it will be observed that in 1862, two years after Mr. Dickson's appointment as Secretary and Treasurer, the Bank, having lost its note issue and been given the management of the Government Paper Currency, started afresh

with an amended Charter, an agreement with Government, and its first set of Bye-laws. The Bank was informed by Government that the under mentioned balances would be kept at the Treasuries detailed below :—

| | Maximum | Minimum. |
|-------------------------------|---------|----------|
| | Lacs. | Lacs. |
| Nagpur | 5 | 3 |
| Benares (Branch opened) ... | 5 | 3 |
| Saugor | 5 | 3 |
| Jubbulpore | 4 | 2 |
| Patna (Branch opened) ... | 5 | 3 |
| Rangoon „ ... | 4 | 2 |
| Dacca „ ... | 2½ | 1½ |
| Cawnpore „ ... | 5 | 3 |

The Government in March 1862 invited tenders for the management of its Treasuries at Allahabad, Agra, Delhi, Lucknow and Lahore, and the Bank asserted its willingness to open branches at the cities in question, provided Government would keep minimum balances of not less than Rs. 2 lacs at each place. Other Banks are also understood to have applied, and the matter was referred home to the Secretary of State. The report for the second half of 1862 has a note on the subject, which reads :—

After ten months' experience of the operation of the New Charter, and of the more intimate relations now subsisting between Government and the Bank, the Directors are in a position to inform the Proprietors that the new arrangements, both at the Head Office and the Branches, have hitherto proved of advantage to Government and the Public, as well as a source of legitimate profit to the Bank. The success attending the establishment of Branches has fully realized the expectations of the Directors. Negotiations have recently been concluded with Govern-

**Nagpur,
Allahabad,
and Lucknow
Branches
opened.**

ment, under which additional Agencies will immediately be opened at Nagpore, the Capital and centre of the great Cotton District of Central India; at Allahabad, the seat of the local Government in the North-West; and at Lucknow, the Chief City in Oudh.

At the Annual General Meeting of 1862 a resolution was passed granting a donation of six months' salary, Rs. 15,600, to Mr. George Dickson, the Secretary and Treasurer, as a token of appre-

ciation of his services for past onerous work admirably fulfilled; for the great additional labour and responsibility thrown upon him during the previous few months, and for the considerable saving to the Bank effected by his economical office arrangements for the conduct of the Government business. The first junior officer of the Bank who was appointed direct from England appears to have been Mr. A. MacBean, who joined the service from the Bank of England in the latter part of this year: his commencing salary was Rs. 350 per mensem. The usual salary paid to junior officers appointed in India was Rs. 250 per mensem, many of them having in the first instance to serve an apprenticeship without pay. Officers on furlough drew half pay, and there are instances on record in which they also got free passages home and out at a cost to the Bank of about £ 110.

In January 1863 the Government informed the Bank that the Secretary of State had sanctioned the transfer to the Bank of the Treasuries at Allahabad, Lucknow, Agra, Lahore, and Nagpore, and the Directors resolved to open Branches at Allahabad, Lucknow and Nagpore forthwith. The Bank commenced closing at 2 P. M. on Saturdays in June of this year. The Directors

**Delhi
Branch
opened.**

decided to open a branch at Delhi in July. The pay of the Rangoon Agent was at the same time raised to Rs. 1,000, and that of the Mirzapore Agent to Rs 1,100; the latter was afterwards raised to Rs. 1,200—the branch being the most important one the Bank then possessed. Branch accounts in these early days were audited by independant Auditors, but whether this only refers to the returns submitted to Head Office or not, is not clear from the details on record.

On the 1st September, under arrangement with the Government, the Directors undertook the business of the Government Savings Bank for a monthly compensation of Rs. 750; and in October, the Bill Acceptance Department of

the Accountant General's Office was added to the ordinary business of the General Treasury undertaken by the Bank.

**Govt. Savings
Bank taken
over.**

Considerable financial pressure, amounting almost to a crisis, was experienced in the end of 1863 and beginning of 1864. The Bank rate rose to 12 per cent., and Government Securities were

considerably depressed. This state of affairs appears to have been brought about by the continuance of the American War diminish-

**Crisis of
1863-64.**

ing the export of cotton from that country, and consequently creating a very strong demand for this staple from India, which necessitated a heavy drain on the money market for its cultivation and purchase. Commenting on this stringency in their report for the first half of 1864, the Directors say :—

As the amount of the Bank's Capital was proved, during the severe financial crisis already referred to, to be quite inadequate to the wants of the public; and, as the Branches, recently established, have opened a wide field for the profitable employment of the Bank's funds, the Directors, by Notification, dated the 12th of March last, called for an addition to the Capital of Rupees one crore, ten lacs, nine thousand and ninety-one. The latest date of subscription is the 15th August, and the amount subscribed up to the 30th June was Rupees 77,31,449-15-2.

The Bank's capital was thus doubled in this year; the initial Notification for the increase having been issued at the desire of Government. The increase was effected by the allotment of further shares *pro rata* to the existing shareholders at par, and it has always since been a matter of regret that the additional Capital was not issued at a premium, and the Reserve Fund strengthened by the amount of the same.

**Bank's
Capital
increased.**

Early in October of 1864 Calcutta was overtaken by a cyclone which proved disastrous to the shipping in the river, and as continuous advices of an impending monetary pressure in England, coupled with a great fall in the staple articles of export, reached India by each successive Mail, the local trade for a time was severely checked. With a view to facilitate the circulation of British and Australian Sovereigns and Half-Sovereigns of current weight throughout British India, the Governor-General in Council, by Order of 23rd November 1864 was pleased to direct that they should be received at all the Treasuries in payment of sums due to Government, at the equivalent of ten and five rupees respectively.

Under Notification of same date the Governor-General in Council directed that Government Currency Notes should be issued at the several Agencies and Circles of the Paper Currency in exchange for Sovereigns and Half-Sovereigns of current weight at the rate of ten and five rupees, respectively, to an extent not exceeding one-fourth of the total issues represented by Coin and Bullion at each Circle.

Bombay seems to have been in trouble in 1865, for in the Bank's report for the first half of that year we find :—

The Commercial relations of Calcutta with Bombay being very intimate, the attention of the Directors was early attracted to the late extraordinary development in the latter city, of Banking, Financial, and other Joint-Stock Associations. Abuse of credit, accompanied by excessive speculation, and the diversion of capital from its legitimate purposes, were the inevitable results which followed the undue expansion of Companies, having, in too many instances, unsound foundations.

In October of the same year the Moulmein Branch was opened, and early in the following year branches at Jubbulpore and the Cotton mart of Hingunghaut in the Central Provinces were also established.

**Moulmein,
Jubbulpore, &
Hingunghaut
Branches
opened.**

Negotiations which in 1866 had been in progress for several years resulted in the transferring to the Bank of the duties connected with the management of the Registered Public Debt at Calcutta, previously performed by the Accountant General, and at the same time an amended agreement embodying this new feature was entered into with Government in April 1866. The following were the leading modifications and changes in this

**Agreement
with Govt. of
April 1866.**

new agreement :—

1st.—That the Agency of the Bank for the issue and circulation of the Government Paper Currency shall cease, but that the sum of Rs. 2,25,000 per annum, equal to $\frac{3}{4}$ per cent. on a circulation of three Crores, shall be paid to the Bank up to 1st March 1867.

2nd.—That the Bank shall act as Bankers to the Government at Calcutta, upon the understanding that an average Cash Balance of Seventy Lacs shall be maintained as heretofore, and that, should the balance be less than Forty-five Lacs, then and so often as the same shall happen, the Bank shall be entitled to charge interest on the difference between the amount of the actual Government balance of the day and the minimum sum of Forty-five Lacs.

3rd.—That the Bank shall act in the same capacity where Branches are now or may hereafter be established with the sanction of Government, and that the Bank shall be at liberty to employ for its own use the Government balances deposited at such Branches. That the present annual payment of Rs. 43,606 for Establishment in Calcutta shall be continued during the term of the new Agreement, and that the present payment of Rs. 24,990 for subordinate Branch establishments shall cease and determine from and after 1st March 1867.

4th.—That the Bank shall cease to draw or purchase at its own risk Bills of Exchange or Letters of Credit payable out of India.

5th.—That the Bank shall, on 2nd January 1866, undertake the duties connected with the management of the Public Debt hitherto performed under the superintendence of the Accountant General to the Government of India, including the payment of interest, and the consolidation, division, and renewal of Promissory Notes ; and shall be responsible for any losses which may occur in connection with such management. That the Bank shall be paid Rs. 3,500 yearly per crore on that portion of the debt, the interest on which is payable throughout the Presidency of Bengal, and that the fees now or hereafter to be levied from the public shall be received by the Bank. That should the debt on which commission is chargeable fall below thirty crores, the Bank shall be entitled to have the rate of remuneration reconsidered and readjusted.

Commenting on these alterations, the Directors, in their Report for the second half of 1865, write :—

Although the Directors are of opinion that the transfer to the Mint of the management of the Government Currency will be productive of public inconvenience, nevertheless, in deference to the strongly expressed desire of Her Majesty's Secretary of State for India, they have consented to the change being effected before the expiry of the first Agreement. In like manner, and having failed to remove the misapprehension which still exist regarding the very limited concession made to the Agency Department—which is separate from and independent of the

Bank—for making direct remittances through the Bank of England and Messrs. Coutts and Co., to English constituents who have securities in the custody of the Bank, the Directors have agreed to forego the privilege conceded by the 28th Clause of the Charter.

The surrender from and after 1st March 1867, of the allowance paid to the Bank for the management of the Government Paper Currency, will to some extent be compensated for by the annual commission payable on a probable amount of from 33 to 36 crores of the Public Debt held in Bengal, as well as by a reduction of establishment in the Note Department.

The arrangements referred to, in connection with home remittances, having been designed by the Directors and sanction by the Government of India, not so much with the view of adding to the profit of the Bank, as to facilitate the despatch of business, the pecuniary loss arising from their abrogation is not of great moment.

The salary of Mr. Dickson, the Secretary and Treasurer, was raised in November 1865, from Rs. 31,200 to Rs. 40,000 per annum, as a personal case, in consideration of the extra duties which had devolved upon him since his appointment.

The year 1866 is a memorable one in the history of finance.

Crisis of 1866.

There could hardly have been a spot in the civilized world which did not to some extent hear the resounding echoes of the monetary crisis which brought to grief such a terrible number of Banks and Mercantile Houses throughout the Globe. Calcutta suffered to the extent of seeing six of her Banks close their doors, and uneasiness, practically amounting to a state of panic, reigned supreme. The Bank rate rose to 15 per cent., and 60 days' bills on Bombay could only be sold at a discount of from 25 per cent. to 30 per cent. per annum. There seemed no end to the disaster and calamity, which appeared to carry all before it. The crisis was so acute in Calcutta at one time that the Chamber of Commerce wired to the Government at Simla, praying them to lend financial assistance to the commercial community of the city. The Government telegraphed to the Bank for an immediate expression of opinion on the proposal, but the Bank, apparently deeming the Chamber of Commerce to have overstated the case, did not advise Government

interference and the matter dropped. Overend and Gurney, the Commercial Bank, the Agra and Masterman's Bank, and Bernard's Bank in Liverpool, which had business relations with Calcutta, are but names picked here and there from the holocaust of ruin which befell in this ill-fated year. At the Bank of England itself the reserve of cash on the 16th May 1866 was only five per cent. of the liabilities, and only sufficient to meet 15 per cent. of the Bankers' balances. The Bank of Bengal passed practically scatheless through this cyclone of disaster, its total losses at Head Office and Branches amounting to only Rs. 36,000, and very large profits being earned. Indeed, the latter were so handsome that the Directors ordered a bonus of a month's pay to be granted to the

Bonus to Staff.

staff. The latter part of the year saw a slight return in confidence, and gave indications of a disposition to return to a normal state of trade. The Akyab, Delhi, and Lahore

Akyab, Delhi, and Lahore Branches opened.

Branches were opened towards the end of the year. It was at this juncture that the rule was relaxed under which Government Directors were not allowed to hold shares in the Bank. Two items of interest may well be quoted from the half-yearly report for the latter part of 1866. They read as follows:—

In the Public Debt Office arrangements have been made, with the sanction of Government, for the consolidation of the various four per cent. Loans, and for extending to the holders of Government Promissory Notes in the various denominations of Loans, the option of converting them into a Registered Book Debt Stock, which may be transferred to the Books of the Bank of England by non-negotiable Certificates.

The Directors have further the satisfaction of acquainting the Proprietors that the Government of India, with the approval of the Secretary of State, has restored to the Agency Department of the Bank, the privilege (in abeyance since January 1866) which was conceded under the Charter Act No. IV of 1862, Section 28, of purchasing Bills payable in England, in order to enable the Bank to remit by its own drafts on the Bank of England and Messrs. Coutts and Co., the interest and dividends on Government Securities and Bank Stock deposited by constituents for safe custody.

The proposal to amalgamate the three Presidency Banks into one institution controlled from Calcutta was made in 1869 in anticipation of the failure of the Bank of Bombay. Before discussing this proposal, a few words relative to the history of the latter institution will not be out of place. The Bank of Bombay was established in 1840 with a capital of 52 lacs, and power to issue notes to the amount of two crores. The Bank was well conducted

**Failure of
Bank of
Bombay, and
proposal to
amalgamate
the three
Presidency
Banks.**

and paid good dividends, the business being kept within safe limits, and no advances made except on good security. In 1860, after twenty years' enjoyment of the profits arising from a large note issue, this power was taken away, certain compensations being made. Subsequently, these arrangements were legalised and the capital increased to Rs. 210 lacs; but this Act of 1863 was loosely framed, and was unscrupulously taken advantage of by those whose duty it was to safeguard the interests of the Bank. No bye-laws were made, and the Bank was allowed to commence its disastrous career without any code to regulate its practice, or to define the duties or powers either of the Directors or Secretary. Loans were recklessly granted, and speculations rashly undertaken. These facts, combined with an utter absence of system, and the constancy of neglect which obtained on the part of the Directors and Secretary, were the prime factors which speeded the erstwhile strong and solvent institution headlong to its doom. Three short years and the ruin of the Bank was completed. The Bank went into liquidation from the 10th December 1866, having in the period named lost Rs. 189 of the Rs. 210 lacs of its capital. Commissioners were appointed by the Home Government to enquire into the Bank's failure. They drew six conclusions as the outcome of an extensive report:—"1st, that the bank was permitted by the Act of 1863 to transact business of an unsafe character; 2nd, that the powers of this Act were abused by weak and unprincipled Secretaries, under the influence of a designing native Director, Premchund Roychund; 3rd, that, with some exceptions, the Presidents and Directors were negligent and failed to do their duty; 4th, that the times required more than ordinary vigilance and care; 5th, that the Presidents and Directors were not conversant with Banking business, and incapable of managing the Bank of Bombay in difficult times; and 6th, that there was an absence of sound legal advice and assistance." Commenting on the position of the Bank of Bengal during these troublous times, Mr. Brunyate writes: "As a matter of fact the Bank of Bengal does not appear

to have taken advantage of the excessive liberty which the letter of the law conferred upon it, as so far from meeting with disaster itself, it was able to be of immense assistance to commerce during the critical years which lead up to the collapse of the Bank of Bombay. The Bad Debts of the Bengal Bank during the 10 years, 1860-1870, amounted to less than 7 lacs on a turnover of 77 crores. This success was attributed by Sir C. Jackson, the President of the Bombay Bank Commission, to the fact that the Bank of Bengal's Secretary, Mr. G. Dickson, was the most able Bank Manager in India and perhaps in the world."

The Bank of Bombay had been acting as Agents for the transactions of the Bank of Bengal in Bombay, and it was natural that when the former Bank fell upon evil times the Bank of Bengal should consider what steps it might best take to safeguard its interests in that city. This they did, one of the most important records on the subject being a particularly able memorandum addressed by Mr. Dickson to the Directors, and submitted by them to the Governor-General of India. This exhaustive communication thoroughly reviewed the two alternatives which lay before the Bank, *viz*:—*first*, to open a Branch in Bombay; or *second*, to amalgamate the three Presidency Banks in one large concern. Mr. Dickson summed up very strongly in favor of the latter suggestion. His letter was a comprehensive one, and touched upon several points which might perhaps be considered as being somewhat outside the scope of the question mainly under consideration. His comments are, however, always of interest, and it may not be altogether out of place to quote his remarks on the subject of the removal of the note issue from the Banks. He wrote:—

It is a delicate point to insist on, but I add that I do not believe that the Paper Currency can ever have a fair trial in India until the management of it is restored to the Banks. Government began at the wrong end by prematurely appropriating to itself the supposed large profits of an *imperfect circulation*. Accepting it as an accomplished fact, I nevertheless, with much deference, adhere to my frequently recorded opinion that our currency legislation has been wrongly directed, and that it is only through the Agency of the Banks that a note circulation can ever have a thorough development throughout India.

Mr. Dickson's ideas were thoroughly endorsed by the Bank's Directors, and the proposal for the amalgamation of the three

Presidency Banks receiving the cordial approval of the Governor-General in Council, was submitted to the Bank of Bombay, then more or less on its last legs, and the Directors of that institution, after cavilling a little as regards the exact terms of the deal, like drowning men clutched at the straw held out to them; and eventually in May 1867, Mr. Dickson proceeded to Bombay with a view to finally arranging the terms of the proposed amalgamation.

It was proposed to effect amalgamation on the lines shown in the following figures (representing lakhs of rupees):—

| | Existing Capital. | Existing Reserve. | Proposed additions. | | Total Proposed Capital. | Total Proposed Reserve. |
|----------------------|-------------------|-------------------|---------------------|-------------|-------------------------|-------------------------|
| | | | To Capital. | To Reserve. | | |
| | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. |
| Bank of Bengal ... | 220 | 20 | 80 | 20 | 300 | 40 |
| (Bank of Bombay) ... | (100) | ... | 100 | 25 | 100 | 25 |
| Bank of Madras ... | 56 | 4 | 44 | 11 | 100 | 15 |
| Total ... | ... | ... | ... | ... | 500 | 80 |

The amalgamated Bank would thus have started with a paid-up Capital of five crores and a Reserve Fund of eighty lacs. The nominal capital was to be ten crores. The following is an extract from Mr. Dickson's memorandum on the subject—

Local Boards would be continued as at present in Bombay and Madras, but the supreme control and the rules and regulations for the conduct of the business must rest in and be laid down by the Board in Calcutta, *i. e.*, the same rules and conditions under which business is carried on here must be strictly adhered to and be conformed to by Bombay and Madras, and power to enforce their due observance (must) be specially observed.

A General Meeting of the Proprietors of the Bank of Bengal was held on the 14th of June 1867, when the Directors were empowered to take the necessary steps for effecting the incorporation of the Banks on the basis accepted by the two Boards. The Bank of

Madras was apparently not consulted—the idea being that they could join in afterwards. The shareholders of the Bombay Bank, however, did not follow the lead of their Directors, and adopted a temporizing policy, postponing the question until the following August. Some talk of reconstructing the Bank of Bombay cropped up in the meanwhile, and many of the Bombay shareholders showed a distinct feeling of antagonism to the proposed amalgamation, and it was at this stage that the Directors of the Bank of Bengal thought well to appoint, at any rate temporarily, a member of the Bank's own staff as their Agent in Bombay. This, with the full knowledge and consent of the Government of India, they did. It is almost needless to remark that the Bombay Directors entered a vigorous protest immediately the Bank's intention was announced; amongst other reasons given for the undesirability of the Bank of Bengal opening an Agency in Bombay, it was alleged that such a procedure would undoubtedly kill any remaining chances of a possible amalgamation. As a matter of fact the offer of amalgamation was ultimately withdrawn by the Directors of the Bank of Bengal, after the scheme had been approved by the shareholders of the Bank of Bombay. Their reason for doing this was that the majority of the Bombay Bank Proprietors was an exceedingly small one, and they felt that it was undesirable to push forward with the scheme unless that could reckon on almost unanimous support in the Western Presidency.

Writing on this subject in their report for the second half of 1867, the Directors say :—

Since the beginning of 1862 the business relations of the Bank, both at the Head Office and the Branches, with the Presidency of Bombay have assumed very large and important dimensions. For nearly two years past, however, the conduct of the Bank's business in that Presidency has been attended with considerable embarrassment, arising out of the critical and anomalous condition of the Bank of Bombay, who acted as Agents for the collection of the outstandings and the disposal of the proceeds, realized on account of the Bank of Bengal. During the greater portion of the last six months it was deemed necessary to restrict the Bank's operations with that Presidency, until, in the near prospect of the Bank of Bombay being placed in liquidation, the Directors resolved to appoint one of their own officers

**Bombay
Agency
opened.**

to be the Bank's Agent in Bombay. Mr. John Hector, the Bank's Chief Accountant, was selected for that office, and the Agency has accordingly been established under his charge since 4th November last.

The powers delegated to the Bank's Agent are precise and well defined, embracing only the description of business formerly transacted by the Bank of Bombay, as Agents of the Bank of Bengal. The Directors, although entertaining no doubt that the appointment of an Agent in Bombay, under the limitations adverted to, is a matter entirely within their own discretion and requires no sanction or authority from Government, nevertheless did not make the appointment without the distinct sanction of Government. This course, throughout the whole procedure connected with the establishment of the Agency and the subsequent conduct of the business, has been closely adhered to.

Since 4th November last and on the requisition of the Government, the Directors have been enabled from the available resources of the Agency to provide for the State requirements in Bombay, a sum of nearly two millions sterling, on terms which have given entire satisfaction to His Excellency the Viceroy in Council.

The whole of the year 1867 was marked by financial depression and a superabundance of unemployed capital, the Bank's Cash Balance mounting up to the unprecedented figure of over five crores of rupees. This state of affairs was clearly the reaction from the contracted credit which had been experienced in the previous year.

The new Bank of Bombay opened on 14th July 1868. The same year saw a petition submitted to the Government of India and the Secretary of State from certain shareholders in the new Bank of Bombay, resident in Madras, praying for the summary removal of the Bank's Bombay Agency. In dealing with this matter the Directors informed His Excellency in Council that they would not undertake the responsibility of delegating to the new Bank of Bombay the management of the large amount of funds which the opening of so many Branches and the consequent expansion of the Bank's business with Bombay had, in recent years, rendered it necessary to maintain in that city. Replying to the petition the Secretary

of State expressed his opinion that the continuance of the Bank's Agency in Bombay was objectionable, and that it should be determined. The Bank then submitted a lengthy memorial to the Secretary of State explaining the position fully and praying for his reconsideration of the matter.

His reply, through the Government of India, was worded as follows :—

“I have also to request that you will apprise the Directors of the Bank of Bengal that their memorial has been considered by me, and that I shall not take any further steps with a view to bringing about the withdrawal of the Agency of that Bank in Bombay.

Hyderabad Branch opened. The Hyderabad Branch was opened in 1868, under a special agreement with Government, on the withdrawal therefrom of the Bank of Bombay, and the usual arrangements were entered into for the management of the Government Treasury in that city.

A few months after this the Directors decided to open Agencies at Mozufferpore and Rampur, but the matter was eventually indefinitely postponed on account of a lack of suitable agents. The Wurlah Agency (for cotton season only) was opened in November 1871, and in the following year the Directors decided to close the Akyab Branch annually in the slack season.

In February 1870 the Bank asked Government if they were willing to hand over the Treasuries at Akola and Oomrawallah in the Berars to the Bank, in the event of it being decided to open branches there. Despite, however, several reminders and personal representations, no definite reply on this subject ever appears to have been received.

European Staff. The Bank's European staff had, since the opening of the Branches, the taking over of Government business, and the consequent increase in the number of appointments from about twelve to nearly sixty, been arranged in a graded list as follows :—

Class I—Salary Rs. 1,000 to Rs. 1,500 per mensem, rising by annual monthly increase of Rs. 75.

Class II—Salary Rs. 740 to Rs. 900 per mensem, rising by annual monthly increase of Rs. 40.

Class III—Salary Rs. 550 to Rs. 700 per mensem, rising by annual monthly increase of Rs. 30.

Class IV—Salary Rs. 300 to Rs. 500 per mensem, rising by annual monthly increase of Rs. 30.

Class V—Salary Rs. 200 to Rs. 300 per mensem, rising by annual monthly increase of Rs. 25.

The whole of the European Officers were included in this list, Class I containing the Deputy Secretary, Chief Accountant, Inspector of Branches and four Agents; Class II, two Departmental Superintendents and seven Agents; Class III, two Departmental Superintendents and ten Agents; and Classes IV and V some thirty-one junior officers. This scheme was not found to work well in practice, the more or less guaranteed increases of pay weakening to some extent the authority of the executive at Head Office: there were also other drawbacks, and it was, with the consent of the staff, given up in 1871 in favor of the system of promotion by selection which prevails at the present day. The Bank's Guarantee Fund was first started in October 1869, at the request of nineteen European Officers of the Bank. It was not unanimously subscribed to in the first instance—some of the officers preferring to continue their subscriptions to an outside Society.

It was at this period that the enlargement of Head Office was undertaken, the Bank purchasing "the premises adjoining the Bank and facing Fort William" for a sum of Rs. 1,30,000. Before this was done, however, the question of transferring the Bank to Tank (Dalhousie?) Square had been thoroughly considered and ultimately negated.

In November 1869 the Bank, at the instance of the President, submitted to Government for sanction a revision of the fifth of the Bank's Bye-laws. In replying, the Government pointed out the whole of the existing Bye-laws were invalid, as they had been illegally authorised before the passing of the Bank Charter Act IV of 1862, and had not been confirmed thereafter. They requested an early revision of the Bye-laws, and made several suggestions regarding their tenor. This resulted in the amended

Bye-laws of 1870.

Bye-laws of 1870, which principally differed from those of 1861 in that they prohibited the Bank from discounting "any bills payable in the town or place at which they are presented for discount, unless the same shall bear on them, as parties to the bill, names of two persons or firms unconnected in partnership." They also abrogated the option previously enjoyed by the Bank of guaranteeing a renewal of approved bills at the time of discounting them.

The half-yearly report for the June half-year of 1868 has the following paragraph regarding Mr. Dickson :—

In order to mark their appreciation of the eminent services rendered to the Bank by the present Secretary and Treasurer, **Mr. George Dickson**, since his appointment in 1859, the Directors have unanimously resolved to confer on him a life pension of £1,000, when enforced through ill-health to relinquish his present arduous duties. The Directors at the same time have the satisfaction of informing the Proprietors, that Mr. Dickson has expressed his determination, subject to the approval of the Directors, to remain in the Bank's service, so long as the state of his health may admit of his residing in India, without actual danger.

Shortly after this Mr. Dickson was compelled to take a year's leave on account of serious illness, the consequence of overwork and unremitting attention to the Bank's business. Mr. G. W. Moultrie officiated for Mr. Dickson. In 1869, Akyab Branch lost nearly half a lac of rupees owing to the dishonesty of the Khazanchee who absconded. The annual average profits, including additions to Reserve Fund, made by the Bank during the period covered by this Chapter amounted to 11·2 per cent. on the Capital. Mr. Dickson returned to his duties in the latter of 1871, but unfortunately his recovery was only temporary. In May 1872 his health suddenly became so precarious as to necessitate his immediate retirement. The Directors intimated their intention of obtaining a fitting successor to the appointment of Secretary and Treasurer from England—Mr. R. Hardie being meanwhile appointed to officiate.

CHAPTER V.

The Bank of Bengal, 1872—1887.

1872, and following years. MR. R. HARDIE was confirmed as Secretary and Treasurer of the Bank on the 12th September 1872. The three years from the date of the commencement of this chapter were characterized by a very depressed condition of trade in India, many firms, both European and Native, suffered severely, and a considerable amount of financial distrust prevailed. This resulted in poor profits from the Branches—a fact which was duly communicated to the shareholders in the current half-yearly reports. The sum of Rs. 10 lacs, which had been written off from the balance of the Bank's Notes outstanding and credited to the Reserve Fund in 1862, had, in 1873, been reduced to just over Rs. 7 lacs, nearly 3 lacs of notes having been presented in the interim.

Additional Bye-laws of 1872. In September 1872 the following additional Bye-laws were added to those already in force, under the sanction of the Governor-General in Council:—

- VI. The following books kept at Head Office, showing the transactions therein of the previous day, shall be placed before the Daily Committee day by day, and each transaction shall be considered and the entry be initialled by the Directors forming such Committee, *viz* :—
- (1) Register of Inland Bills Discounted.
 - (2) Register of Local Bills Discounted.
 - (3) List of Overdrafts in Banking Department.
 - (4) List of Overdrafts in Depositors' Department.
- VII. Overdrafts without security, or overdrafts against security not recognized by the Bank's Charter Act, shall not be allowed.
- VIII. A report shall be prepared every week by the Chief Accountant and the Head of every Department,

respectively (for the accuracy of which each officer will be responsible), and circulated on each Wednesday to every Director, and submitted on the following day (Thursday) at the weekly meeting of the Board of Directors, for approval or other orders. Each report shall be in such form, and contain such information and particulars as the Directors may prescribe. The Secretary and Treasurer, however, will be answerable for the reports of the above officers (who are his subordinates), and will not be relieved of responsibility as to the working of each Department, nor will his authority be affected.

In addition to these reports, a statement shall be laid before the weekly meeting of the Board of Directors every Thursday by the Deputy Secretary, showing instances, if any, of advances at Branches in excess of credits authorized by Head Office, and for orders thereon.

- IX. No other Suspense Account shall be allowed to be opened at Head Office, except the two Suspense Accounts, respectively, in the Banking and Depositors' Departments. Statements of these two accounts shall be included in the reports submitted weekly by the Chief Accountant and the Superintendent of the Depositors' Department, respectively.

At each Branch also no other than one Suspense Account shall be allowed, and a detailed statement of such account shall be forwarded monthly to Head Office.

Regarding the valuation of the Bank's Government Securities at this period, a note of interest is to be found in the half-yearly report for the first half of 1873. It reads as follows:—

Valuation of Bank's Investments.

Having regard to the present unprecedentedly high prices of Government Securities, the Directors have not followed the previous practice of re-valuing at the current market rates the Bank's Investments in these securities, which are in consequence carried forward at rates, as compared with which the market rates on 30th June show a surplus of Rs. 1,61,583-14. Since then a further rise has taken place in the value of Government Securities.

This question of the valuation of the securities held by the Bank was one regarding which a very great deal had been written

and said from the early days of the Bank's history. Lengthy discussions had more than once taken place as to which was the correct method of valuation, and it is interesting to note that the process of evolution, which had taken place from the very beginning, exhibits no drastic alterations of policy, but rather a gradual tending towards the system which the Bank of Bengal, in common with the other leading financial institutions of the world, employs at the present day. This system, on the principle of fixity of valuation, is best described by quoting the Bye-law on the subject, which reads :—

The Bank's investments in Securities shall be divided into two accounts, *viz.*, "Bank's Investments Permanent Account" and "Bank's Investments Floating Account." The "Bank's Investments Permanent Account" shall not exceed one crore of rupees. The valuation of the Securities forming the "Bank's Permanent Investment Account" shall be made on the principle of fixity of valuation, being such a valuation as the Directors may consider represents the fair normal value of the Securities judged by previous prices, the large amount involved, and the position and prospects of the market; but no re-valuation, with a view to the appropriation of profit, shall take place, until some marked difference of value between the rates of valuation and the market rates, arises under such circumstances of duration or of public events as will warrant a belief in the permanency of the difference.

The Securities forming the "Bank's Investments Floating Account" shall be the Securities held by the Bank in excess of one crore, and shall be re-valued half-yearly on the basis of the market rates on the last day of each half-year, and any profit or loss arising from such valuation shall be credited or debited, as the case may be, to the Bank's profits for the half-year.

In May 1872 the Government of India was instructed by the Secretary of State to "take measures for discontinuing the connection of Government with the Presidency Banks of Bengal, Bombay, and Madras, both as a shareholder and part

**Bank's
relationship
to Govt.**

Manager, on the expiration of the agreements now in force between the Banks and the Government." At the same time the Secretary of State showed himself disposed to permit the public balances being retained in the custody of the Banks, provided some arrangement

could be made to satisfy Government as to the prudent management and sound condition of the Banks. In communicating these decisions to the Bank, the Government made the following three specific enquires :—

1st.—In what way the Directors of the Bank of Bengal consider that the Government should dispose of its shares, so as, while securing the full rights of the State, to cause as little injury as possible to the private proprietary of the Bank ?

2nd.—On what conditions the Bank of Bengal will be willing to continue to transact the public business which it now performs, after the expiration of the existing contract, and when the Government shall have ceased to be a shareholder in the Bank and to take a direct part in its management ?

3rd.—What arrangements should be made to satisfy the Government that the Bank will be so conducted as to secure the safety of the public balances, should it be decided to leave them with the Bank, bearing in mind, that it will be necessary, under the altered arrangements, that the Government shall take no direct part in the management of the Bank ?

Replying to these questions the Directors intimated their opinion that Government should make over its shares to the Bank at par, and that “no change was desirable or necessary in the terms or conditions on which the Bank at present transacts the Government business.” They added that, should it be deemed expedient, Government were at liberty to maintain a daily or weekly inspection of the Bank, provided such inspection should be strictly confidential. One paragraph of the Bank’s letter is worthy of being placed on record as indicating to some extent the relations existing between Government and the Bank at this period. It reads as follows :—

The “full rights of the State,” if understood in a strictly

1st Enquiry —In what way the Directors of the Bank of Bengal consider that Government should dispose of its shares, so as, while securing the full rights of the State, to cause as little injury as possible to the private proprietary of the Bank ?

legal sense, are to throw its shares on the market and get from them whatever price they may fetch, or to sell them by agreement

for a sum equivalent to such market value. But in the

equitable manner in which the Government have always hitherto treated the Bank, the Directors see cause for believing that the words are not intended to be understood in the extreme of their significance. In 1862 the Government had a full right to withdraw from the Bank its Note circulation without giving compensation, but the Finance Minister of the day gave expression to his own views and to those of the Government in the following words:—"The Bank having been chartered by the Government, and in effect called into existence by it as the sole Bank of Issue for Bengal, and the Government holding shares and being closely connected with it, in public opinion it was felt that it would be neither morally right nor politically expedient to avail themselves of the letter of the law by withdrawing the Note circulation without a fair equivalent."

Since the Government had intimated their intention of disposing of their holding of Bank Shares, the price of the same had fallen from Rs. 1,530 per (Rs. 1,000) share to Rs. 1,435, and the Directors thought that a forced sale of as much as Rs. 20 lacs worth of shares would depreciate their value at least to Rs. 1,100, and possibly to par.

The Government then enquired how the Bank proposed to treat the Rs. 20 lacs of shares in the event of their being made over "upon any terms to be mutually settled." The Directors declined to give any definite answer to this question, as they considered it was one which must necessarily be referred to a general meeting of the Proprietors. They said, however, that they thought the Bank's Capital, which had at Government instigation been made unduly large, might well be reduced by the amount in question. An instructive paragraph in their letter will be found in the following:—

The experience of recent years has conclusively demonstrated that the doubling of the Bank's Capital, which was principally, though not wholly, the result of such opinions being entertained by Government as have been indicated in the above correspondence, has given the Bank command of more money than it requires. The present position of the Bank is an illustration of the truth of this statement. The advances to the public are now to the extent of only 40 lacs more than the amount of the Capital, while the deposits from the Government and the public exceed 7 crores, of which

there is thus only the 40 lacs employed. In other words, the Bank holds about 96 per cent. of its liabilities to the public in Cash, Bullion and Government Securities, and from the figures given in the margin, it will be observed that this

| | Capital. | Average of advance to the Public. |
|----------|-------------|---|
| 1867 ... | 2,20,00,000 | 1,85,33,979 |
| 1868 ... | 2,20,00,000 | 2,76,18,548 |
| 1869 ... | 2,20,00,000 | 2,24,19,933 |
| 1870 ... | 2,20,00,000 | 2,66,54,257 |

position is not wholly an abnormal one.

The question of the appointment of a Government Inspector of the affairs of the Bank suggested by the Directors came in for a lot of discussion, but was ultimately dropped, because the Government feared that such an appointment might be considered to imply responsibility on their part. On the 17th April 1873 a deputation of the Directors consisting of Messrs. Wordie, Mewburn, and Colvin, had the honour of waiting upon His Excellency the Viceroy and discussing the various details of the proposed changes in relationship between Government and the Bank. The principal result of this interview appears to have been in the despatch of a lengthy letter to Government recapitulating in detail the items under discussion, and the Directors' arguments in favor of the measures they proposed. The question of the continuance of the Bank's Bombay Agency was also brought up in this letter, presumably at the request of Government. The first draft of the Presidency Banks' Act, which was eventually passed in 1876, was received by the Bank in September 1873, and the Directors were invited to favor the Government with such remarks and suggestions as they might have to offer. The Bank's reply to this letter was withheld, pending the receipt of the details of the proposed new agreement with Government.

In the following December the Bank received a letter from Government intimating that the Secretary of State had directed the Government of India to make the withdrawal of the Bank of Bengal from Bombay a condition of any new arrangement for the conduct of the business of the Government by the Bank. In acknowledging this letter, the Directors enquired :—

- (1) Whether the Bank was to be precluded from transacting Agency business in Bombay as it had been doing with the sanction of the Government for the preceding thirty years. If not;
- (2) Whether, in order to retain the Government business they would be compelled to entrust the Bombay Agency business to others than its own officers;

and, if so, whether they had discretion in appointing Agents in Bombay, or were compelled to appoint the new Bank of Bombay, Limited, only.

At the same time the Directors asked for the terms of the new arrangement contemplated for the future conduct of the Government business by the Bank.

In the report for December 1873, we find the following paragraph :—

In regard to the questions now pending between the Government and the Bank, the Directors have to inform the Proprietors that instructions have recently been received from the Secretary of State directing the Government of India to make the withdrawal of the Bank's Agency at Bombay a condition of any new arrangement for the conduct of the business of the Government by the Bank. Pending the settlement of this question, all discussion as to details is of course in abeyance. The Directors are in communication with the Government in regard to the Secretary of State's order. It may ultimately be necessary to call a Meeting of the Proprietors to decide upon the course which, under the circumstances, the Bank should take. Meanwhile it has been intimated to the Bank that it will be impossible for Government to come to a final decision regarding the terms of any new connection on its part with the Bank by the 1st March, when the present agreement terminates. The Bank will therefore continue provisionally to do the work of the Government as at present.

In March 1874, a memorial was submitted to the Duke of Argyll, the then Secretary of State, by some of the Bank's shareholders, resident in England, requesting that the suggested abolition of the Bank's Bombay Agency should not be insisted upon.

In March 1875 the Directors prayed Government for an early settlement of the questions outstanding, pointing out that the provisional arrangement on three months' notice regarding the management of the Government business was distinctly prejudicial to the Bank's interests.

The second half of the same year saw some definite prospect of a settlement of the Government's future relations with the Bank which had been for so long under discussion. The half-yearly report gives details as follows :—

A new Act to provide for constituting and regulating the Bank, under the altered conditions involved in the Govern-

ment ceasing to be a Shareholder, has been introduced into the Legislative Council, and is expected to become law in March next. The Act has been carefully considered by the Directors, who believe it will be passed in a form that will be satisfactory to the Proprietors.

In September last the Board were officially informed that the Governor-General in Council had resolved to dispose of the 2,200 shares held by Government in the Bank, in the market gradually, with the co-operation of the Directors. This announcement was received by the Board with surprise and disappointment, and, as unfortunately its tenor had become known almost simultaneously to the public through the Press, a heavy fall in the value of shares took place, the lowest point touched being Rs. 1,290. In view of this action, and impressed with the serious injury resulting to private proprietors, on whose aggregate holding of shares the fall represented a total depreciation of Rs. 25,74,000, the Directors made overtures for the purchase of the shares on the Bank's behalf, a course which appeared desirable alike in the interest of the private proprietors, and as a means of reducing the Bank's Capital, which, experience has shewn, is unduly large.

The Directors have satisfaction in stating that an offer of Rs. 1,225 per share was accepted by Government, and that the transaction, for which the Directors will be indemnified and due legal power given, will be carried out on the passing of the new Act. The par value of the Government shares amounts to 22 lacs, and it is intended to cancel shares for 20 lacs, and sell in the market, for the benefit of the Bank, the shares for the remaining 2 lacs. The Bank's Capital will thus be reduced to 2 crores, while the premium to be paid to Government, *viz.*, Rs. 4,95,000, will be debited to Reserve Fund, which will receive credit for any premium realized on the 2 lacs of shares to be sold in the market.

The Presidency Banks' Act of 1876 differed from its predecessor, the Charter Act of 1862, principally on the following points :—

The Presidency Banks' Act of 1876.

- (1) It made no provision for Government continuing as shareholders of the Bank.

- (2) It abolished the appointments of Government Directors, and the sections of the earlier Acts relating to their appointment were not reproduced.
- (3) The time limit of three months on loans and discounts, which the Act of 1862 had practically abrogated, was reimposed.
- (4) The power to call for information and papers regarding the Bank's affairs was only conditionally retained.
- (5) The overdrawing of an account to the extent of more than Rs. 2,000 was prohibited, (the margin being allowed to provide for cases of accidental withdrawal).
- (6) It restored, with some modification, the rule requiring that advances and discounts on personal security should be secured by at least two names.
- (7) A Bye-law was to be framed limiting the amount of advances against personal security.
- (8) Some additions were made to the securities on which the Bank might make advances, the full list being as follows :—
 - I. Promissory notes, debentures, stock and other securities of the Government of India, or of the United Kingdom of Great Britain and Ireland ;
 - II. Bonds, debentures and annuities charged by the Imperial Parliament on the revenues of India ;
 - III. Stock or debentures of, or shares in Railway or other Companies, the interest whereon shall have been guaranteed by the Secretary of State for India in Council ;
 - IV. Debentures or other securities for money issued by, or on behalf of, any municipal body under the authority of any Act of a legislature established in British India ;
 - V. Bullion or other goods which, or the documents of title to which, are deposited with, or assigned to, the Bank as security for such advances, loans or credits ; and
 - VI. Accepted bills of exchange and promissory notes indorsed by the payees ;
- (9) The Bank was permitted to make investments in the first four of the above classes of security,

(10) The following agency business was sanctioned :—

The acting as agent on commission in the transaction of the following kinds of business (namely) :—

- (1) The buying, selling, transferring and taking charge of any securities, or any shares in any public Company ;
- (2) The receiving of the proceeds, whether principal, interest, or dividends, of any securities or shares ;
- (3) The remittance of such proceeds at the risk of the principal by public or private bills of exchange, payable either in India or elsewhere.

(11) The remittance of dividends to constituents “out of India” by the Agency Department was formally sanctioned. (Permission to transact business of this nature had been granted by the Act of 1862, withdrawn by the Agreement of 1866, and restored by the Secretary of State towards the end of the latter year).

From the above it will be perceived that this Act, whilst eliminating Government from the position of shareholders in the Bank, reimposed many of the restrictions which the Act of 1862 had removed, and further tied the hands of the Bank's management in several ways not previously contemplated. The Government were, in the first instance, desirous of reimposing (See Act VI of 1839) the limit of three lacs on advances to individuals, but the Bank succeeded in getting this matter relegated to the Bye-laws.

On the Act being passed into Law, the Directors held a Special Meeting of the Board to make the changes necessitated, and, at the same time, passed a vote of appreciation to the Government Directors, whose connection with the Bank ceased from that date, for the valuable services they and their predecessors had rendered since 1809. At about the same time the Directors decided to publish only the minimum rate of interest instead of the various rates hitherto declared.

The report for June 1876 summarized the above changes in the following paragraphs :—

Since 1st May the Bank has been working under the provisions of the “Presidency Banks’ Act XI of

1876." On that date the Government ceased to be a Shareholder, and in pursuance of the arrangement mentioned in the Directors' last report, the shares for 22 lacs held by Government were taken over by the Bank, and shares for 20 lacs cancelled, thus reducing the Bank's Capital to 2 crores of rupees, represented by shares of Rs. 500 each, which are divisible into half-shares, and convertible into Stock.

The report for the second half of 1875 stated :—

The Directors are in communication with Government regarding the renewal of the Agreement for the conduct of the Government business by the Bank, in the remuneration for which no change is proposed.

**Agreements
with Govern-
ment of 1876.**

As a matter of fact, the statement that no change in the remuneration was proposed was distinctly premature, the Directors being under a misapprehension at the time this report was issued. It will be well to detail the full circumstances of the case.

The Agreement with Government of 1866 provided for the conduct of the whole of the Government Treasury cash business at Calcutta and those places where the Bank had Branches, or might open Branches in future. The Bank secured Rs. 43,606 per annum for establishment; and a guaranteed minimum balance of Rs. 45 lacs at Head Office. In the years leading up to 1876 it was understood that a new agreement with Government would be entered into concurrently with the bringing into force of the new Bank Act. Several drafts of the latter were from time to time submitted to, and returned by, the Directors of the Bank before they could obtain from Government details of the new agreements—the Government proposing to execute one agreement for Head Office and one for each of the Branches. The Directors on several occasions requested Government to furnish them with copies of drafts of the agreements, as they desired to have them before them at the time of dealing with the provisions of the new Act. When, however, they, under the assumption, based on a memorandum from Government that no material alterations were proposed in the new agreements, had gone too far in the negotiations regarding the new Act to be able to withdraw, it was discovered that changes of a very vital character were intended in the agreements. It was not indeed until after the draft agreements had been some little time in their hands that it

was brought to their notice that Government had every intention of taking the fullest advantage of certain clauses in the memorandum, which had been regarded as more or less nominal and likely to be availed of only in cases of extreme emergency. The action of the Government of India, who, rightly or wrongly, attributed the exacting treatment they were dealing out to the Bank as being under the orders of the Secretary of State, was by no means appreciated by the Directors of the Bank. On the actual drafts of the agreements coming to hand it was found that they contained the following vital points of difference from the old agreements :—

Head Office Agreement—

- (1) Agreement for five years only with one year's notice.
- (2) No specified balance.
- (3) A minimum balance of Rs. 35 lacs only, below which interest might be charged.
- (4) No undertaking to give the Bank exclusive custody of all Government Treasury monies.

Branch Agreements—

- (1) To be terminable at any or all the Branches on six months' notice—the Government in the first instance proposed three months only.
- (2) Government to have the option of banking with any Branch or not, as they might think fit.
- (3) The Government withdrew the previous clause guaranteeing the whole of the Treasury balance at every mofussil station where the Bank had a Branch.

The Government verbally informed the Bank that they proposed to avail themselves of these new conditions to a large extent. Their idea was to employ part of the balances hitherto held by the Bank at Head Office and Branches to aid the expansion of the Paper Currency. The remittance Treasury work was, they advised, to be taken out of the hands of the Bank. The scheme to leave only a proportion of the Government balances with the Presidency Banks was to a great extent due to the unpreparedness of the Bank of Bombay in January 1874 to meet Government's demands for a withdrawal of a sum of Rs. 30 or Rs. 35 lacs from their balance. An intimation that this was required

resulted in a telegram from the Government of Bombay to the Viceroy warning the Government of India that it was "placing the Exchange Banks and the trade of Bombay in great danger," and that if it drew more on the Bank of Bombay there would be a general panic and serious danger of stoppages. The Government balance at the Bank of Bombay was at this time about a crore of rupees.

The Directors on becoming aware of the true intentions of Government, entered an immediate protest, in particular asking for the following modifications:—

- (1) Extension of Head Office agreement from 6 to 10 years.
- (2) Increase of minimum balance below which interest may be charged from Rs. 35 to Rs. 40 lacs.
- (3) That balances of Government Officers might not be reckoned as part of Government Account.

Replying, the Governor-General deferred to the Bank's wishes regarding items (1) and (3), but declined to make any alteration in proposal (2). Further representation appearing unlikely to effect any material alteration, the agreements were eventually signed on the terms detailed.

A few lines from a minute of Mr. Hardie's regarding the Branches is of interest, as indicating the policy pursued by Government. They read as follows:—

"In 1862 the Bank's Branches were established with the special co-operation of Government. The Government then deemed it of great importance that the internal trade of the country should receive the benefit of proper banking facilities, and the Bank, believing in the permanency of these views on the part of Government, established Branches on a permanent and substantial footing at great expense.

"The policy of the Government in regard to the Bank has now completely changed, and we are told by the Financial Department, that the Government does not care whether the Bank manages the Treasuries at places where it has Branches or not."

The penultimate paragraph of one of the Bank's letters to Government on this subject is also worthy of record, as giving some

indication of the Bank's opinion of the treatment which it was being accorded by Government. It reads :—

I am also directed to represent that a section should be added to the new Bank Bill providing for the voluntary liquidation of the Bank, in view of the possibility of the Government's relations with the Bank at some future time being so changed, that its reconstruction under conditions more favourable for the realization of profits would be necessary in the interests of the Proprietors.

Regarding maximum balances the Government refused to enter into any formal undertaking, but gave a general intimation to the effect that they would not ordinarily leave with the headquarters of the Banks, otherwise than temporarily, more than the following sums :—

| | |
|----------------|---------------|
| Bank of Bengal | ... 100 lacs. |
| Bank of Bombay | ... 50 „ |
| Bank of Madras | ... 30 „ |

The report for June 1876 dealt with the new Agreements in the following paragraph :—

The Agreements for the conduct of the Government business at Calcutta and at the Bank's Branches have been concluded, and the Directors have satisfaction in stating that the term of the Agreement for the conduct of the Government business at Calcutta has been fixed at 10 years. The Agreements for the conduct of the Government business at the Branches are subject to termination on six months' notice from either party.

In August 1876, at a Special Meeting of the Proprietors, it was decided to fix the number of the Bank's Directors at seven.

The Bye-laws of 1876 were passed practically concurrently with the Presidency Banks' Act. The main features of their difference from the Bye-laws of 1870 and 1872 consisted in the addition

of Sections regarding :—

- (a) A limit as to the total amount of advances to any firm or individual. It had been originally proposed to introduce this restriction in the Act itself, but at the suggestion of the Bank it was relegated to the Bye-laws.
- (b) The publication of the half-yearly balance sheet in a specified form.

- (c) Directors' Meetings and Fees.
- (d) Bank Share Certificates.
- (e) The Bank's Investments and their valuation.

In September 1877 the three Presidency Banks joined in a **Memorial to the Govt. of India regarding borrowing powers.** memorial to the Government of India praying that the Presidency Banks' Act of 1876 might be amended to permit them—

1st.—To borrow money either in India or England, by pledge of assets or otherwise, and on such terms as to repayment, interest, &c., as the said Banks might from time to time arrange.

2nd.—To make remittances, by bills of exchange or otherwise as might seem expedient, to England, in payment of the price of stock or other authorized investments from time to time purchased or acquired for the Banks in England, and also in repayment of loans arranged for there.

The Secretary of State, considering it was not expedient that, while the Government balances were in their hands, the Presidency Banks should be permitted to engage in what he described as foreign exchanges, declined to comply with the request regarding borrowing in England, but stated his willingness to concede to the

**Presidency
Banks' Act,
1879.**

Banks the power to borrow money in India. This power was granted in Act No. V of 1879, which also gave the Banks the power of advancing against the security of Port

Trust Debentures, and made one or two other minor amendments. The power to borrow in India was general on the pledge of assets or otherwise, and, by way of loans from the Reserve Treasury, was from time to time availed of for a number of years after it was granted.

It was towards the end of 1869 that the question of starting a fund to provide retiring allowances for the **Pension Fund.** European Officers of the Bank was first considered. A certain amount of discussion took place, and it was eventually decided to inaugurate a fund under the name of the Superannuation Fund by means of the sub-

scriptions of such Officers of the Bank as were prepared to join. The amount of subscription was fixed at one per cent. on salaries, and the drawing up of a definite series of rules and regulations was postponed until such time as the fund amounted to an appreciable sum. Nearly all the Officers of the Bank joined this Fund. The next we learn on the subject is from the Directors Report for the first half of 1874, where they write :—

With reference to the transfer of Rs. 50,000 to a Gratuity Fund, the Directors are anxious to assist in the establishment of a fund for providing gratuities or allowances to European Officers on retirement. It appears desirable that a fund should be established to meet in future such charges, which are at present mainly borne by the current profits of the Bank.

The monies of this Gratuity Fund were kept quite separate from the Superannuation Fund, and the question of any definite scheme seems to have remained more or less in abeyance until July 1877, when the matter was brought up with a view to some final decision being arrived at. The question was gone into at some length, and the Directors eventually determined on the abolition of the Superannuation Fund, and the return of their subscriptions to all those Officers who had contributed to it. They fully appreciated the necessity for a permanent Pension scheme, but deferred final consideration of the subject until the Bank's Reserve Fund was increased.

Two years after this, in 1879, the matter again came up, and on this occasion a definite result was arrived at, and the Pension Fund of the Bank of Bengal came formally into existence. The original Rules and Regulations for Pensions to European Officers were as follows :—

1. The person to derive benefit from this scheme shall be the Secretary and Treasurer and all Officers who have subscribed to the "Agreement for Service."
2. The retirement of an Officer shall in all cases be subject to the consent of the Directors.
3. Except in cases where ill-health or other circumstances shall warrant a deviation, no pension will be granted to any Officer until he shall have completed 20 years' service.

4. Leave of absence to the following extent will be reckoned as service, *viz* :—
- | | |
|----------|---|
| 2 years, | if the service be not less than 20 years. |
| 3 „ | ditto ditto 25 „ |
| 4 „ | ditto ditto 30 „ |
5. Service rendered before the age of 21 years shall not count as service for pension.
6. The salary on which the amount of pension shall be calculated shall be the average of an Officer's substantive salary during the last 5 years of service.
7. The scale of retiring pensions will commence with $\frac{1}{7}^{\frac{5}{5}}$ ths of salary after 20 years of service, and advance $\frac{1}{7}^{\frac{1}{5}}$ th for each subsequent year of service until the expiration of the 30th year, when the maximum of $\frac{2}{7}^{\frac{5}{5}}$ ths will have been attained. Provided that the total pension shall not in any case exceed Rs. 5,000 per annum.
8. Any Officer who shall be proved to the satisfaction of the Directors to be permanently incapacitated by bodily or mental infirmity from serving in India (such infirmity not being the result of irregular or intemperate habits), may be granted an Invalid pension, commencing with $\frac{1}{6}$ th of salary after the 15th year of service, and advancing by $\frac{1}{15}^{\frac{1}{6}}$ th for each subsequent year of service up to the 20th year, but the total pension to be granted under this scale shall not in any case exceed Rs. 3,000 per annum.
9. The Directors may require any Officer, who shall have completed 20 years' service, to retire and take the allowance provided herein, or such other allowance as they may see fit to grant.
10. No pension shall be granted to any Officer who may be dismissed, or who may voluntarily retire before completing 20 years' service.
11. Pensions shall commence from the first day of the month succeeding that of retirement, and shall be payable monthly, on production of a life certificate signed before a Magistrate, Clergyman, or Banker.
12. In the event of an Officer engaging in any business, or entering any service, in India, after his retirement,

it shall be in the option of the Directors to withdraw his pension in whole or in part.

13. A pension shall not be assigned for the benefit of any one; it shall, *ipso facto*, cease in the event of such assignment being made.
14. The Directors may in their discretion grant a higher or lower rate of pension, than that specified under these Rules, where the services rendered by an Officer appear to justify such a course.
15. Nothing in these Rules and Regulations shall in any manner affect the present or future Agreements of Service between the Bank and the Bank's Officers, and it is hereby expressly declared that the granting and continuance of pensions is, and shall be, entirely in the discretion of the Directors, and not compulsory on the Bank.

September 1879.

Referring to the creation of the Fund the Directors wrote in the Half-yearly Report:—

With reference to the remarks in their reports of recent years as to the desirability of establishing a Fund for pensions to the Bank's European Officers, and to the sums which have been transferred to Gratuity Fund in furtherance of that object, the Directors have now to state that they have adopted Rules and Regulations providing for the payment of moderate pensions to European Officers after certain specified periods of approved service.

In March 1886, the Rules were altered to the extent of increasing the amount of furlough to count as service for pension to 3 years in 20 years' service and 4 years in 25 years or longer. On the same occasion it was also decided that all leave, either privilege or furlough, should be taken into account.

It was in June 1872 that the Directors first permitted the Junior Officers to reside in the premises directly over the Bank. At about this period a considerable number of new officers were obtained from Home to meet the Bank's growing requirements: they were obtained through the agency of Mr. C. J. Ward, of Messrs. Coutts & Co., and a Committee of

**European
Establish-
ment.**

Selection, consisting of ex-Directors, as at present. Their remuneration on reaching India was Rs. 300 per mensem. In March 1874 the Directors decided that Branch Agents should in no case draw a less salary than Rs. 500 per mensem. Shortly after this an Agreement of Service was drawn up, and all officers were required to agree to its provisions ; the Guarantee Fund was also reconstituted on the lines at present in force at about this time.

The Wurdah Branch was re-opened for the season in September 1872, and continued in existence until 1875, when it was abolished. Mozufferpore, as a Sub-Branch from Patna, was exploited at the same time, but the very disappointing results experienced induced the Directors to abandon the idea at the end of the ensuing cold weather. The Jubbulpore Branch was finally closed in June 1873, and four months later the Directors decided to open a Branch at Serajunge, and to keep the Akyab Branch opened all the year round instead of only in the busy season as had previously been the custom. A Branch was opened at Chittagong in August 1873. The Umritsur and Mirzapur Branches were finally closed in December 1875 and February 1876, respectively. Shortly afterwards, in February 1877, the Serajunge and Chittagong Branches were also given up.

During these and the succeeding years the opening of Branches at various other trade centres in the mofussil and in Burma was considered by the Bank. The initial suggestions sometimes coming from Government and at others being at the instance of the Bank itself. Amongst the former may be quoted Silchar and Dibrugarh, both of which fell through on account of Government being indisposed to guarantee satisfactory Treasury balances. Of the cities contemplated by the Bank, it is to be noted that the promise of any Government support at all was not always given.

A note was sounded in the report for the first half of 1875 regarding the necessity for a more adequate Reserve Fund than had hitherto been considered sufficient. The paragraph runs :—

The Directors feel that relatively to the capital, and having regard to the extent of the Bank's business, the hitherto existing amount of the Reserve Fund cannot be considered sufficient ; they have, therefore, taken advantage of the large earnings of the present half-year to strengthen the fund, and are of opinion that further additions should be made to it as favourable opportunities occur.

The large hall and the extension towards the Secretary's house were added to the Bank's premises in May 1879, as also were the north and south wings at present occupied by the Branch and Depositors' Departments, respectively. These extensions were carried out by Messrs. Mackintosh, Burn & Co. at a cost of about three lacs of rupees.

**Head Office
Premises.**

From 1884 the holidays at the Doorga Poojah were reduced by about half from the twelve days which had previously been the custom. This alteration was to a great extent instigated by the Bank. The appointment of Khazanchee at Head Office was abolished in 1881, and an European Officer appointed as Cashier: two years later the Cashier was authorized to sign for the Bank. Naraingunge Pay Office was started in April 1882 for the jute season, and has continued in existence ever since. The Directors decided in November 1883 that the President should always *ex-officio* be a Member of the Daily Committee. For the first time the practice of accepting Fixed Deposits at interest became the recognised custom in January 1884. The following year saw the Bank's Officers prohibited from acting as Agents for Fire Insurance Cos.—a prohibition which has maintained ever since. The Officers' 5 per cent. Fund was started in 1886, and at the same time the Directors decided that Officers, who were not in an assured position, might not marry without the Board's consent.

**Miscellaneous
details.**

The average annual profits, including additions to Reserve Fund, made by the Bank during the period covered by this Chapter amounted to 11·3 per cent. on the Capital.

In July 1885 the Secretary of State tendered the necessary notice of twelve months, with a view to terminating the existing Agreement, and entering upon a new Agreement for the conduct of Government business at Head Office.

**Agreement
with Govt. of
1886.**

In the first instance Government stated their desire to make the new agreement for a period of five years certain, with the right of withdrawal after a year, notice of which was not to be given before the expiry of the fourth year. This suggestion, however, was given up on consideration of representations submitted by the Bank, and the new agreement was for ten years like its predecessor. The Bank was also advised that Government proposed to insert in the new agreement a clause providing that

the Savings Bank business might be withdrawn at any time on six months' notice. Government also proposed to reduce the amount of commission payable on the capital amount of the Public Debt from Rs. 3,500 per crore to Rs. 2,000 per crore per annum. These, with one or two other points of minor import, constituted the changes proposed by Government in the new agreement, and were eventually, and more or less of necessity, accepted by the Bank. The new Agreement with Government for a period of ten years commenced from 1st October 1886.

In March 1886 Mr. Hardie was invited by the Government to be a Member of the Finance Committee, and for that purpose was granted leave by the Directors. The

**Mr. Hardie's
retirement.**

circumstances under which Mr. Hardie left the Bank's service are perhaps best described by an extract from the half-yearly report of June 1887, which runs as follows :—

The Directors have to inform the Proprietors that, in the month of February last, the Bank lost the services of Mr. Robert Hardie, who for nearly fifteen years had filled the Office of Secretary and Treasurer with marked ability and success. The state of Mr. Hardie's health would probably have necessitated his leaving India before the hot weather had set in, but his immediate departure was owing to his having accepted a seat in the Council of the Secretary of State for India, to which he had been appointed. While congratulating Mr. Hardie on his appointment, the Directors recorded their deep regret at the loss of his services. and their conviction that the present satisfactory position of the Bank was mainly due to his zeal, ability and forethought; and in order to mark in a fitting manner their appreciation of those services, they unanimously resolved to grant him a pension of Rs. 12,000 a year for life. Mr. W. D. Cruickshank, who had been Deputy Secretary since 1876, and had on several occasions officiated during Mr. Hardie's absence on leave, has been appointed Secretary and Treasurer of the Bank.

CHAPTER VI.

The Bank of Bengal, 1887—1904.

ON Mr. Hardie's departure, Mr. Cruickshank took over the reins of office, and, on the 14th July 1887, was confirmed as Secretary and Treasurer. The next few years saw somewhat troublous times, a demand for money, fluctuating between an inappreciable minimum and a maximum, which strained the Bank's resources to a considerable degree, combined with one or two other unavoidable mischances to render it impossible to maintain uninterruptedly the large and regular profits which the Bank has shown so regularly in more recent years. A glance at Appendix B, however, will show that, with the exception of the years above referred to (1890-1892), a 10 per cent. dividend has been regularly declared for the last 18 years, and a sum of nearly eighty lacs of rupees has been added to the Reserve Fund during the period covered by this Chapter.

Amendment of Bye-laws, 1889. In August 1889 the Bank's Bye-laws were amended, under the sanction of the Governor General in Council, regarding the amount of fees to be paid to the Directors, which, despite the very large increase in the importance and magnitude of the Bank's operations, had not been altered since they were first sanctioned in 1856. The new Bye-laws increased the fee for attendance at the weekly Board meeting to Rs. 50, and sanctioned an additional sum of rupees seven thousand five hundred per annum for attendance at the Daily Committee of Directors.

European Establishment. The appointment of a Medical Officer for Head Office, which had been in abeyance for some years, was revived in December 1887, and Dr. W. Coulter was appointed to the vacant post. May 1888 saw the Officers' five per cent. Special Fund started, which permits the Bank's European staff to place their savings on deposit with the Bank at five per cent. interest. In the following year the regulation was passed under which Junior Officers, vacating the premises over the Bank within 18 months of their arrival in Calcutta, receive compensation at the rate of Rs. 50

per mensem for the unexpired portion of that period. Furlough allowances were at about the same time definitely fixed at $\frac{3}{4}$ ths of substantive pay, instead of half as had previously been the custom. In December 1889 the pay of the Secretary, which had remained unchanged for over half a century, was increased from Rs. 2,600 to Rs. 4,000 per mensem, and that of the Deputy Secretary to Rs. 2,000 per mensem. Increases to the pay of other important appointments in the Bank's service were also sanctioned on the same occasion. The next event of importance in connection with the European Establishment was the granting of an Exchange Compensation Allowance on the same scale as that granted by the Government of India to its Officers. This was done in March 1894, and was intended to compensate for the extreme hardship experienced on account of the low value of the Rupee, which stood at under 1s. 1d., and looked like falling to 1s.

Regarding the Government Currency, the following note
Govt. Currency from the report of June 1893 is worthy of
Legislation. record :—

The recent Currency legislation, which is at present more or less of an experimental character, has had a disturbing influence upon trade, whilst it has at the same time created a feeling of financial uneasiness and unrest. The Directors will continue to watch the effect of this important legislation with some degree of anxiety, but they trust that its unsettling influence will be only partial and temporary, and that sooner or later market prices and exchange will be so readjusted that confidence will be restored, with the result that the commercial prosperity of India may continue to make the like progressive development as in past years.

The Public Debt Office and Government Savings Bank were audited by Government Officers in 1890
Miscellaneous. and again in 1898. In the year 1894 the Public Debt Office undertook the conversion of the Government's 4 per cent. Promissory Notes to $3\frac{1}{2}$ per cent. The work entailed on the staff was exceedingly heavy, and many Departments and Branches had to work short-handed on account of the demands of the Public Debt Office for assistance. When the time came for settling for the work done on their behalf, Government placed at the Bank's disposal a sum, which,

although accepted, was by no means considered adequate compensation. The following note on the subject of the conversion appeared in the Report for June 1895 :—

The Directors have pleasure in stating that in March last they received the thanks of the Governor General in Council for the efficiency of their arrangements, and for the assistance readily and zealously afforded by the Bank in carrying out the Conversion of the four per cent. Government Loans into three-half per cent.

Formal notice that the Government proposed to transfer their Savings Bank to the Post Office was received in 1895, and the transfer was effected as from the 1st October 1896.

In February 1900 the capital of the Bank's Guarantee Fund was permanently fixed at Rs. 2 lacs. The Bank took over the management of the Calcutta Municipal Loans from the Corporation in the following September.

At the present time the shareholders in the Bank are mainly European. On the 1st August 1904 the proportions held by Europeans and Natives were as follows :—

| | | | | | |
|-----------|-----|-----|-------------|-------------|-----|
| Europeans | ... | ... | 1,67,54,759 | 1 | 10 |
| Natives | ... | ... | 32,45,240 | 14 | 2 |
| | | | <hr/> | | |
| | | | Rs. | 2,00,00,000 | 0 0 |
| | | | <hr/> <hr/> | | |

The average annual profits, including additions to Reserve Fund, made by the Bank during the period covered by this Chapter amount to 14 per cent. on the Capital.

Writing in 1899, [on the subject of Loans from the Reserve Treasuries, Mr. Brunyate, in his "Account of the Presidency Banks," says :—

Loans from the Reserve Treasuries.

"Till 1893 such loans appear to have been granted with comparative freedom, though the Government have refused both before and since that year to commit themselves to a definite engagement when asked to do so. Since 1893 there has been at times a danger of the loans being used to enable the Exchange Banks to oppose the Secretary of State in the sale of Council

Bills, and they have been less freely given. The most recent declaration of policy, however, shows a tendency to greater liberality in this direction.

The last paragraph of the above, however, hardly applies to the years since 1899. One of the principal reasons which appears to make Government reluctant to grant loans from the Reserve Treasury in a tight money market is the fear, alluded to above, that such loans might be re-lent to the Exchange Banks to the detriment of the Secretary of State's sales of Telegraphic Transfers and Council Bills.

The Serajgunge Branch was reopened in July 1893, and a Branch of the Bank was established at Jalpaiguri in August 1894. Since that date, **Branches.** the only alteration in the list of Branches has been the opening of the Burra Bazaar Branch, which was opened in January 1904, at No. 152, Harrison Road, Calcutta, for the convenience of the Bank's native customers.

In May 1895 the Directors decided that in calculating pensions of Branch Agents whose salaries did not exceed Rs. 1,000 per mensem, **Pension Fund.** the estimated value of their free furnished houses should be taken into account. Two months later a petition was received from a number of the Bank's pensioners praying that the amounts of their pensions might be reconsidered in view of the heavy fall which had taken place in sterling exchange. As a matter of fact the question of improving the scale of pensions to European Officers was already under consideration—the Secretary, who was on leave, having taken home full details of the fund for submission to an actuary. The latter's report was received in the early part of 1896, and was duly considered by the Directors, with the result that they authorized the following changes in the existing rules:—

- (a) The maximum pension was raised from Rs. 5,000 to Rs. 6,000 per annum.
- (b) The scale of pension was raised to $\frac{15}{80}$ ths of average substantive pay for last five years after 20 years service, advancing by $\frac{1}{80}$ th for each subsequent year of service up to the maximum of $\frac{35}{80}$ ths.

The pensions of the seventeen retired officers on the pension list were increased in accordance with these regulations. March

1899 saw the maximum pension raised from Rs. 6,000 to Rs. 7,000, and two years later, in February 1901, the Directors increased the scale of pension, after 20 years, from $\frac{1}{6}$ ths to $\frac{2}{8}$ ths, with a maximum of $\frac{3}{8}$ ths after 30 years' service, and increased the maximum pension to Rs. 7,500 per annum, at which figure it now stands. On the same occasion they increased the scale of the invalid pension after 15 years from $\frac{1}{6}$ th to $\frac{1}{5}$ th, advancing by $\frac{1}{75}$ th per annum instead of $\frac{1}{150}$ th, and made the maximum for the same Rs. 4,500 in place of the former amount of Rs. 3,000.

In July 1897 the Bank received a letter from Government intimating their intention to terminate the existing agreements with the Bank regarding the conduct of the Government business at

Agreement of 1898.

Head Office and Branches, and to enter on a new agreement for 10 years, subject to certain modifications in terms as compared to the current agreements. This new agreement was approved by the Directors, and came into force from 1st November 1898; the Bank's remuneration under its provision being the same as on the previous occasion. The main features in which this agreement differed from its predecessors of 1886 were as follows:—

- (a) The conduct of Government business at Head Office and the Branches was provided for under one agreement, instead of one for Head Office and one for each of the Branches as in 1886.
- (b) The Bank, when required to do so, was to establish Currency Chests, at any of the Branches conducting Government business, with the exception of those cities in which the head office of a circle of issue of the Paper Currency Department was established, and was to be responsible for the safe custody of the same and its contents.
- (c) The Government were to be at liberty, at any time during the subsistence of the agreement, with the consent of the Bank, to declare that the Government Banking business should be conducted at any branches already or thereafter established, not being enumerated in the agreement, on the same terms and conditions as if such Branch or Branches had been enumerated therein.
- (d) All mention of the Presidency Savings Bank, which, under a clause of the agreement of 1886, had been withdrawn from the Bank in 1896, was omitted.

**Proposed
Increase of
Powers to the
Presidency
Banks and
the Central
Bank Scheme.**

It was in 1899 that the question of granting a relaxation of some of the restrictions imposed upon the Presidency Banks was first seriously taken up by Government. One of their first actions in the matter was to address a circular letter to the leading Chambers of Commerce in India, asking for comments on the subject, and also inviting criticism on the suggested consolidation of the Central Banking Reserves of India by the amalgamation of the Presidency Banks. A copy of this circular letter was forwarded to the Bank for an expression of opinion by the Directors on the questions involved, and was duly considered by them. In replying, the Board reserved their opinion regarding the amalgamation scheme, not being desirous of making any definite statement until the views of the other Presidency Banks should be to hand, but in the meanwhile expressing their readiness to give respectful consideration to any definite scheme the Government might be disposed to fabricate. The principal subordinate questions involved were two, *viz.*:—(1), the relaxation of the restrictions which prevent the Presidency Banks investing in, or advancing against, securities issued by "Assisted Railways" and District Boards with the authority of Government (the Bank had asked for this concession in 1895 and been refused); and (2), the enlargement of the capital of the Presidency Banks. Regarding the former item, the Directors expressed themselves as being of opinion that the restrictions referred to might be safely withdrawn with advantage to all concerned. The question of enlarging the Bank's capital was dealt with at some length; the tenor of the Directors' communication being that greater elasticity in the resources already in existence was more desirable than an increase of capital. The Bank's letter admitted that the ordinary resources of the Presidency Banks were liable to be overstrained at periods when great activity of trade was accompanied by exceptional reductions of Government Deposits, or when the import of capital was postponed by the prospect of a fall in sterling exchange, and added that the desire of the Directors was to obtain access to some reliable fund or funds to which resort might be had in times of pressure. To quote the words of their letter, the Directors looked for a "provision for "expanding resources at times of pressure which will tend to adjust "the supply of loanable money to the demand during the busy "and slack seasons." Writing in this connection also, they pointed out how admirably the Bank's Paper Currency had, until its withdrawal in 1862, fulfilled the functions in question. The

suggestion made by the Directors, to obviate any necessity for increasing the Bank's capital, was that when the Bank rate should rise to a height indicating undue pressure, the Presidency Banks should be able to rely on procuring loans through the Comptroller General, either from the Reserve Treasury, or, failing this, from the Paper Currency Reserve, at the current rate for demand loans on Government Paper, rising and falling therewith. They went on to ask for a reconsideration of the Memorial of the three Presidency Banks of 1877, which asked that the Banks might be empowered:—

1st.—To borrow either in England or India ;

2nd.—To make remittances to England in payment of the price of stock or other authorized investments, and also in repayment of loans arranged for there.

On the 29th December 1899, a few weeks after the despatch of the above letter, a conference was held in Calcutta between the representatives of the Government, the Presidency Banks and the Bengal and Madras Chambers of Commerce. The points discussed were as follows:—

1. Is an expansion of banking resources in India expedient, assuming that the Government can place no further resources at the disposal of the Banks than at present?
2. (A)—How far an amalgamation of the existing Banks, by rendering the existing stock of capital more mobile throughout India, would be equivalent to an expansion of capital?
(B)—Is such an amalgamation desirable in itself?
3. The alternative to an expansion of capital—
A—A definite engagement on the part of Government to make advances from the Reserve Treasuries.
B—Or from the Currency Reserve.
C—Access to London.
4. The desirability or otherwise of the Banks taking over the Note Issue.

5. What assistance (supposing the Banks to have taken over the Note Issue) the German practice of issuing uncovered Notes on payment of a tax to Government would give in times of stringency?

On the 6th January following, the Hon'ble Mr. Allan Arthur enquired in the Council Chamber whether the Financial Member was prepared to indicate any of the results of the conference, and with reference thereto, asked him to intimate what line of policy he was prepared to recommend to the Government of India. Replying, the Hon'ble Mr. Dawkins, in a statement of some length, gave a general summary of the existing position, and to some extent defined the policy of Government in the matter. He commenced his speech by an allusion to a special minute made by Mr. Hambro in connection with the recent currency commission, which was also supported by the Secretary of State, to the effect that the economic conditions existent in India necessitated the establishment of a strong Central Bank. The minute prefaced this expression of opinion by stating that the export commerce and trade of India was being financed on too narrow a basis. The Hon'ble Member then proceeded to discuss the various points which had been dealt with at the conference. Regarding the relaxation of restrictions on advances against the securities of Assisted Railways and District Boards, he expressed his opinion that such extended powers might prove embarrassing to the Banks in a tight money market. The second and most important item considered was the necessity for readily expandable resources in times of pressure. Three means of effecting this desideratum were discussed, *viz.* :—

(1st.)—That Government should definitely undertake to make loans to the Banks when they required them.
(Bank of Madras suggestion.)

(2nd.)—That Government should undertake, when the Bank rate rises to a certain height, to give loans from the coin reserve of the Paper Currency Reserve. (Bank of Bengal suggestion.)

(3rd.)—That the Banks should be allowed to borrow in London.

Commenting on the first of these proposals the Hon'ble Mr. Dawkins said :—

It is simply impossible for the Government to pledge themselves by any definite assurance, and to give the

Banks an open credit to operate upon. When pressure occurs in India, it is usually general and extends to the Government, and the Government might very well find itself absolutely unable to provide loans. The limits of Government action in this direction have, moreover, recently been laid down by the Secretary of State, and it is within these limits that Government assistance must necessarily be confined.

Suggestion No. 2, he considered inadvisable, holding that the Paper Currency Reserve should be held inviolate, under any circumstances. The last named remedy came in for the longest criticism, and, in endeavouring to prove the undesirability of the proposed measure, and to support the scheme he himself strongly advocated, the Financial Member had of necessity to seek the aid of more than one ingenious sophistry. His last two sentences on the subject are worthy of recording : they read as follows :—

“Another objection to the proposal of the Banks under existing circumstances would, I think, be the consideration that, though access to London might conceivably be granted to one strong Indian Bank connected with Government, the question would wear another aspect if three Banks are to seek for access. The Government could follow and, if necessary, perhaps influence the operations of one Bank. It would not be so easy to do this with three Banks, and the possibility of three Presidency Banks, each connected with Government, competitively pledging Indian securities against each other in London, could scarcely be viewed with favour.

It seems, therefore, that if access to London is of paramount importance, and it would appear to do so, as I am convinced of the absolute necessity of the Banks having a last resort, the fusion of the Banks and an increase of their capital are conditions that are inevitably precedent. I may say that if those conditions were complied with, access to the London market for the purposes indicated by the Banks would undoubtedly seem to be highly desirable and strongly to be recommended.”

The question of retransferring the note issue to the Presidency Banks was then dealt with, and the Hon'ble Member again expressed his opinion that what might be desirable in the case of an

amalgamated institution, could not be considered under existing conditions. Recapitulating the items dealt with, he said :—

I may now say that it seems to me most desirable in the interest of the general development of India, and of Railway construction and Municipal enterprize in particular, that the class of business in which the Banks may engage should be extended. It is even more important that an ultimate Banking resort should be afforded to the Banks, and that access to London should be authorized. I am therefore prepared to press these questions earnestly upon the Government of India, provided that the conditions are forthcoming, which would justify and render practical such important changes, namely, that the Presidency Banks should amalgamate and should undertake some increase of their capital. It would also, I think, be to the general advantage to transfer the note issue to a Bank, but this question is not so essential, although I should be ready to support such a measure.

It was not until twelve months later that the questions at issue were again formally brought before the notice of the Bank's Directors, during which period the Hon'ble Mr. Dawkins had been succeeded as Financial Member by the Hon'ble Sir Edward Law. A letter from the Government of India, dated 28th January 1901, invited the Banks to submit a definite statement of their recommendations in the way of removing the restrictions imposed by the Presidency Banks' Act on the operations of the Banks. The letter added that the Government still had the Central Bank scheme under consideration, and anticipated submitting definite proposals on the subject to the Secretary of State in the near future. Replying, the Directors asked that the following increased powers might be granted to the Bank :—

1. Permission to borrow in the United Kingdom.
2. Permission to deal in :—
 - (a) Securities of State-aided Railways.
 - (b) Securities issued by District Boards with the authority of Government.
3. Extension of the period for making advances to six months.

4. Increase of the limit of overdrafts without security from Rs. 2,000 to Rs. 5,000.
5. Right (conditional) to loans either from the Reserve Treasury or from the Paper Currency Reserve at the current rates for demand loans on Government Paper.
6. The abolition of the sections of the Presidency Banks' Act limiting the capital of the Bank.
7. Permission to take over the capital and business of any other Bank.
8. Permission to make advances against the joint and several promissory notes of two separate parties. Supplementary to Presidency Banks' Act, section 36, clause (A), sub-clause (b), which reads :—
 36. The Bank is authorized to carry on and transact the several kinds of business which Banks may transact. hereinafter specified, (that is to say) :
 - (A) the advancing and lending money, and opening cash credits, upon the security of—
 - (b) accepted bills of exchange and promissory notes indorsed by the payees.
9. The clearer definition of the bye-law dealing with the six-lac limit.
10. Statutory permission to make loans to Native Princes.
11. Permission to make loans to the Court of Wards.

On the 10th December 1902, a Committee consisting of representatives from the Government and the three Banks sat in Calcutta and discussed the above enumerated points. On this occasion the question was raised by the Government representatives as to whether the Banks should be required to maintain a minimum proportion of cash to liabilities, as the Bank of Bengal had been obliged to do in the early days of its existence. In the following April the Bank received from the Government a list of the proposals for the amendment of the Presidency Banks' Act, which they proposed to recommend to the Secretary of State, and enquiring whether the Bank had any observations to offer on their suggested recommendations. Subject, in some instances, to conditions of a more or less restrictive nature, the Government

proposed to sanction Nos. 1, 2, 3, 4, 7, 8 and 11 of the Bank's requests detailed above. Items 5, 9 and 10 were not alluded to, but a definite proposal was formulated regarding the Banks being compelled to maintain a fixed proportion of cash to liabilities under all circumstances.

The Directors replied at length to the Government's letter dealing seriatim with the various items under discussion: they also suggested that the Banks should be permitted to make home remittances of moderate amounts for customers. Attached to the letter were two diagrams of an instructive nature, one showing the fluctuations of the Deposits, Advances, and Investments of the Presidency Banks, and the other the fluctuations of the Government of India's and the Presidency Banks' Cash Balances and the Government Deposits with the Banks. Several other letters have since passed between the Government and the Bank on the subject, and a final settlement in the form of an amended Presidency Banks' Act is hoped for in the near future.

Extension of Head Office premises.

In the year 1900 the Directors finally realized the necessity, impelled by the rapid increase of the Bank's business, of extending the Head Office premises. The extension required was primarily to afford suitable accommodation for the growing needs of the two Government Departments—the Public Debt Office and the Government Account Department—and the Bank, under advice, proposed to acquire the properties, Nos. 1 and 2, Strand Road, and No. 1, Esplanade East, under the Land Acquisition Act, the purposes for which the properties were required being considered public ones. Mr. J. E. D. Ezra, the owner of the property, however, objected, firstly, to the validity of the Government's declaration that the extension of the Bank of Bengal was a public purpose; and, secondly, to the award made by the Land Acquisition Deputy Collector. The two objections resulted in two distinct law suits. The second, regarding the award, has now been finally adjudicated upon, and the first, having been won by the Bank in the High Court, is now before the Privy Council on Mr. Ezra's appeal. Meanwhile the Bank is in possession of the property.

In February 1898 the Directors created the appointment of Sub-Agent at the Rangoon Branch in consequence of the growth of the Bank's business in that Port. Mr. L. G. Dunbar was the first incumbent of the new appointment.

European Establish- ment.

The following month the Board decided that it was

desirable that the Bank's Officers should be thoroughly acquainted with the vernacular language, and passed a resolution calling upon all junior officers, drawing below a certain pay, to pass the Government examination in Hindustani by the Lower Standard. They also resolved that the passing of this examination should be made a condition of service in the case of all officers to be appointed to the Bank's service in the future. Since the above decision was arrived at, the Directors have been in the habit of granting an honorarium of Rs. 500 to all officers passing the above named examination, and the same privilege has also been extended to those passing the examination by the Higher Standard. In May 1898, Mr. A. M. Lindsay, the Deputy Secretary, was summoned by the Government to give evidence before the Currency Committee in London. His pay and expenses during the period of his absence were defrayed by Government, and he was shortly afterwards honoured by being made a Companion of the Indian Empire. Mr. Lindsay, who on various occasions officiated as Secretary and Treasurer, retired in March 1904, after a service of over 35 years, and was granted a bonus and a special pension by the Directors, who acknowledged his services to the Bank in a eulogistic minute. The second half of 1900 saw a one per cent. bonus distributed to the shareholders, and on the same occasion a bonus of one month's pay was granted to the staff, being the second occasion in the history of the Bank on which such an indulgence had been made. In the early part of 1901 the Directors raised the pay of twelve of the Bank's Branch Agents, and a year afterwards inaugurated a rule under which no Officer of the Bank, acting as a Branch Agent, could draw less than Rs. 700 per mensem, which figure was fixed as the minimum salary an Officer must necessarily be in receipt of before marrying.

The Boer War in South Africa levied its toll on India, and three officers of the Bank, Messrs. P. B. Warburton, D. S. Fraser and J. Graves were permitted by the Directors to proceed to the seat of war with Lumsden's Horse. They were allowed leave on the usual terms, and it was afterwards decided that the leave so availed of was to count as actual service for pension, and not as furlough. Messrs. Fraser and Graves were mentioned in despatches for services in the field, the former being captured by the enemy and taken as prisoner to Pretoria. They all survived the perils of war, however, and were welcomed back to Calcutta in January 1901.

The Delhi Durbar in January 1903 saw the Secretary and Treasurer, Mr. W. D. Cruickshank, a guest of H. H. the Lieutenant-Governor of Bengal and the recipient of the Companionship of the Indian Empire—a fact which resulted in a congratulatory minute

being addressed to him by the Board of Directors. In April of the same year the Directors considerably enhanced the emoluments pertaining to several of the more important appointments of the Bank—a free furnished house being provided for the Deputy Secretary, a house allowance to the Chief Accountant, and increased salaries to the Inspector of Branches, Rangoon and Bombay Agents: a new department was also created at Head Office under the style of the “Loans and Discounts” Department.

The question of inaugurating a fund to make some provision for the widows and orphans of deceased Officers of the Bank, is one which has for years past been discussed by the Bank's Officers. It was not, however, until April 1902 that the matter was definitely taken in hand, the prime mover in the matter being Mr. R. T. Horsford, the then Inspector of Branches. The opinions of the whole of the Bank's European Staff were taken, with the result that they were found to be practically unanimously in favour of a scheme to provide an annuity of £100 a year to widows of the Bank's Officers with a suitable provision for orphans. The suggestion is that the Fund shall be supported by subscriptions, *pro rata*, from the salaries of the staff, aided by a subsidy from the Bank of not less than has on the average been paid to the widows of Officers dying whilst in the Bank's service. Since Mr. Horsford's retirement, this scheme has, at the request of his colleagues, been managed as Secretary by the writer. The matter may come up for final consideration shortly.

One of the latest innovations which has been introduced in connection with the Bank, is the Bank of Bengal Dinner Club, which owes its origin to the exertions of several retired Officers in England. The membership of the Club is open to all Directors and Officers of the Bank, whether on the Active or Retired List. The inaugural dinner took place at the Imperial Restaurant in London on the 31st May 1904, when 25 members and 8 guests were present. As a means of fostering *esprit de corps* amongst the existing staff, and also of linking together those who have helped to raise the Bank to its present position of prosperity with those who are guiding its destinies into an unknown future, this Club should do meritorious service, which should exercise a beneficent influence over the destinies of the Institution, whose welfare all readers of this little volume will have at heart—The Bank of Bengal.

APPENDICES.

APPENDICES.



A.—THE BANK'S CHARTER OF 1809.

B.—STATEMENT SHOWING THE PROGRESS OF THE BANK FROM 1809.

C.—CHRONOLOGICAL LIST OF DIRECTORS OF THE BANK OF BENGAL SINCE 1860.

D.—LIST OF SECRETARIES OF THE BANK OF BENGAL SINCE ITS ESTABLISHMENT IN 1806.

E.—LIST OF EUROPEAN OFFICERS OF THE BANK OF BENGAL SINCE 1806.

F.—THE BANK OF BENGAL STAFF IN 1904.



APPENDIX A.



Charter of the Bank of Bengal.

DATED THE 2ND OF JANUARY 1809.

TO ALL TO WHOM these Presents shall come, GILBERT, LORD MINTO, Governor General in Council, of and for the Presidency of Fort William in Bengal—GREETING :

I. WHEREAS, by an Act of Parliament, passed in the Forty-seventh Year of the Reign of Our Sovereign Lord GEORGE the Third, of the United Kingdom of Great Britain and Ireland, King, entitled "An Act for the better Government of the Settlements of Fort St. George and Bombay, for the Regulation of Public Banks, and for amending so much of an Act passed in the Thirty-third of His present Majesty, as relates to the periods at which the Civil Servants of the East-India Company may be employed in their Service abroad;" reciting, amongst other things, that it might be expedient that Public Banks, for the Deposit and Loan of Money and the Negotiation of Securities and other purposes, should be established in the East-Indies; and that the Individuals who might become Members thereof, should be Incorporated under and by the Authority of the respective Governments in the East-Indies,—but that doubts had been entertained, whether the Powers of those Governments were competent to the Establishment of such Banks within the local limits of the Jurisdictions of the several Courts of Justice in India, which had been established by His Majesty's Charters; and that it was expedient that such doubts should be removed,—IT WAS ENACTED AND DECLARED, that it should and might be lawful to and for the several Governments in the East-Indies, to establish such Public Banks, with perpetual succession, and such Rights, Privileges, Franchises, and Immunities, as were incidental, or were usually granted to Corporations legally erected in that part of the United Kingdom of Great Britain and Ireland, called England, and under and subject to such Terms and Conditions as

they should see fit; and that the several Persons who should be so Incorporated, and their Heirs, Executors, Administrators, and Assigns, should have, hold, enjoy, and be entitled to all such Rights, Privileges, Franchises and Immunities, as well within as beyond the local limits of the jurisdiction of the several Courts of Justice so established as aforesaid, according to the true intent and meaning of the several Orders or Acts, by Virtue of which any such Banks or Corporations should be so established,—PROVIDED ALWAYS,

Establishment of Banks, shall not be valid until approved by Court of Directors, subject to Control of Board of Commissioners.

the Court of Directors of the United Company of Merchants of England, Trading to the East-Indies, subject to the control of the Board of Commissioners for the

All Company's Servants and Judges of Courts of Justices in India may subscribe to the Bank.

said Company, and for all the Justice in India, to Subscribe to, Bank or Corporation as aforesaid:

Company's Servants may be elected Directors of the Bank notwithstanding the Act of the 33 George III.

thereof,—any thing contained in an Act of Parliament passed in the Thirty-third Year of the Reign of His present Majesty, entitled, "An Act for continuing in the East-India Company for a further term, the Possession of the British Territories in India, together with their exclusive Trade, under certain limitations, for establishing further Regulations for the Government of the said Territories and the better Administration of Justice within the same, for appropriating to certain uses the Revenues and Profits of the said Company, and for making Provision for the good Order and Government of the Towns of Calcutta, Madras, and Bombay;" or in any other Act of Parliament to the contrary thereof, in any wise notwithstanding: PROVIDED ALWAYS, AND IT WAS

No Judge of any Court of Justice established by His Majesty's Charter capable of holding Office of Director of Bank.

capable of being appointed to, or or Manager of any such Bank or Corporation.

that the Establishment of any such Banks or Corporations should not be valid or effectual, until they should have received the approbation of

the United Company of Merchants of England, Trading to the East-Indies, subject to the control of the Board of Commissioners for the Affairs of India for the time being:

AND IT WAS FURTHER ENACTED, that it should, and might be lawful, to, and for all Persons whomsoever in the Service of the

Judges of the several Courts of Justice in India, to become Members of any such

and for any Person or Persons in the Service of the said Company, to be elected or appointed, or to become Directors or Managers

AND IT WAS FURTHER ENACTED, that no Judge of any of the said Courts of Justice in India, established by His Majesty's Charter, should be holding the Office of the Director

or Manager of any such Bank or Corporation.

2. AND WHEREAS the Establishment of a Bank at the Presidency of Fort William in Bengal, and the Incorporation of the Subscribers thereto, upon the Principles, Terms and Conditions, and subject to the Provisions and Regulations hereinafter contained, hath duly received the approbation of the said Court of Directors, and the said Court of Directors has permitted and authorized such Establishment and Incorporation accordingly.

3. AND WHEREAS the said Governor General in Council has, with the Consent and Permission of the said Court of Directors, Subscribed and Contributed to the formation of the Capital Stock of the said Bank, a Sum of TEN LACKS OF SICCA RUPEES, of the Money of the United Company of Merchants of England, Trading to the East-Indies, on account and behalf of the said Company.

4. AND WHEREAS Subscriptions were some time since opened, under the Authority of the said Governor General in Council, for raising a further Sum of FORTY LACKS OF SICCA RUPEES, to constitute together with the said TEN LACKS OF SICCA RUPEES so Subscribed and Contributed on account of the said Company as aforesaid, the Capital Stock of the said Bank,—the whole of the said Capital Stock amounting to FIFTY LACKS OF SICCA RUPEES, to be divided into Five Hundred Shares of TEN THOUSAND SICCA RUPEES, whereof One Hundred should belong to the said Company, in respect of their Subscription and Contribution aforesaid, and Four Hundred should belong to such Individuals as should Subscribe and Contribute the same.

5. AND WHEREAS the full Sum of FORTY LACKS OF SICCA RUPEES was Subscribed and Contributed by diverse Persons in Shares of TEN THOUSAND SICCA RUPEES, for the formation of the said Capital Stock, in manner aforesaid.

6. AND WHEREAS, the said Capital Stock of FIFTY LACKS so formed as aforesaid, has been since the Subscription thereof, and pending the reference of the question of the Establishment and Incorporation of a Bank to the said Court of Directors employed in the Business of Banking, on

Account and at the Risk of the several Parties Contributors thereto, their Executors, Administrators, or Assigns: AND the said proportion thereof of FORTY LACKS OF SICCA RUPEES originally Subscribed by Individuals, is now,—either in respect of Original Subscriptions, or by Assignments duly made, or by other lawful ways and means, in such proportions and numbers of Shares or Parts of Shares of TEN THOUSAND SICCA RUPEES each, and in such manner as is specified in certain Books kept for the receipt of the said Subscriptions, and for Registering and Keeping an Account of the several Alienations and Transfers thereof,—become vested in, and the property of Thomas

The whole of which Subscriptions are now vested in Thomas Abraham and others.

Abraham, Gordon Adams, James Alexander, the said James Alexander, as Executor of Captain Preston, Deceased, Lieutenant Ed-

ward Sheppen Arnold, David Bagley, Thomas Bainbridge, John Balfour, Joseph Barretto, Joseph Barretto, Junior, Lieutenant-Colonel Thomas Saunders Bateman, Richard Becher, Captain Robert Berrie, Thomas Binny, William Blackstone, as Administrator of William Berrie, John Blythe, Lieutenant-Colonel Robert Bowie, Captain John Yardley Bradford, John Breen, Captain Thomas Duer Broughton, Thomas Brown, David Burges, Lieutenant-Colonel William Burn, Bulram Day, Captain Burges Camac, Captain Archibald Campbell, Michael Cheese, George Chisholm, Major-General Edward Clark, Elizabeth Clinger, Alexander Colvin, David Colvin, Charles Corfield, Captain Philip Crump, Joseph Crump, Lieutenant-Colonel John Cunninghame, Antonio Rebeiro, Pereira D'Almeida, Captain Dennis, Carman Dalton, Captain James Davidson, George Davidson, Richard Lewis Davis, Thomas De Souza, the said Thomas De Souza, as Executor of Luis Marretto, Deceased, Lieutenant-Colonel George Dick, George Dowdeswell, James Drummond, Captain George Eagle, Charles Thomas Evans, William Fairlie, Allan Gilmore, John Hutchison Fergusson and David Clark, as Attornies for William Christopher Ord, and the said William Fairlie, Allan Gilmore, John Hutchison Fergusson and David Clark, as Attornies for the said William Christopher Ord, the Guardian of and for William Knox Ord, Lieutenant-Colonel Archibald Fergusson, Captain Martin Fitzgerald, Barbara Fitzgerald, Lieutenant Alexander Fortune, Alexander Frazer, John Fullarton, Francis Fulton, John Williamson Fulton, Captain Thomas Garner, Lieutenant-Colonel John Garstin, John Gillman Nathan, H. Gouldhawke, William Lewis Grant, John William Grant, Gholam Hosyn, Gobind Chund Bysakh, Gopaul Doss, Monohur Doss, John Hay, Major William Hemmings, Captain Thomas Hill, Lieutenant-Colonel Alexander

Hynde, Hugh Hope, Francis Horsley, John Hunter, and George Hay, Lieutenant-Colonel George Hutchison, Richard Jenkins, Captain Jeremiah Martin Johnstone, Jaffier Mirza Mookhmed, Jeebon Krishnoo Rae, Captain Bartlett, Hugh Kelly, Archibald Kelso, Captain John Kilpatrick, John King, William Knox, Kaleepershad and Anund Chund Mookerjee, Kaseenath Bysakh, Khanum Jan, J—L—Learmonth, Captain Thomas Laury, Robert Ledlie, Lieutenant-Colonel Henry Lennon, Robert Leny, Edward Benjamin Lewin, Captain-Lieutenant William Charles Lewis, Captain Peter Littlejohn, William Logan, Peter Lumsdaine, James Lumsdaine, Major David Lumsden, Lachlan Mackintosh, Eneas Mackintosh, Lieutenant Duncan MacLeod, Captain Alexander MacLeod, James Macnabb, Donald Macnabb, George Monckton, Edmond Morris, Captain Lawrence Burke Morris, Captain James Mouat, Alexander Munro, Walter Ross Munro, Muthoor Mohun Sen, Major-General James Nichol, Colonel Miles Nightingall, Lieutenant George Nugent, Nitae Churn Sen, Lieutenant Archibald Oliver, Lieutenant-Colonel John Owen, Odae Norayon Bysakh, John Palmer, Captain William Parker, John William Paxton, Pittumbaur Ghose, Pran Kishen Bysakh, Pran Kishen Singh, Pritram Dos, George Ranken, Bernard Reilly, Captain William Richards, Lieutenant-Colonel David Thomas Richardson, Major Hugh Rose, Captain John Rose, Alexander Russell, Radha Krishnoo Bysakh, the said Radha Krishnoo Bysakh, as Executor of Tilok Chund Bysakh, Deceased, Radha Mohun Banoorjye, Raj Krishnoo Bysakh, Ramdoolal Day, Ram Lochun Ghos, Ram Lochun Law, Robert Scott, Thomas Scott, Archibald Seton, John Shearman, John Shoolbred, William Simpson, Captain Robert Spottiswood, — Stacy, as Executrix of the Reverend Henry Peter Stacy, Deceased, Patrick Stewart, Richard Strachey, Maharaja Sookmoy, Sree Sree Krishnoo Bysakh, Surroop Chund Chund, James Taylor, Lieutenant-Colonel Lewis Thomas, Captain William Thomas, Catherine Thornhill, Charles Todd, Richard Turner, George Tyler, Anna Tyler, Captain John Vaughan, Gabriel Vrigmon, Reverend James Ward, Robert Warden, James Wemyss, James Wilkinson, and Lieutenant-Colonel Henry Worsley.

7. AND WHEREAS the said Proprietors hereinbefore particularly named, are desirous to be

Proprietors desire to be incorporated under the Terms and Conditions hereinafter mentioned, and that the fund should become a Capital Joint Stock.

Incorporated in manner and under the Terms and Conditions hereinafter mentioned for the purposes in the said Act of Parliament of the

Forty-seventh Year of the Reign of His present Majesty mentioned ; and that the said Sum of FORTY LACKS OF SICCA RUPEES

so Subscribed by Individuals, together with the said Sum of TEN LACKS OF SICCA RUPEES Subscribed as aforesaid, on account of the said United Company, should, in the state in which the same now is and stands on the Books of the said Subscribers' Banking Concern, become the Capital Joint Stock of such Corporation during its subsistence; and subject to be divided in manner hereinafter mentioned, in case of the dissolution of such Corporation, in manner hereinafter also mentioned.

8. AND WHEREAS the said Governor General in Council Governor General and Members of Council of this Presidency for the time being, to be Members of the Corporation. deems it expedient, that the Share of the said Company in the Capital Stock of the said Bank, in respect of their said Subscription of TEN LACKS OF SICCA RUPEES, should be under the immediate Care and Superintendence of the said Governor General in Council; and that for that purpose, the Governor General of the Presidency of Fort-William for the time being, and the Members of Council for the said Presidency for the time being, should become, and be, by virtue of their several Offices or Situations, Members of the said Corporation.

9. NOW KNOW YE, that the said Governor General in Council by virtue and in execution of the Powers given and confirmed to him by the said Act of Parliament of the Forty-seventh Year of the Reign of Our said Sovereign Lord the King, and of all other

Declares that Governor General and Members of Council for the time being, and the several Proprietors shall be One Body Politick and Corporate, under the denomination of the Bank of Bengal.
Powers and Authorities whatsoever in him residing, hath Established, Appointed, Granted, and Declared; and by these Presents, doth Establish, Appoint, Grant, and Declare, that he, the said Governor General, so long as he shall retain his said Office, and Major-General George Hewett, John Lumsden, and Henry Thomas Colebrooke, Esquires, Members of the Council of the Presidency of Fort William in Bengal, so long as they shall respectively retain their said Offices, and the Governor General and Members of Council of the said Presidency for the time being, for such time as they shall respectively fill the said Offices; and the said several Proprietors hereinafter particularly named; and all Persons who, as Executors, Administrators, or Assigns of the said Proprietors respectively, or by any other lawful Title derived or acquired from, through, or by them, or any of them, shall, at any time during the Term hereinafter mentioned, have any Part, Share, or Interest in the said Sum of FORTY LACKS OF SICCA RUPEES, part of the Capital Stock aforesaid, so long as they respectively shall have any such Part, Share or Interest therein,—shall be ONE BODY POLITICK and

CORPORATE, by the name of the BANK OF BENGAL : AND then by the name of the BANK OF BENGAL, ONE BODY POLITICK and CORPORATE, in Deed, and in Name, the said Governor General by virtue, of, and in Execution of the Powers aforesaid, doth Constitute, Establish and Declare by these Presents : AND that, by the same Name they and their Successors shall

To have perpetual Succession. have perpetual Succession : AND shall and may have and use a

Common Seal for the use of the said Bank, in transacting the Business thereof, with Power to Break, Alter, and make Anew their Seal from time to time, as to them

May have a Common Seal, with power to break, alter and make anew. shall seem expedient : AND by the same Name, they and their

Successors, from time to time, shall be capable in Law to Take, Purchase, Hold and Possess, and enjoy to, and to the use of them

May purchase and Grant any Lands, Messuages, &c. and their Successors, and also to

Grant, Assign and Transfer any Lands, Messuages, Tenements, and Hereditaments and Possessions whatsoever, and of what nature or kind soever : AND by the same Name, they and their Successors shall and may sue and implead,

May Sue and Implead and be Sued and Impleaded. and be Sued and Impleaded, and shall and may do and execute all

and singular other Matters and Things by the Name aforesaid, that to them shall appertain to do, by virtue of the said Act of the Forty-seventh Year of the Reign of Our Lord the King or otherwise : AND that the said two several Sums of FORTY LACKS OF SICCA RUPEES and TEN LACKS OF SICCA RUPEES, and the Capital Stock of FIFTY LACKS OF SICCA RUPEES made up thereof, shall in the state in which the same now stands

The two several Sums of Forty Lacks and Ten Lacks to be deemed the Capital and Joint Stock of the Bank. on the Books of the said Banking Concern, be and be deemed the Capital Joint Stock of the said Bank,

subject to such Regulations as are hereinafter contained, as to the Account and Division thereof, in case of the dissolution of the said Corporation in manner hereinafter mentioned.

10. AND that the said Capital Stock shall be, and be considered as, divided into Five Hundred Shares of TEN THOUSAND SICCA RUPEES each ;

The Stock to be divided in Five Hundred Shares of 10,000 Sicca Rupees each—One Hundred whereof to be the Company's and the remaining Four Hundred the Property of the Subscribers. and that One Hundred of the said Shares shall be, and be considered as the Property and Interest of

the United Company of Merchants of England, Trading to the

East-Indies, and their Successors, in the said Capital Stock, under the immediate Trust and Superintendence of their Governor General in Council for the Presidency of Fort William in Bengal aforesaid, for the time being: AND that the remaining Four Hundred Shares shall be, and be considered as, the Property and Interest in the said Capital Stock of the said Subscribers hereinbefore particularly named, and of their respective Executors, Administrators, and Assigns, according to the proportions and numbers of Shares specified to belong to them respectively in the Books hereinbefore mentioned.

11. AND the said Governor General in Council does further Ordain; Establish and Appoint, Certificate to be made out for each Share signed by three of the Directors and delivered to the Proprietors or their Attornies. that a Certificate shall be made out for each Share of the said Capital Stock of the said Bank, and shall be signed by Three of the Directors of the said Bank; which Certificates, when so made out, shall be delivered to the Proprietors of the said several Shares, or their Attornies lawfully constituted.

12. AND the said Governor General in Council further Ordains, Establishes and Appoints, Shares may be transferred by Special Endorsement on the Certificate upon the same being Registered. that the Shares in the said Bank shall and may be Transferable and assignable, by the Special Endorsement or such Certificates of the Proprietors thereof respectively, their Executors, Administrators, or Assigns, and in no other manner,—such Endorsement specifying the name of the Person or Persons to whom the same is transferred,—PROVIDED ALWAYS that no such Endorsement shall be effective or valid, to Transfer the Property of, or any Interest in, or Right or Title to any Share, or any Dividend, Profit or Advantage arising therefrom, until such Endorsement shall have been duly Registered at the said Bank; and such Registration, together with the Date thereof noted in writing on the back of the said Certificate, under the hand of the proper Officer to be appointed by the Directors hereinafter mentioned for that purpose. PROVIDED ALSO, that Certificates may be sub-divided into tenth parts of a Share, and may at the requisition of the Proprietors, be issued for one-tenth part, or any number of tenth-parts of a Share, in lieu of the entire Certificates of such Share; and such Certificates shall be Assignable and Transferable in the same manner, as Certificates for whole Shares, and in no other manner: AND where any

Person or Persons shall become Proprietors in manner aforesaid, of any such Fractional Certificates, such Person or Persons may have the same re-united into whole Shares and Certificates issued for such re-united parts of Shares, at their option. PROVIDED ALSO, that if, at any future period, it shall appear expedient to the Governor General in Council for the time being, that the Capital Stock of the said Bank should be increased by any further Subscription. It shall be lawful for the said Governor General in Council, and he

Government to have power to open a Subscription for the further increase of the Capital Stock in every Case, whereof a reasonable time to be limited during which Proprietors of Shares may set down their Names as Subscribers for such additional Capital.

the same being communicated to the Proprietors thereof at a General Meeting;—AND in every such case a certain reasonable time shall be limited after the Publication of such Subscription, during which the Proprietors of Shares of the said Bank who may be at the time of opening such Subscription, or at any time before the expiration of such limited time, shall and may exclusively set down their Names as Subscribers for such Additional Capital :

If the whole amount should not be Subscribed by Proprietors, Subscriptions to become public and new Subscribers shall be Members of Corporation.

Public, as to such part thereof as shall not have been filled up by the said Proprietors ; and the Persons Subscribing according to the Terms of such Subscription, their Executors, Administrators, and Assigns, shall become, and be Members of the said Corporation, in the same manner and under the same Rules in all respects

Provided no Proprietor set down his name for any Additional Sum which shall increase his whole share of stock beyond one Lack of Sicca Rupees.

Stock before holden by him, make in the whole ONE LACK OF SICCA RUPEES, or Ten Shares of TEN THOUSAND SICCA RUPEES each, of the said Stock.

shall have Power, to open a Subscription for such further Amount to be added to the Capital Stock of the said Bank as he shall think fit, giving Notice of such Subscription, and the Amount thereof, to the Directors of the said Bank for the time being, for the Purpose of

AND, if the whole amount thereof shall not be Subscribed for, according to the Terms of such Subscription, by the said Proprietors, before the expiration of such limited time—then, and in no other case, such Subscription shall become

as the Subscribers hereinbefore named—PROVIDED that no Proprietor shall be entitled to set down his Name for, or to acquire or hold any greater additional quantity of Stock, than will, with

13. AND the said Governor General in Council does Ordain and Appoint, that no Person

No persons jointly or separately shall hold or be entitled to hold at the same time more than One Lack of Sicca Rupees, or Ten Shares of the Stock, except the Company who may hold One Hundred Shares.

shall Individually, nor shall any number of Persons jointly hold, or be entitled to hold, more than ONE LACK OF SICCA RUPEES, making Ten Shares of

TEN THOUSAND SICCA RUPEES each, of the Stock of the said Bank, at the same time; or to derive any Profit or Advantage from any greater quantity of Stock or Number of Shares during the time of holding the same—PROVIDED that nothing in the foregoing Restrictions, as to the Number of Shares, shall be deemed in any manner to affect any Right or Interest of the United Company of Merchants of England, Trading to the East-Indies, in respect of the One Hundred Shares of the said Capital Stock so Subscribed, and being on their account as aforesaid; but the same shall be deemed an excepted case from the said Restriction.

14. AND the said Governor General in Council does further

The affairs of the Bank to be managed by 9 Directors, 3 of whom to be nominated by Government, and 6 by the Proprietors.

Establish and Appoint, that there shall be, from time to time, and at all times during the Continuation of its Incorporation, Nine

Directors for the Management of the Affairs of the said Bank; of whom Three shall be nominated from time to time by the Governor General in Council for the time being, and Six shall be elected by the Proprietors of the said Capital Stock, in manner hereinafter particularly mentioned.

15. AND WHEREAS the said Governor General in Council

Appointment of R. W. Cox, and 2 others as Government Directors during the pleasure of Government.

has nominated Richard Waite Cox, Henry St. George Tucker, and William Egerton, Esquires, to be Directors of the said Bank,

during the pleasure of the said Governor General in Council.

16. AND WHEREAS at a Public Meeting of the Proprietors

Appointment of Alexander Colvin and 5 others as Proprietary Directors.

of the said Capital Stock, holden in the Town of Calcutta on the Fifteenth Day of December last,

Alexander Colvin, John Palmer, James Alexander, George Tyler, and John Williamson Fulton, Esquires, and Maharajah Sookmoy, were elected to be Directors of the said Bank, during the period hereinafter mentioned; the said Governor General in Council doth hereby Establish and Appoint, that they, the said Richard Waite

Cox, Henry St. George Tucker, William Egerton, Alexander Colvin, John Palmer, James Alexander, George Tyler, John Williamson Fulton, and Maharajah Sookmoy shall be the First and Modern Directors of the said Bank. AND that the said

Government Directors to continue or be removed at the pleasure of Governor General in Council, and others may be appointed in their stead.

Richard Waite Cox, Henry St. George Tucker and William Egerton, shall continue to be Directors of the said Bank, during the pleasure of the Governor

General in Council for the time being, and no longer; and that the said Governor General in Council shall and may Appoint other Persons of the description hereinafter mentioned, to be Directors of the said Bank, in the place of the said Richard Waite Cox, Henry St. George Tucker and William Egerton, or any or

On the 15th December two of the Proprietary Directors to go out by Rotation, and two others to be annually chosen in their room.

either of them, whensoever he shall think fit: AND that, on the Fifteenth Day of December, which will be in the Year One Thousand

Eight Hundred and Nine, a General Meeting of the Proprietors entitled to Vote, shall be holden at the House in which the Business of the said Bank shall then be carried on, for the purpose of Electing by a Majority of Votes of the Persons entitled to Vote then present or duly represented by Proxy, two other Directors of the said Bank.

The course to be observed in electing the two New Directors by Lot, who are to commence their Office on 1st January.

AND the said Alexander Colvin, John Palmer, James Alexander, George Tyler, John Williamson Fulton and Maharajah Sookmoy

above particularly named, shall, so soon as conveniently may be after such Election and before the First Day of January, One Thousand Eight Hundred and Ten, meet together, for the purpose of determining by Lot in such way as shall seem to the Majority of them fittest, to secure the fair Drawing of such Lots,—which two of the said Six Persons shall quit and vacate the said Direction at the expiration of the Year One Thousand Eight Hundred and Nine; and at the expiration of the said Year, the Two Directors who shall have been elected on the said Fifteenth Day of December preceding, shall succeed to and become Directors of the said Bank in the place of the Two Directors so going out by Lot: AND on the Fifteenth Day of December, which shall be in the Year of Our Lord One Thousand Eight Hundred and Ten, a similar election shall be made of two other Directors by the Proprietors for the time being, in manner before provided: AND after such election, and before the First Day of January in the Year One Thousand Eight Hundred and Eleven, it shall be in like manner decided by Lot, which Two

of the remaining Four of the Six Directors hereinbefore particularly named, shall quit and vacate the Direction at the expiration of the said Year One Thousand Eight Hundred and Ten, and the Two Directors so Elected as last mentioned, shall succeed to them; and in like manner, on the Fifteenth Day of December in the Year One Thousand Eight Hundred and Eleven, Two Directors shall be elected in manner aforesaid, and the Two remaining of the Six Directors above named, shall quit and vacate the said Direction at the expiration of the said Year; and the Two Directors so Elected, as last mentioned, shall succeed to them; and in each Succeeding Year, on the Fifteenth Day of December, Two Directors shall be Elected in manner before said; and at the expiration of each Year Two of the Six Elected

If the 15th December falls on Sunday, Election to be on the 16th.

holden on the Sixteenth of December:

The two Directors going out, may be re-elected at the Election next after they have so gone out.

Election, which shall take place and ceased to be Directors by

In case of Death, Removal, or Resignation of any of the Six Directors, a Meeting to be held and Notice to be given within 15 days after such Death, &c., if practicable, for the purpose of Electing a Successor who is to continue for the unexpired period only.

holden at the Bank, for the Election of a Director, in the stead of a Person so Dying, Resigning or Removed, within Fifteen Days after such Death, Resignation, or Removal,—unless by reason of any unavoidable impediment, the Meeting at such an early Day may be impracticable,—and, if so, then, so soon as the same may be practicable: AND that Notice of the Day of such Meeting shall be given by Advertisement in the *Calcutta Gazette*, and in such other ways as the said Directors may think best, for giving the fullest information thereof to the Proprietors: AND the Persons who shall at such Meeting be Elected in lieu of such Director, Dying, Removed or Resigning, shall be and be deemed Elected only for the unexpired period, during which his Predecessor was to have served.

Directors shall quit and vacate the said Direction in Rotation: PROVIDED that whenever the Fifteenth of December shall fall on a Sunday, such Election may be

the Two Directors so going out by Lot or Rotation, shall be capable of being re-elected at the Annual

Election, which shall take place next after they have so gone out Lot or Rotation, and not before:

PROVIDED ALSO, that, in case of the Death of any of the Six Elected Directors, or of their Resignation or Removal in manner hereinafter mentioned, a General Meeting of the Proprietors entitled to Vote, shall be

17. AND the said Governor General in Council further

No Person shall be Eligible as a Proprietary Director, who shall not Possess in his own Rights at least one unincumbered Share of the Capital Stock.

of and entitled to at least One Share of the Capital Stock of the said Bank, in his own Right and

Natives and others Eligible under the foregoing Condition, except those who are particularly excepted by the 47 George III, by any thing in these presents contained.

the Forty-seventh Year of Our Lord the King, and except such other Persons as may be excepted by virtue of any thing in these presents contained,—shall be capable of being Elected and of Serving as an Elected Director of the said Bank.

18. AND the said Governor General in Council further Es-

The Government Directors shall be Persons holding Public Offices, under the Government of Bengal.

Offices under the Government of Bengal :—PROVIDED ALWAYS

Not necessary that they should possess any of the Capital Stock ; and they as well as Proprietary Directors previous to entering upon their duties, shall be Sworn before the Governor General in Council to a faithful discharge of the Trust reposed on them.

General in Council, as those Elected by the Proprietors, before they actually enter on their Offices, shall take and subscribe an Oath for the faithful discharge of the duties of the said Office of Director, which Oath shall be Administered by the Governor General in Council for the time being, in the way which is used in Courts of Justice for persons of the same religious persuasion with the Persons so Sworn :—PROVIDED that if any Persons elected a Director, shall

In cases of exemption from such Oath, either by the Laws of England, or the Regulations of Government, it shall be sufficient to sign a Solemn Declaration.

it shall be sufficient for such Person to sign a Solemn Declaration to the same purport, with the Oath above required to be taken.

Establishes and Appoints, that no Person shall be capable of being Elected to serve as a Director, who shall not, at the time of such his election, be, *bona fide*, possessed and Unincumbered,—but that Subject to the said qualification, as well Natives as well as all other Persons of whatever description, except the Persons particularly excepted in the said Act of Parliament of that it shall not be necessary to the qualification of such Government Directors, that they should possess or be entitled to any of the Capital Stock of the said Bank ; and the said Directors, as well as those appointed by the said Governor General in Council, as those Elected by the Proprietors, before they actually enter on their Offices, shall take and subscribe an Oath for the faithful discharge of the duties of the said Office of Director, which Oath shall be Administered by the Governor General in Council for the time being, in the way which is used in Courts of Justice for persons of the same religious persuasion with the Persons so Sworn :—PROVIDED that if any Persons elected a Director, shall be of such description of Persons as by the Laws of England, or by the Regulations of the Governor General in Council, have any exemption from taking an Oath,—

19. And the said Governor General in Council does further

The proprietors at a General Meeting to have power to remove any Director, for Misconduct or other reasonable cause.

Appoint and Declare, that the Proprietors of the said Capital Stock of the said Bank for the time being, shall at all times, have full

Power and Authority, by a Majority of Votes present, or duly represented by Proxy, at any General Meeting, to be holden in manner hereinafter mentioned, to remove any Elector Director from his Office, for misconduct or other reasonable cause: AND that, if

May, also, if the conduct of any of the Government Directors shall appear objectionable, pass a vote or resolution to that Effect, and submit same to Government, who will either remove such Director, or make such other Order as they may think fit under the circumstances.

the conduct of any Government Director should appear to the Majority of the Proprietors who shall be present, or duly represented at any such General Meeting, to be so objectionable, as to render it unsafe or improper, that he should any longer continue to

act as a Director—it shall be lawful for them to pass a Vote or Resolution to that effect, and to submit the said Vote or Resolution to the Governor General in Council for the time being, who will thereupon either remove the Director so objected to, or make such other Order for the satisfaction of the said Proprietors, as he shall think just and expedient, under all the circumstances.

20. AND the said Governor General in Council does further

No person to be entitled to vote, who shall not be possessed of One Share of the Capital. Registered as such in the Bank Books.

Establish and Appoint, that no Person shall be entitled to Vote at any General Meeting of Proprietors, upon any question, who shall

not at the time of such Meeting be possessed of One Share in the Capital Stock of the said Bank, Registered in the Name of such

Person in the Bank Books: AND that, after the Thirtieth Day of June next ensuing, no Person shall be entitled to Vote at any such

No person after 30th June entitled to vote, who shall not have been possessed of One Share for 6 months preceding General Meeting.

Meeting, who shall not have been possessed of One Share in the said Capital Stock Registered in his own Name, during Six Calendar Months preceding such General Meeting: AND that persons possess-

ing more Shares than One, Registered in their Names as aforesaid, shall be entitled to One Vote for each Share as far as Five Shares;

Persons possessing as far as Five Shares to be entitled to One Vote, Seven Shares to Six Votes, and Ten Shares to Seven Votes, and no more.

and Persons possessing Seven Shares Registered in their Names, shall be entitled to Six Votes; and Persons possessing Ten Shares to Registered, shall be entitled to Seven Votes; and that no Person

shall be entitled to more than Seven Votes: AND that it shall be lawful for the Governor General in Council to give a Proxy in writing, to be signed by the Chief Secretary to the Government, by the Authority of the Governor General in Council, to the said Chief Secretary, or to any other Person whom he shall choose to

attend at such General Meeting; and that the said Governor General in Council, by the Person holding such Proxy, shall be entitled to Seven Votes, and no more: PROVIDED that the said Governor General in Council shall not be entitled to any Vote in the Election or Removal of the Elected Directors, nor on any question concerning the Appointment or Removal of any of the inferior Officers or Servants of the said Bank, or concerning the interior management thereof: PROVIDED ALSO, that

Individual Proprietors may give a Proxy to any other Proprietor, and all Proxies to be signed by the Person or Persons giving the same, and to be deposited with the muniments of the Bank.

the Person or Persons giving the same, and shall be delivered into and deposited in the said Bank, and kept among the Muniments thereof: AND in order to prevent confusion, a List of the Proprietors

Previous to each Meeting, Lists of the Proprietors to be made out from the Bank Books and exhibited to them.

shall previously to each General Meeting, be truly and carefully made out from the Bank Books, and examined by the Directors of the said Bank; and such List shall specify the date at which each of the Shares were so Registered in the Name of the Person or Persons then holding the same, in order to ascertain the Right of Voting; and the said List shall be produced and exhibited to the Proprietors at the General Meeting, by the said Directors, for the purpose aforesaid.

21. AND the said Governor General in Council further Establishes and Appoints, that the said

A President to be Annually elected from among the Nine Directors, with permission to re-elect the President of the former year.

Nine Directors shall, so soon as conveniently may be, Elect from among themselves, One Person to be their President during the Year

One Thousand Eight Hundred and Nine; and in each Year at the First Meeting of the said Directors

they shall in like manner proceed to elect a President for the

Year: AND in case of Vacancy in the Office of President, by Death or Resignation in the course of the Year, shall immediately proceed to supply the same—

PROVIDED that, at the Annual Election, they shall be at Liberty, if they think fit, to re-elect the President of the former year.

22. AND the said Governor General in Council further

The Directors may appoint a Secretary and Treasurer, which two Offices are to be held by the same Person, and such other Officers as shall be found necessary, and give such Salaries as that the whole Annual Expence of the Establishment shall not exceed 30,000 Sicca Rupees except with the sanction of the Proprietors to be obtained at a General Meeting.

Establishes and Appoints, that the said Directors may Elect and Appoint a Person to hold the Offices of Secretary and Treasurer to the said Bank, which two Offices shall be holden by one and the same Person; and also a Head Accountant, Native Khazanchee, and such other

Officers and Servants as shall appear to them to be necessary, for conducting the Business of the said Bank; and may Appoint and give such reasonable Salaries and Wages to the said Officers and Servants as they shall think fit,—PROVIDED that the whole Annual Expence of the Establishment of the said Bank shall not exceed in the first Instance, the Sum of THIRTY THOUSAND SICCA RUPEES: AND it shall not be lawful or competent to the said Directors to appropriate any larger Sum in one Year to the Expences of the said Establishment, without the express Sanction of the Proprietors, obtained at a General Meeting: AND the said

Directors to have Power at all times to remove and dismiss Officers.

Directors shall have Power at all times, to remove and dismiss any of the said Officers or Servants, and Appoint others in their place.

23. AND the said Governor General in Council further

The President when unable to attend at any Meeting, may Appoint a Vice-President.

Establishes and Appoints, that the President of the said Directors shall and may, whenever he shall be unable to attend at any

Meeting of the said Directors,

Appoint in Writing under his Hand, a Vice-President to Officiate for him: AND that the Presence of Three Directors at least shall be necessary, to Constitute a Board for Transacting

Three Directors at least necessary to constitute a Board for Transacting Business, and in case of an equal division, the President or Vice-President to have the Casting Vote.

the Business of the said Bank; and in case of an equal division

of Voices, the President, or in his Absence, the Vice-President, shall have the Casting Voice: AND the said Directors shall Establish

The Directors to Establish a Rotation amongst themselves, 3 of whom are to attend and officiate in each week, but none exempted from Officiating whenever they may think fit.

a Rotation among themselves, by Virtue whereof Three of them shall be obliged to Attend and Officiate in each Week at every Meeting in the Week, for the despatch of the Current Business and General Superintendence of the Bank,—PROVIDED that nothing herein contained shall be

construed to exclude any of the said Directors from Attending and Officiating whenever they shall think fit, at all Meetings whatever for the Transaction of the Affairs of the said Bank:

All Contracts or other writings not under Seal, and all Letters and Orders of the Directors to be signed by three of them at least.

AND all Accounts furnished by or on behalf of the Bank, and all Contracts or other Writings not under Seal, whereby the said Bank may be in any manner charged or bound, excepting the

Cash Notes hereinafter mentioned, and all Letters and Orders of the said Directors, shall be signed by Three of the said Directors at least—and such Signatures shall be considered essential to the

The Seal of the Bank not to be affixed unless in the presence of 3 Directors, who shall Sign their Names on such Deed independent of the Witness.

Validity and Authority thereof: AND the Seal of the said Bank shall not at any time be affixed to any Deed, unless in the presence of Three of the said Directors at least, who shall Sign their Names on such Deed, in token of their having been so present, independently of the Attestation

of such Person or Persons who may Sign the same as Attesting Witnesses to the execution thereof: AND the said Directors may make such Rule, and take such Order for the Transaction of the Current

May make such Rules and Orders as shall be found Expedient for transaction of Current Business, if contrary to Law, &c., &c., &c.

Business and Management of the said Bank as to them shall seem just and expedient,—PROVIDED the same be not contrary to Law, nor to the Regulations of the Governor General in Council, nor to any

of the Rules and Provisions herein contained, nor to any Bye-Law to be made at any General Meeting of the Proprietors in manner hereinafter mentioned.

24. AND the said Governor General in Council further

The Secretary and Treasurer, and Head Accountant and Native Khazanchee not to engage in any Kind of Business, but shall confine themselves exclusively to their duty as Officers of the Bank, excepting they be in the Service of Government.

Establishes and Appoints, that neither the Person Appointed to the Office of Secretary and Treasurer, nor the Person Appointed to the Office of Head-Accountant, nor the Person Appointed to the Office of Native Khazanchee,

shall, during the time of their holding the said Offices, engage or have any concern in any kind of Trade, or Act as Agent or Brokers, or in any other Business or Employment,—but shall confine themselves exclusively to the Duty and Business of their said Offices: PROVIDED ALWAYS, the Restriction hereinbefore last mentioned, shall not be construed to extend to the case of Persons in the Service or Employment of the United Company of Merchants of England, Trading to the East-Indies, holding Public Offices under the Government of Bengal—but that such Persons shall notwithstanding be capable of holding either of the said Offices of Secretary and Treasurer or Head Accountant to the said Bank: AND the Persons Appointed to the Offices

The Secretary and Treasurer and Native Khazanchee previous to entering upon their Duties to give Security in the sum of Sicca Rs. 50,000 each, and likewise take and Subscribe an Oath before the Governor General in Council.

of Treasurer and Secretary and of Native Khazanchee, shall, each of them, before he enters upon the Duties of his said Office, give Security to the Satisfaction of the said Directors,

for the Due and Faithful Discharge thereof, in a Sum of FIFTY THOUSAND SICCA RUPEES, and shall moreover Take and Subscribe an Oath for the Faithful Discharge of their said Offices, before the Governor General in Council, or, if either of the said Officers shall be of the description of Persons having any exemption from

In case of exception from such Oath to Sign a Solemn Declaration.

taking an Oath by the Law of England, or by the Regulations of the Governor General in

Council,—then they shall Sign a Solemn Declaration to the same purport, in like manner as is hereinbefore required to be done in the like case, by the Directors of the said Bank.

25. AND the said Governor General in Council doth further

Bank shall not engage in any kind of Trade, or be concerned in any kind of Agency for the Buying and Selling of Public Securities or of any other Species of Property whatsoever.

Establish, Direct and Ordain, that the said Bank of Bengal shall not be engaged or concerned in any manner of Trade, and that the said Bank shall not be engaged or concerned in any kind of Agency, for the Buying and

engaged or concerned in any kind

Selling of Public Securities, or of Goods, or any other Species of

The Business of the Bank to consist in and be confined as far as possible to discounting of Bills of Exchange, or other Negotiable Private Securities, keeping Cash Accounts and Receiving Deposits, and Issuing and Circulating Cash Notes.

Property whatsoever, and that the Business of the said Bank shall consist in, and be confined, as far as is possible, to discounting Bills of Exchange and other Negotiable Private Securities, and keeping Cash Accounts, and Receiving

Deposits, and Issuing and Circulating Cash Notes in Manner and under the Rules hereinafter more particularly mentioned: PROVIDED that nothing herein contained shall be construed to prevent or restrain the said Bank from the Purchase of Bullion, or from dealing therein in the manner used by the Bank of England, in pursuance of the Statutes in such case Made and

Provided; not from Selling or causing to be Sold, Public Securities or Goods, or other Property which shall have been *bona fide*, deposited with the said Bank as

Not prevented from dealing in Bullion, or Selling Public Securities or other Property deposited with the Bank which has not been redeemed.

Securities for Loans made by the said Bank, and shall not have been redeemed according to the Terms of such deposit; nor from any Acts necessary towards the effecting of such Sales.

26. AND the said Governor General in Council further

The Directors to discount Notes or grant Loans at such times only as the amount of cash in hand shall bear a proportion of one-third to the whole Amount of the Notes and other Claims outstanding and payable on demand.

Directs and Appoints, that the Directors of the said Bank shall Discount Bills and other Private Negotiable Securities, and make Loans of Money, at such times only as the Amount of Cash in the actual possession of the said

Bank, and ready to be Issued in Payments, shall bear a proportion of One-Third to the whole Amount of the Notes and other Claims Outstanding against the said Bank, and payable on demand: AND that when, and so long as the Amount of Cash shall fall short of that proportion, no Discount or Loan shall be granted by the said Directors; and that

the said Directors shall not Discount any Negotiable Securities

Shall not discount any Securities or make any Loans for a longer period than 3 months nor renew any Loan, but call the same in when due.

which have a longer period to run than Three Calendar Months, nor shall they make any Loan for a longer period than Three

Calendar Months; and that the said Loans shall not be extended or renewed before, or at the expiration of the period for which

they are made, but shall be called in when due; and that the said Bank shall not Discount any Negotiable Securities, or make any Loans at any higher rate of Interest than Twelve per Cent. per Annum: AND that the said Bank shall not be in advance on Loans to the Government, beyond the amount of FIVE LACKS OF SICCA RUPEES, in the whole, at one and the same time; and the said Directors shall do no Act, whereby such Advances Outstanding at one and the same time, will be increased beyond that amount: PROVIDED that the holding or purchasing of Public Securities, commonly called Company's Paper, shall not be construed as Advancing, or being in Advance, or taken into Calculation in Estimating such Advances: AND the said Bank shall not be in Advance to any Individual, or any Society or Partnership of Individuals, either by way of Discount or Loan, or in any other manner on the Credit of such Individuals, beyond the amount of ONE LACK OF SICCA RUPEES, at one and the same time; and that the said Directors shall do no Act whereby such Advances Outstanding at one and the same time, will be increased beyond that Amount; and the said Directors, before they make any Loan or Advance to any Individual or Society, or Partnership of Individuals, shall require and receive from such Individuals in deposit, as a Security for the said Loan, either Public Securities, commonly called Company's Paper, duly issued by some one of the Governments of the British Territories in India, which said Company's Paper shall always be either Blank Endorsed or Specially Endorsed, in such manner as to place the same at the absolute disposal of the said Bank, and shall on all occasions, be equal at least, to the Amount of the Loan, or Bullion, Treasure, Plate, Jewels, or Goods, not of a perishable nature, nor liable to great alteration in their value: AND in all cases where such Loan or Advance is

Not to charge Interest or Discount Bills at a higher rate of Interest than 12 per Cent. per Annum.

per Annum: AND that the said

Not to be in advance on Loans to Government beyond 5 Lacks at one time.

said Directors shall do no Act, whereby such Advances Outstanding at one and the same time, will

Holding or purchasing Company's Paper, not to be considered as advancing or being in advance for the Company.

estimating such Advances: AND

Not to grant any Loan to an Individual or Partnership to an Amount exceeding at any one time one Lack.

the Credit of such Individuals, beyond the amount of ONE LACK OF SICCA RUPEES, at one and the same time; and that the said Directors shall do no Act whereby such Advances Outstanding at one and the same time, will

Not to grant any loan without taking security in Company's Paper, or Bullion, Plate, Jewels or Goods, not of a perishable nature.

require and receive from such Individuals in deposit, as a Security for the said Loan, either Public Securities, commonly called Company's Paper, duly issued by some one of the Governments of the British Territories in India, which said Company's Paper

The Company's Paper deposited as such Security to be blank or Specially endorsed, and in all cases where such loans are granted on Goods, the same not to exceed one half of the estimated value of such Goods.

Amount of the Loan, or Bullion, Treasure, Plate, Jewels, or Goods, not of a perishable nature, nor liable to great alteration in their value: AND in all cases where such Loan or Advance is

called in when due; and that the said Bank shall not Discount any Negotiable Securities, or make any Loans at any higher rate of Interest than Twelve per Cent.

Loans to the Government, beyond the amount of FIVE LACKS OF SICCA RUPEES, in the whole, at one and the same time; and the

said Directors shall do no Act, whereby such Advances Outstanding at one and the same time, will be increased beyond that amount:

PROVIDED that the holding or purchasing of Public Securities, commonly called Company's Paper, shall not be construed as Advancing, or being in Advance, or taken into Calculation in Estimating such Advances: AND

the said Bank shall not be in Advance to any Individual, or any Society or Partnership of Individuals, either by way of Discount or Loan, or in any other manner on

the Credit of such Individuals, beyond the amount of ONE LACK OF SICCA RUPEES, at one and the same time; and that the said Directors shall do no Act whereby such Advances Outstanding at one and the same time, will be increased beyond that Amount;

and the said Directors, before they make any Loan or Advance to any Individual or Society, or Partnership of Individuals, shall

require and receive from such Individuals in deposit, as a Security for the said Loan, either Public Securities, commonly called Company's Paper, duly issued by some one of the Governments of the British Territories in India, which said Company's Paper shall always be either Blank Endorsed or Specially Endorsed,

in such manner as to place the same at the absolute disposal of the said Bank, and shall on all occasions, be equal at least, to the

Amount of the Loan, or Bullion, Treasure, Plate, Jewels, or Goods, not of a perishable nature, nor liable to great alteration in their value: AND in all cases where such Loan or Advance is

made on Goods, the same shall not exceed one-half of the *bona fide* estimated value of such Goods—
Not to grant loans on the deposit of Bank Certificates. **PROVIDED** that no such Loans or Advances shall be made on the

Security of any Share or Shares of the said Bank, nor shall the Certificates of such Shares be receivable as Deposits for such Loans or Advances: **PROVIDED ALSO**, that the said Directors shall not

Nor on the Mortgage of Houses, Lands or other real Property. **make any Loan or Advance on Mortgage, or in any manner on the Security of any Lands, Houses, or other real or immoveable Property, either within or without the Town of Calcutta.**

27. **AND** the said Governor General in Council further

May open Cash Accounts between the Bank and Individuals or Societies for keeping their Cash.

Ordains and Appoints, that the Directors of the said Bank shall and may open Cash Accounts between the said Bank and Individuals, or Societies and Partner-

ships of Individuals, for keeping the Cash of such Individuals, Societies, or Partnerships, in the manner generally used by Bankers and Public Banks: **BUT** that such Individuals keeping Cash with the said Bank for Money, shall not at any time or on

But in no case to allow them to overdraw.

any Account, be allowed to overdraw their Accounts, nor shall their Bills, Drafts, or Orders be

honoured, accepted, paid or complied with, to any Amount exceeding the Amount of Cash actually standing at their Credit in the Books of the said Bank, and due to them on their Banking Account with the said Bank.

28. **AND** the said Governor General in Council further

May issue Promissory Notes for not less than 10 or more than 10,000 Sicca Rupees payable on demand.

Ordains and Appoints, that the Directors of the said Bank may, from time to time, issue, on account of and for the said Bank,

Promissory Notes payable on demand, to be signed by such Person or Persons for and on account of the said Bank, as the Directors shall, from time to time, Appoint for that purpose, either of their own Body or from among the Officers and Servants of the said Bank: **PROVIDED** that none of the Notes so to be issued, shall be under the Amount of **TEN SICCA RUPEES**, or exceed the amount of **TEN THOUSAND SICCA RUPEES**.

29. AND the said Governor General in Council further Ordains and Appoints, that the

The Bank Debts due or becoming due not to exceed 50 Lacks at any one time.

entire Sum of Debts of the said Bank, whether on Bonds, Notes, or in any other manner Outstanding,

at one time, and due or coming due from the said Bank shall not, on any account or pretence, exceed the Amount of the said Capital Stock of FIFTY LACKS OF SICCA RUPEES: AND that, if the said Directors shall at any time when the Outstanding Debts due and coming due, shall Amount to the Sum of FIFTY LACKS OF SICCA RUPEES, comprizing Debts of every description, Contract any further Debt to any Person, either by the issue of Notes or in any manner whatsoever, on account of the said Bank,—each of the Directors

And any Director who shall contract or concur in Contracting such Debts, and shall not give immediate notice thereof, shall be personally responsible.

of the said Bank who shall contract or Concur in Contracting such Debts, for, or on account of the said Bank, or who shall know of the contracting of such Debts

at any time, and shall not give immediate Notice thereof to a General Meeting of the Proprietors to be summoned for that purpose, shall be Personally liable to make Good and Pay the Amount of the said Debts so Contracted, and shall Pay the same into the said Bank, on the account and in exoneration of the said Bank, whenever he shall be required so to do, or such proportion thereof, as he shall be required to pay by any Vote or Resolution of the Proprietors, passed at a General Meeting.

30. AND the said Governor General in Council further Directs and Ordains, that it shall

May receive in Deposit Bullion, Treasure, Jewels, Plate, and other Articles not of a perishable nature.

be lawful for the Directors of the said Bank, to receive in Deposit and for safe Custody, upon such

Terms and Conditions of Accommodation or otherwise, as they shall think fit and reasonable, on behalf of the said Bank, upon Agreement with the Owners thereof, Bullion, Treasure, Jewels, Plate and other Articles of Value, not liable to Spoil or Waste.

31. AND the said Governor General in Council further Directs and Ordains, that the said

Shall not be allowed to hold in its own right Company's Paper to a greater Amount than 25 Lacks at one time, exclusive of Paper in deposit as a Security to Government of any Debt due by Bank to Government, &c., &c.

Bank shall not hold or be possessed of, in its own Right, Public Securities, usually called Company's Paper, to any greater Amount than TWENTY-FIVE

LACKS OF SICCA RUPEES at any one time, over and above, and exclusively of such Company's

Paper, as may at such time be actually deposited in the Public Treasury, as a Security to the Government, for, or in respect of any Debt due or growing due from the said Bank, to the said Government, or any Credit given, or afforded to the said Bank, by the said Government.

32. AND the said Governor General in Council further

The Books to be balanced every six Months, viz., to the 30th April and 31st October in each year.

Directs, Ordains and Appoints, that the Directors shall cause the Books of the said Bank to be balanced every Six Months; that

is to say, to the Thirtieth of April and the Thirty-first of October in

And a Statement thereof at each period, attested by a Majority of the Directors, to be laid before Government.

each Year; and that a true and exact Statement of the Balance at each period of Balancing, Signed by a Majority of the said Directors,

shall, without delay, be Transmitted through the Chief Secretary of Government, to the Governor

General in Council: AND FURTHER that the Governor General in Council shall, at all times, during the Term of Incorporation of the said Bank, and the continuance of these Presents, have full Power

Government may require Information, and also the production of all Books and Papers of the Bank, and to Appoint any Officers of Government to inspect the same.

and Authority to require of the said Directors any Information, which he shall think fit to require, respecting the Affairs and Transactions of the said Bank, and the State thereof, AND ALSO, to require the production of all Books and Papers of the said Bank, which may be in the Possession, Charge, Power or Procurement of the Directors of the said Bank, or any of them, and to Appoint any Officer or Officers of Government, to inspect such Books and Papers: AND that upon all requisitions of the said Governor General in Council, signified to the said Directors, officially by the Secretary, to whom it may belong to signify the same, the said Directors shall, without delay, furnish true, exact, and full Information on all matters relating to the Affairs and Transactions of the said Bank, and the State thereof, on which such Information shall be required: AND shall produce to the said Governor General in Council, in such manner, and at such time and place as they shall be required, all Books and Papers of the said Bank, which may be in the Custody, Charge, Power, or Procurement of the said Directors, or any of them; or if thereunto required, shall fully and freely suffer the same to be inspected by such Officer or Officers of Government as shall be Appointed and Deputed by the said Governor General in Council, to inspect the same.

33. AND the said Governor General in Council further

Dividends the rate thereof shall be determined by the Directors upon the grounds of the Actual profits of the Bank, during the period for which such Dividends shall be made.

the Actual Profits made by the

The first whereof to be made on the 1st July 1809, after which they shall be made every six months, viz., 1st January and 1st July.

Nine; and from that date, a Dividend shall be made every Six Months, that is to say, on the First Day of January, and the First Day of July in each Year: AND that all unclaimed Dividends

All unclaimed Dividends to be held in Deposit payable in demand, and not to be used in Payment of demands on the Bank.

use of the Money appropriated thereof, in the Payment of Demands on the said Bank: PROVIDED ALWAYS,

Should any Proprietor (not Executor, Administrator or Trustee for another) have incurred a Debt to the Bank, and made default in the Payment, the Directors may appropriate Dividends, which may have become due to such Proprietor, at any period antecedent to the failure in his Engagements, or which may afterwards become due to him in or towards discharge of such Debt.

Directors, if they think fit, to appropriate to the Payment of the said Debt, any Dividends which at the time of such Default may be due, or which may thereafter and before such Debt is paid, become due to such Proprietor, instead of Paying them to him; and such Proprietor shall accordingly have Credit, for the Amount of his Dividends, so appropriated in reduction or discharge of his Debt to the said Bank, and shall not be entitled to claim the same from the said Bank in any other manner.

Ordains, Directs and Appoints, that the Amount of the Dividends to be made to the Proprietors of the said Bank, as hereinafter mentioned, shall be determined, from time to time, by the said Directors, upon the Ground of said Bank, during the period, in respect whereof such Dividend is made: AND that the First Dividend shall be made on the First Day of July, in the Year One Thousand Eight Hundred and

34. AND the said Governor General in Council further

The Directors shall submit Annually on the first Monday in June, to the Proprietors at a General Meeting which shall be held on that day, a General Account of the Transactions of the Bank for the preceding Year, made up to the 30th April, and shall accompany it with such a report as may be necessary for the Information of Proprietors, and which account and report may be taken into Consideration, and such resolution passed thereon, as may be deemed requisite.

Directs and Appoints, that the said Directors shall Annually, on the First Monday in the Month of June in each Year, lay before the Proprietors of the said Capital Stock, at a General Meeting, which shall be holden on that Day, a General Account of the Affairs and Transactions of the Bank, made up to the Thirtieth Day of April preceding; and shall also with the said Account, lay before the said Proprietors, such Report upon the said Affairs and Transactions, and upon the State of the Bank, as may be necessary for their information: AND the said Proprietors shall and may, if they think fit, take such Account and Report into Consideration at the said General Meeting, or at any Adjourned General Meeting, and shall pass such Resolutions, or take such Order thereon, as to them may seem proper: AND that for the

And for all other Business of the Bank to be transacted at General Meetings, such be held on the days before appointed for the same, unless they fall on a Sunday, in which case they shall be held on the following day.

Annual Elections, and for all other Business of the said Bank, which is according to the True Intent and Meaning of any clause in these presents contained, to be Transacted at General Meetings of the Proprietors on stated Days; such General Meetings shall be holden on the Days hereinbefore respectively Appointed for the same, unless the same shall fall on a Sunday, in which case, they shall be holden on the Day following: AND for Elections in cases of Death or Resignation, and for such other Affairs of the said Bank, as are according to such Intent and Meaning, to be transacted at such General Meetings,—but for which no stated times can be fixed, in respect of the uncertainty of

General Meetings for Election in case of death, resignation or other business, for which no stated time can be fixed, are to be held according to Notice, &c., &c.

their occurrence,—such General Meetings shall be holden according to Notice to be given by the said Directors, in the manner, and for the time herein required, where any thing is expressed concerning such Notices,—and where nothing is so expressed, then in such manner, and for such period of time, as may be best calculated for the information of the said Proprietors,—regard being had to the exigency of the matter, for which such General

Meeting shall be convened: AND that besides such General Meetings as shall be holden for the Transaction of any Business which, according to the True Intent and Meaning of these presents, is

Three of the Directors may at all times Summon a Meeting of Proprietors, for any Special Purpose, giving not less than 15 days' Notice in the *Calcutta Gazette*, and all Acts done at such Meeting, shall be valid as if, &c.

appointed to be Transacted at General Meetings,—if any Three or more of the Directors of the said Bank, shall, at any time, see reason to convene a General Meeting of the Proprietors for any Special Purpose whatsoever, relating to the Affairs of the said Bank,—it shall be lawful for them, and they are hereby empowered so to do, upon giving Notice of such Meeting, and of the Special Purpose thereof, not less than Fifteen Days' previous to the holding thereof, by Advertisement to be inserted in the *Calcutta Gazette*, under the Signature of the Directors, who shall convene the said Meeting,—and such General Meetings shall be holden accordingly; and all Acts done then, concerning the Special Purposes of such Meeting, of which Notice shall have been given as aforesaid, shall be of the same Force and Effect, as if done at any General Meeting herein specially directed:

And if any ten or more of the Proprietors see occasion to convene a General Meeting, they may do so on giving 15 days like Notice and Acts done, shall be valid as if, &c., &c.

AND that if any Ten or more of the Proprietors of the said Capital Stock entitled to Vote, shall see Reason at any time to convene such General Meeting for any such Special Purpose as aforesaid, it shall be lawful for them, and they are also hereby empowered so to do, giving in like manner Fifteen Days' Notice at the least of the said Meeting, and the Special Purpose thereof, in the *Calcutta Gazette*, by Advertisement, under the Signature of such Proprietors,—and the said Meeting shall be holden accordingly; and all Acts done there, concerning the Special Purposes of such Meeting, of which Notice shall have been given as aforesaid, shall be of the same Force and Effect, as if done at any General Meeting herein specially directed.

35. AND the said Governor General in Council further

The Directors may make Laws and Ordinances for the Management of the Business.

Ordains, Directs and Appoints, that the Majority of the Directors of the said Bank for the time being, shall have full Power and Authority from time to time, to frame and make such and so many reasonable Laws and Ordinances, as to them shall seem necessary or convenient, for the good Government of the said

Corporation and the Management of the Affairs thereof: AND

Before they become binding are to be published in the *Calcutta Gazette*.

whom they may concern, in the lawful for any Ten or more Proprietors of the said Bank, entitled

Any Ten Proprietors may within two Months after such publication, convene a General Meeting upon not less than 15 days' notice for the purpose of taking such Laws into consideration.

Laws into consideration, or to give Notice of not less than Fifteen Days, of their intention, to propose the taking of such Bye-Laws into consideration at any General Meeting then about to be

What the notice is to specify, and the time to be taken into consideration at the General Meeting.

AND where it is proposed to Amend any part thereof, shall state the substance of such proposed Amendment: AND upon any such Notice given, the said Laws shall be taken into consideration at the General Meeting specified in such Notice: AND it shall be lawful for, and competent to the Majority of Proprietors entitled to Vote, who may be present at such General Meeting, to debate and determine such questions as to the Abrogation or Amendment of the said Laws or any part thereof, as shall have been mentioned

If no such notice shall be given within 2 months after the publication of any such Law, on having been given the abrogation or amendment shall not be adopted, the Bye-Law, shall become valid and binding.

shall not be proposed at a General Meeting, pursuant to such Notice, or being proposed, shall not be adopted then, and not before, or otherwise,—such Law shall become, and be, from the expiration

all such Laws and Ordinances, when framed, shall, before they become binding, be published for the information of the Proprietors of the said Bank, and others in the *Calcutta Gazette*: AND it shall be to Vote at any time within Two Calendar Months after such Publication, by Advertisement in the said *Calcutta Gazette*, under their Signatures to convene a General Meeting, upon not less than Fifteen Days' Notice, for the purpose of taking such Bye-Laws into consideration, or to give Notice of not less than Fifteen Days, of their intention, to propose the taking of such Bye-Laws into consideration at any General Meeting then about to be holden;—and such Notice shall specify whether it is intended to propose the Abrogation of the said Laws, or of any and what part of them, or the Amendment of any and what part of them:

in the said Notice: AND if no such Notice as above mentioned shall be given within two Calendar Months, after the publication of any such Law by the said Directors; or, if such Notice being given, the Abrogation or Amendment of such Bye-laws

of two Calendar Months, from the publication thereof, valid and binding as a Bye-Law of the said Corporation, until the same shall be repealed in manner hereinafter mentioned: AND where

But if notice shall be given, &c., and any amendment adopted, the amended Law shall from that time become valid until, &c., &c.

such Notice shall be given as aforesaid, and any Amendment in any such Law mentioned in such Notice, shall be proposed and adopted at any General Meeting in pursuance of such Notice, then such Amended Law shall, from thenceforward, become valid and binding as a Bye-Law of the said Corporation, until the same shall be repealed or altered in manner hereinafter mentioned.

36. AND the said Governor General in Council further

The Directors may at any time they think fit, repeal any Bye-Law upon publishing the same for the information of the Proprietors, any Ten of whom may, if they see fit, oppose such Resolution and propose the rescinding thereof at any General Meeting of the Proprietors.

Establishes and Appoints, that if the Majority of the said Directors shall, at any time, think it expedient to repeal any Bye-Law of the said Corporation, it shall be Lawful and Competent to them, to come to a Vote or Resolution, that the same shall be repealed, and they shall publish such Vote or Resolution in the *Calcutta*

Gazette; and if any Ten or more Proprietors of the said Bank shall think fit to oppose such Vote or Resolution, and to propose rescinding thereof at any General Meeting of the Proprietors, it shall be Lawful and Competent to them to publish an Advertisement in the *Calcutta Gazette* of such intention; and either to convene a General Meeting of the Proprietors, at not less than Fifteen Days Notice, for the purpose of determining whether such Vote or Resolution of the said Directors shall or shall not be rescinded, or to give Notice of not less than Fifteen Days of their intention to propose the rescinding of such Vote or Resolution at any General Meeting then about to be holden: AND if no such Notice as last above-mentioned, shall be given within two Calendar Months from the Publication of such Vote or Resolution of the said Directors, for the repeal of any Bye-Law; or if such Notice being given, the rescinding of the said Vote or Resolution shall not be proposed at

If no opposition made, the same shall be deemed repealed.

shall be deemed to be repealed.

a General Meeting, or being proposed, shall not be adopted then, and not before,—such Bye-Law

37. AND the said Governor General in Council further Establishes and Appoints, than in

All lawful pains and penalties may be inflicted by Fines or Amerciements, and levied and taken by distress by such Persons as the Bank may appoint, or recovered by action &c., &c., so as the Laws and Ordinances be reasonable and not contrary or repugnant to the Laws of the Realm, &c.

by all such Bye-Laws and Ordinances so to be made as aforesaid, all such lawful Pains and Penalties may be imposed and inflicted by Fines or Amerciements or other lawful ways and means, upon all Persons legally bound thereby, as to the makers thereof shall seem necessary, meet and

convenient for the due observation of such Laws and Ordinances ; and the same Penalties, Fines and Amerciements, shall and may be either levied and taken by distress by such Officers and Servants of the said Bank of Bengal, or such other Persons as shall be duly Appointed for that purpose, or recovered by action of Debt, or of Indebitatus Assumpsit, or by any other lawful ways and means, as shall be directed in the said Bye-Laws to the use of the said Bank of Bengal, and their Successors,—so as always that the said Laws and Ordinances be reasonable and not contrary or repugnant to the Laws of the Realm, or to the Regulations of the Governor General in Council, duly Promulgated or to be Promulgated, or to the Privileges, Rights and Powers and Immunities of the United Company of Merchants of England, Trading to the East-Indies, as by Law established: PROVIDED ALWAYS, and these presents are upon the express condition, that the Govern r General in Council

After 31st December, 1814, Government may upon One Year's Notice, put an end to the Corporation.

for the time being, may at any time after the Thirty-first Day of December, which will be in the Year One Thousand Eight Hundred and Fourteen, upon One Year's Notice to be given to the Directors

of the said Bank, put an end to the said Corporation: AND that any Order or Act of the Governor General in Council for the time being, for putting an end to the said Corporation signified in writing by the Chief Secretary to Government, to the Directors of the said Bank for the time being, shall be a sufficient notice for that effect; and that at the expiration of One Year from

How Capital Stock to be disposed of in case of dissolution of Bank.

such notice, the said Corporation shall be absolutely dissolved and determine: BUT the said Governor General in Council doth expressly Ordain, Appoint and

Declare, and the said Proprietors hereinbefore particularly named,

Agree and Stipulate for themselves, their Heirs, Executors and Administrators in their natural capacity, and also for themselves and their Successors in their Politic Capacity, and the Grant of these presents by the said Governor General in Council, and the Acceptance thereof by the said Persons, is upon the Condition, that in case of the Determination or Dissolution of the said Body Corporate, under such Notice as aforesaid, the Capital Stock and Property of the said Body Corporate of whatever nature, with all increase thereon, shall revert, go, pass, and belong, and be reserved and saved to the several Parties who may be interested in, and Proprietors of the said Capital Stock at the time of such Determination or Dissolution: That is to say, that the said United Company of Merchants of England, Trading to the East-Indies, their Successors or Assigns, shall be entitled to such Proportion of the whole of the said Capital Stock and Property, as the same may then stand as the Subscription and Contribution of the said Company, bears or shall bear to the Subscription and Contribution of Individuals towards the said Capital; and the several Individual Proprietors of the said Stock for the time being, shall be entitled to the rest of the said Capital Stock and Property, in such Shares and Proportions, as they respectively stood entitled thereto as Members of the said Body Corporate: AND it shall be lawful for

Directors to form a plan for the realization and division of Capital Stock.

form such Plan as to them shall seem fit and expedient for the Realization and Division of the said Capital Stock and Property, in

Plan to be submitted to the Proprietors.

Report of the Affairs and Transactions of the said Bank, is herebefore required, to be submitted to the said Proprietors by the Directors, or at any other General Meeting. to be convened by the

To be taken into consideration at a General Meeting

Directors for that purpose at one month's notice, Advertised in the *Calcutta Gazette*; and the same shall, and may be taken into consideration at such General Meeting; and the Majority of Proprietors entitled to vote, who shall

be present at such Meeting, shall and may take such Order, and Pass such resolutions thereon, as they shall think fit: PROVIDED ALWAYS, that nothing herein contained, shall be construed to

Body Corporate may surrender this Charter, and accept a New One from Governor General in Council.

preclude the said Body Corporate, from the Surrender of these presents to the Governor General in Council for the time being, if they

shall be thereunto minded, and the Acceptance of a New Charter from the said Governor General in Council; but that such Surrender and Acceptance, so far as the same may be by Law, shall be Valid and Effectual to all Intents and Purposes,—any thing in these Presents contained to the Contrary, in any wise notwithstanding.—IN WITNESS

whereof, the said Governor General in Council hath caused these Presents to be made Patent, this Second Day of January, in the

This Charter made Patent 2nd January 1809.

Year of Our Lord One Thousand Eight Hundred and Nine.

APPENDIX B.



Abstract Statement of the working of the Bank of Bengal.

| Year. | Capital. | Reserve Fund. | Weekly average of Deposits, including Government Accounts, (In Lacs of Rupees.) | Weekly average of advances, excluding Bank's Investments, (In Lacs of Rupees.) | Average Bank Rate. | Face value of Shares. | Market value of Shares. | Dividend paid. |
|-------|--------------|---------------|---|--|--------------------|-----------------------|-------------------------|----------------|
| | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | |
| 1809 | 50,00,000* | ..... | ..... | ..... | ... | 10,000 | ... | 9½ % |
| 1812 | 50,00,000 | ..... | ..... | ..... | ... | 10,000 | ... | 9½ " |
| 1814 | 50,00,000 | ..... | ..... | ..... | ... | 10,000 | ... | 8½ " |
| 1815 | 50,00,000 | ..... | ..... | ..... | ... | 10,000 | ... | 10½ " |
| 1816 | 50,00,000 | ..... | ..... | ..... | ... | 10,000 | ... | 10½ " |
| 1817 | 50,00,000 | ..... | ..... | ..... | ... | 10,000 | ... | 10½ " |
| 1818 | 50,00,000 | ..... | ..... | ..... | ... | 10,000 | ... | 12¾ " |
| 1819 | 50,00,000 | ..... | ..... | ..... | ... | 10,000 | ... | 10¾ " |
| 1820 | 50,00,000 | ..... | ..... | ..... | ... | 10,000 | ... | 7¾ " |
| 1821 | 50,00,000 | ..... | ..... | ..... | ... | 10,000 | ... | 5½ " |
| 1822 | 50,00,000 | ..... | ..... | ..... | ... | 10,000 | ... | 6¼ " |
| 1823 | 50,00,000 | ..... | ..... | ..... | ... | 10,000 | ... | 10¾ " |
| 1824 | 50,00,000 | ..... | ..... | ..... | ... | 10,000 | ... | 3¾ ", † |
| 1825 | 50,00,000 | ..... | ..... | ..... | ... | 10,000 | ... | 7½ " |
| 1826 | 50,00,000 | ..... | ..... | ..... | ... | 10,000 | ... | 15¼ " |
| 1827 | 50,00,000 | ..... | ..... | ..... | ... | 10,000 | ... | 14¾ " |
| 1828 | 50,00,000 | ..... | ..... | ..... | ... | 10,000 | ... | 10¼ " |
| 1829 | 50,00,000 | ..... | ..... | ..... | ... | 10,000 | ... | 14¼ " |
| 1830 | 50,00,000 | ..... | ..... | ..... | ... | 10,000 | ... | 8½ " |
| 1832 | 50,00,000 | ..... | ..... | ..... | ... | 10,000 | ... | 7¾ " |
| 1833 | 50,00,000 | ..... | ..... | ..... | ... | 10,000 | ... | 6½ " |
| 1834 | 50,00,000 | ..... | ..... | ..... | ... | 10,000 | ... | 6 " § |
| 1835 | 50,00,000 | ..... | ..... | ..... | ... | 10,000 | ... | 10 " |
| 1836 | 75,00,000 | ..... | ..... | ..... | ... | 10,000 | ... | 21½ " |
| 1837 | 75,00,000 | ..... | ..... | ..... | ... | 4,000 | ... | 13½ " |
| 1838 | 1,07,00,000† | ..... | ..... | ..... | ... | 4,000 | ... | 14½ " |
| 1839 | 1,07,00,000 | ..... | ..... | ..... | ... | 4,000 | ... | 9 " |
| 1840 | 1,07,00,000 | ..... | ..... | ..... | ... | 4,000 | ... | 7½ " |

* The Bank's Capital and Accounts were in Sica Rupees until 1836.

† Rs. 107 lacs represents paid up Capital, the amount of the authorized Capital was Rs. 112½ lacs.

‡ Reduced on account of frauds.

§ No dividend for one half-year on account of forgery.

| Year. | Capital. | Reserve Fund. | Weekly average of Deposits, including Government Accounts, (In Lacs of Rupees.) | Weekly average of advances, excluding Bank's Investments, (In Lacs of Rupees.) | Average Bank Rate. | Face value of Shares. | Market value of Shares. | Dividend paid. |
|-------|--------------|---------------|---|--|--------------------|-----------------------|-------------------------|----------------|
| | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | |
| 1841 | 1,07,00,000 | ..... | ..... | ..... | .. | 4,000 | .. | 9½% |
| 1842 | 1,07,00,000 | ..... | ..... | ..... | .. | 4,000 | .. | 11 " |
| 1843 | 1,07,00,000 | ..... | ..... | ..... | .. | 4,000 | .. | 13 " |
| 1844 | 1,07,00,000 | ..... | ..... | ..... | .. | 4,000 | .. | 8½ " |
| 1845 | 1,07,00,000 | ..... | ..... | ..... | .. | 4,000 | .. | 8 " |
| 1846 | 1,07,00,000 | ..... | ..... | ..... | .. | 4,000 | .. | 11½ " |
| 1847 | 1,07,00,000 | ..... | ..... | ..... | .. | 4,000 | .. | 13½ " |
| 1848 | 1,07,00,000 | ..... | ..... | ..... | .. | 4,000 | .. | 8½ " |
| 1849 | 1,07,00,000 | ..... | ..... | ..... | .. | 4,000 | .. | 6 " |
| 1850 | 1,07,00,000 | ..... | ..... | ..... | .. | 4,000 | 5,850 | 9½ " |
| 1851 | 1,07,00,000 | .. | ..... | ..... | .. | 4,000 | 6,400 | 12 " |
| 1852 | 1,07,00,000 | 27,984 | ..... | ..... | .. | 4,000 | 6,100 | 6½ " |
| 1853 | 1,07,00,000 | 29,923 | .. | ..... | .. | 4,000 | 6,425 | 6½ " |
| 1854 | 1,07,00,000 | 55,310 | ..... | ..... | 3'932 | 4,000 | 6,350 | 9 " |
| 1855 | 1,07,00,000 | 94,275 | ..... | ..... | 9'705 | 4,000 | 6,675 | 17 " |
| 1856 | 1,07,00,000 | 3,96,498 | 2,30 | 2,11 | 6'512 | 4,000 | 6,350 | 11½ " |
| 1857 | 1,07,00,000 | 4,31,234 | 2,35 | 2,13 | 6'994 | 4,000 | Noml. | 12½ " |
| 1858 | 1,07,00,000 | 2,40,538 | 2,58 | 1,81 | 6'143 | 4,000 | 5,900 | 11½ " |
| 1859 | 1,07,00,000 | 2,39,926 | 2,89 | 1,96 | 4'874 | 4,000 | 6,100 | 12 " |
| 1860 | 1,07,00,000 | 2,42,260 | 3,09 | 1,89 | 4'233 | 4,000 | 6,175 | 10¾ " |
| 1861 | 1,07,00,000 | 2,19,873 | 2,93 | 1,63 | 4'171 | 4,000 | 6,725 | 9¾ " |
| 1862 | 1,09,90,906* | 16,32,570† | 5,75 | 1,66 | 5'139 | 4,000 | 8,675 | 13 " |
| 1863 | 1,09,90,909 | 13,35,241 | 5,00 | 1,85 | 5'511 | 4,000 | 9,900 | 13½ " |
| 1864 | 2,20,00,000 | 17,67,132 | 3,43 | 2,40 | 8'686 | 1,000 | 1,975 | 15 " |
| 1865 | 2,20,00,000 | 17,23,225 | 4,00 | 2,39 | 6'949 | 1,000 | 1,781½ | 10 " |
| 1866 | 2,20,00,000 | 19,68,598 | 3,71 | 2,53 | 9'147 | 1,000 | 1,725 | 13 " |
| 1867 | 2,20,00,000 | 18,51,414 | 4,93 | 1,84 | 5'052 | 1,000 | 1,775 | 8½ " |
| 1868 | 2,20,00,000 | 17,62,947 | 5,86 | 2,76 | 5'845 | 1,000 | 1,740 | 8½ " |
| 1869 | 2,20,00,000 | 15,80,818 | 4,22 | 2,23 | 5'996 | 1,000 | 1,490 | 6½ " |
| 1870 | 2,20,00,000 | 15,67,789 | 5,27 | 2,65 | 5'735 | 1,000 | 1,440 | 7¼ " |
| 1871 | 2,20,00,000 | 15,41,089 | 7,09 | 3,32 | 4'718 | 1,000 | 1,455 | 7 " |
| 1872 | 2,20,00,000 | 15,07,883 | 7,23 | 2,99 | 4'963 | 1,000 | 1,410 | 9½ " |
| 1873 | 2,20,00,000 | 15,54,746 | 6,68 | 2,94 | 3'935 | 1,000 | 1,455 | 7½ " |
| 1874 | 2,20,00,000 | 16,07,197 | 5,68 | 2,94 | 6'222 | 1,000 | 1,440 | 9¾ " |
| 1875 | 2,20,00,000 | 19,03,816 | 6,14 | 3,11 | 5'656 | 1,000 | 1,435 | 8½ " |
| 1876 | 2,06,66,660 | 16,72,639 | 5,26 | 2,91 | 6'763 | 1,000 | 1,390 | 8 " |
| 1877 | 2,00,00,000 | 20,10,000 | 4,15 | 2,92 | 8'398 | 500 | 700 | 9 " |
| 1878 | 2,00,00,000 | 20,27,550 | 5,03 | 3,16 | 5'282 | 500 | 730 | 9 " |

* Dacca Bank absorbed.

† Rs. 10 lacs transferred from balance of old notes outstanding, and Rs. 4 lacs from increased value of the Bank's investments.

| Year. | Capital. | Reserve Fund. | Weekly average of Deposits, including Government Accounts, (In Lacs of Rupees.) | Weekly average of advances, excluding Bank's Instruments, (In Lacs of Rupees.) | Average Bank Rate. | Face value of Shares. | Market value of Shares. | Dividend paid. |
|-------|-------------|---------------|---|--|--------------------|-----------------------|-------------------------|----------------|
| | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | Rs. | |
| 1879 | 2,00,00,000 | 22,90,200 | 5.27 | 3.47 | 6.345 | 500 | 732½ | 9½ % |
| 1880 | 2,00,00,000 | 25,12,209 | 5.37 | 2.91 | 4.649 | 500 | 787½ | 8½ " |
| 1881 | 2,00,00,000 | 30,11,966 | 5.43 | 3.15 | 5.289 | 500 | 815 | 10 " |
| 1882 | 2,00,00,000 | 35,11,746 | 5.07 | 3.56 | 6.599 | 500 | 885 | 9½ " |
| 1883 | 2,00,00,000 | 40,09,606 | 4.99 | 3.68 | 6.777 | 500 | 875 | 9½ " |
| 1884 | 2,00,00,000 | 41,59,271 | 4.38 | 3.49 | 6.379 | 500 | 860 | 9½ " |
| 1885 | 2,00,00,000 | 41,57,265 | 4.90 | 3.39 | 5.381 | 500 | 832½ | 9½ " |
| 1886 | 2,00,00,000 | 46,56,605 | 5.55 | 4.12 | 6.037 | 500 | 860 | 10 " |
| 1887 | 2,00,00,000 | 50,52,760 | 5.46 | 3.82 | 5.639 | 500 | 885 | 10 " |
| 1888 | 2,00,00,000 | 54,49,639 | 5.88 | 4.33 | 5.460 | 500 | 1,002½ | 10 " |
| 1889 | 2,00,00,000 | 58,00,000 | 5.42 | 4.67 | 6.991 | 500 | 1,007½ | 10 " |
| 1890 | 2,00,00,000 | 47,00,000 | 6.39 | 3.64 | 5.790 | 500 | 1,005 | 9½ " |
| 1891 | 2,00,00,000 | 47,00,000 | 8.72 | 3.60 | 3.062 | 500 | 1,002½ | 8 " |
| 1892 | 2,00,00,000 | 49,00,000 | 7.34 | 4.16 | 3.499 | 500 | 1,040 | 9 " |
| 1893 | 2,00,00,000 | 56,00,000 | 6.73 | 4.62 | 4.880 | 500 | 1,092½ | 10 " |
| 1894 | 2,00,00,000 | 63,50,000 | 6.28 | 4.50 | 5.394 | 500 | 1,275 | 10 " |
| 1895 | 2,00,00,000 | 68,50,000 | 7.53 | 5.13 | 4.329 | 500 | 1,342½ | 10 " |
| 1896 | 2,00,00,000 | 76,00,000 | 7.67 | 5.99 | 5.691 | 500 | 1,320 | 10 " |
| 1897 | 2,00,00,000 | 83,50,000 | 6.82 | 5.51 | 7.925 | 500 | 1,220 | 10 " |
| 1898 | 2,00,00,000 | 91,00,000 | 6.59 | 5.61 | 8.065 | 500 | 1,130 | 10 " |
| 1899 | 2,00,00,000 | 98,50,000 | 7.17 | 5.77 | 5.915 | 500 | 1,200 | 10 " |
| 1900 | 2,00,00,000 | 1,03,50,000 | 7.74 | 5.80 | 5.343 | 500 | 1,280 | 10 " |
| 1901 | 2,00,00,000 | 1,10,00,000 | 8.44 | 6.30 | 5.482 | 500 | 1,215 | 10 " |
| 1902 | 2,00,00,000 | 1,17,50,000 | 9.79 | 6.62 | 4.862 | 500 | 1,222½ | 10 " |
| 1903 | 2,00,00,000 | 1,24,50,000 | 10.51 | 6.93 | 4.879 | 500 | 1,250 | 10 " |

* Also Bonus of one per cent.

APPENDIX C.

List of Directors of the Bank of Bengal since 1860, arranged in the order of joining the Board.

P. = President. G. = Government Director.

Titles and designations are those held at time of joining Board.

| | | | Year. |
|--------|-----------------------|---------------------------------------|-------|
| P. G. | C. Hugh Lushington... | Secy. to Govt. of India ... | 1860 |
| G. ... | J. I. Harvey ... | Sub-Treasurer ... | 1860 |
| P. G. | E. Drummond ... | Accountant General ... | 1860 |
| | George Brown ... | Messrs. Jardine, Skinner & Co. | 1860 |
| | W. McAdam Steuart... | „ Gillanders, Arbuthnot & Co. | 1860 |
| P. ... | David Cowie ... | „ Colvin, Cowie & Co. | 1860 |
| | Alexander Walker ... | „ Gisborne & Co. ... | 1860 |
| | Jas. Rome ... | „ Crooke, Rome & Co. | 1860 |
| | J. N. Bullen ... | „ Kettlewell, Bullen & Co. | 1860 |
| | Steuart Gladstone ... | „ Gillanders, Arbuthnot & Co. | 1860 |
| | H. Crooke ... | „ Crooke, Rome & Co. | 1861 |
| | R. Steuart Palmer ... | „ Mackillop, Steuart & Co. | 1861 |
| | R. B. Mackay ... | „ Gillanders, Arbuthnot & Co. | 1861 |
| | H. Cowie ... | „ Colvin, Cowie & Co. | 1861 |
| | J. Scott Elliot ... | „ Gisborne & Co. ... | 1861 |
| G. ... | A. Grote ... | Member of Board of Revenue | 1862 |
| | G. W. M. Blacker ... | Messrs. Hoare, Miller & Co. | 1862 |
| | Claud H. Brown ... | „ Jardine, Skinner & Co. | 1862 |
| G. ... | J. L. Lushington ... | Offg. Accountant and Auditor General. | 1863 |
| | H. Dundas ... | Messrs. Shand, Fairlie & Co. | 1863 |
| P. G. | R. P. Harrison ... | Accountant and Auditor General. | 1863 |
| | J. S. Skinner ... | Messrs. Jardine, Skinner & Co. | 1863 |
| G. ... | H. Sandeman ... | Accountant General ... | 1865 |
| | J. F. Ogilvy ... | Messrs. Gillanders, Arbuthnot & Co. | 1865 |

| | | | Year. |
|--------|-----------------------|-----|---|
| P. G. | E. F. Harrison | ... | Comptroller General of Accounts. 1865 |
| | T. R. Grant | ... | Messrs. Lyall, Rennie & Co. 1866 |
| | R. Scott Moncrieff | ... | „ Gisborne & Co ... 1866 |
| | R. A. Lyall | ... | „ Lyall, Rennie & Co. 1866 |
| P. ... | J. R. Bullen Smith | ... | „ Jardine, Skinner & Co. 1866 |
| | S. Danby | ... | „ Gisborne & Co. ... 1867 |
| P. G. | A. Money | ... | Senior Member of Board of Revenue. 1868 |
| G. ... | R. B. Chapman | ... | Financial Secretary ... 1869 |
| | J. J. Guise | ... | Messrs. Gisborne & Co. ... 1869 |
| G. ... | H. A. Mangles | ... | Offg. Accountant General ... 1871 |
| | E. C. Morgan | ... | Messrs. Ashburner & Co. ... 1871 |
| | M. Henderson | ... | „ Carlisles, Nephews & Co. 1871 |
| | J. Cowie | ... | „ Colvin, Cowie & Co. 1871 |
| | T. H. Wordie | ... | „ Jardine, Skinner & Co. 1871 |
| P. ... | G. F. Newburn | ... | „ Gillanders, Arbuthnot & Co. 1871 |
| G. ... | Colonel H. Hyde, R.E. | ... | Master of the Mint ... 1872 |
| | B. D. Colvin | ... | Messrs. Colvin, Cowie & Co. 1872 |
| P. ... | W. Alexander | ... | „ G. Henderson & Co. 1872 |
| | C. F. Burgett | ... | Messrs. Lyall, Rennie & Co. 1873 |
| P. ... | J. Flemington | ... | „ Gisborne & Co. ... 1873 |
| G. ... | E. Gay | ... | Offg. Accountant General ... 1874 |
| | J. Jardine Paterson | ... | Messrs. Jardine, Skinner & Co. 1874 |
| G. ... | V. H. Schalch, C.S.I. | ... | Member of Board of Revenue 1875 |
| | W. T. Berners | ... | Messrs. Ashburner & Co. ... 1875 |
| P. ... | L. P. D. Broughton | ... | Administrator General ... 1876 |
| | F. S. Collis | ... | Offg. „ ... 1878 |
| | F. Clarke | ... | „ „ ... 1879 |
| P. ... | J. J. J. Keswick | ... | Messrs. Jardine, Skinner & Co. 1879 |
| P. ... | F. J. Fergusson | ... | Official Trustee ... 1880 |
| P. ... | D. G. Landale | ... | Messrs. George Henderson & Co. 1881 |
| | G. Miller | ... | Messrs. Hoare, Miller & Co. ... 1881 |
| P. ... | C. H. Moore | ... | „ Gillanders, Arbuthnot & Co. 1881 |
| | R. Miller | ... | „ Hoare, Miller & Co ... 1881 |
| | H. N. Gladstone | ... | „ Gillanders, Arbuthnot & Co. 1882 |
| | F. E. Patteson | ... | „ Hoare, Miller & Co. ... 1883 |

| | | | Year. |
|--------|---------------------|---|----------|
| P. ... | A. B. Miller | ... Official Trustee | ... 1883 |
| | J. Henderson | ... Messrs. George Henderson & Co. | 1885 |
| | E. Elliott | ... „ J. Elliott & Co. | ... 1885 |
| | J. C. McGregor | ... Official Assignee | ... 1886 |
| P. ... | W. R. T. Aitken | ... Messrs. John Elliott & Co. | ... 1886 |
| P. ... | A. Wilson | ... „ Jardine, Skinner & Co. | 1886 |
| | F. J. Marsden | ... Offg. Administrator General... | 1886 |
| | J. F. Macnair | ... Messrs. Begg, Dunlop & Co.... | 1888 |
| P. ... | G. Cheetham | ... „ George Henderson & Co. | 1888 |
| | D. Cruickshank | ... „ Begg, Dunlop & Co.... | 1888 |
| P. ... | W. B. Gladstone | ... „ Gillanders, Arbuthnot & Co. | 1889 |
| P. ... | W. O. Bell-Irving | ... „ Jardine, Skinner & Co. | 1891 |
| | A. S. Gladstone | ... Messrs. Gillanders, Arbuthnot & Co. | 1893 |
| P. ... | H. B. H. Turner | ... „ Turner, Morrison & Co. | 1893 |
| P. ... | C. E. Smyth | ... „ Turner, Morrison & Co. | 1894 |
| P. ... | C. Lawrie Johnstone | ... „ Jardine, Skinner & Co. | 1895 |
| P. ... | C. D. Stewart | ... „ George Henderson & Co. | 1896 |
| P. ... | W. A. Bankier | ... „ Jardine, Skinner & Co. | 1897 |
| | J. C. Shorrocks | ... „ George Henderson & Co. | 1898 |
| | J. M. G. Proffit | ... „ Turner, Morrison & Co. | 1899 |
| P. ... | H. Bateson | ... „ Gillanders, Arbuthnot & Co. | 1899 |
| | H. T. Peter | ... „ George Henderson & Co. | 1901 |
| | F. Peacock | ... Offg. Official Assignee and Official Trustee of Bengal. | 1901 |
| | H. T. Hyde | ... Administrator General | ... 1902 |
| | W. C. Graham | ... Officiating Official Assignee... | 1903 |
| | C. E. Grey | ... Offg. Administrator General... | 1903 |
| | W. K. Dowding | ... Messrs. Turner, Morrison & Co. | 1904 |
| | R. H. A. Gresson | ... „ Jardine, Skinner & Co. | 1904 |

APPENDIX D.

List of Secretaries of the Bank of Bengal since its establishment in 1806.

(Including Officers who have officiated for periods when the
Office of Secretary was vacant).

| | | | | Yrs. | Ms. |
|---------------------------------|------|------------|-------------------|------|-----|
| J. W. Sherer, c. s. | from | May 1806 | to Jan. 1809 ... | 2 | 8 |
| W. Morton, c. s. | ,, | Jan. 1809 | ,, May 1815 ... | 6 | 4 |
| H. Wood, c. s. | ,, | May 1815 | ,, Feb. 1816 ... | 0 | 9 |
| C. Morley, c. s. | ,, | Feb. 1816 | ,, Jan. 1821 ... | 4 | 11 |
| W. H. Oakes, c. s. <i>Offg.</i> | ,, | Jan. 1821 | ,, Mar. 1822 ... | 1 | 2 |
| C. T. Glass, <i>Offg.</i> | ,, | Mar. 1822 | ,, July 1822 ... | 0 | 4 |
| W. H. Oakes, c. s. | ,, | July 1822 | ,, Jan. 1823 ... | 0 | 6 |
| C. T. Glass | ,, | Jan. 1823 | ,, Dec. 1826 ... | 3 | 11 |
| J. A. Dorin, c. s. <i>Offg.</i> | ,, | Dec. 1826 | ,, July 1828 ... | 1 | 7 |
| C. T. Glass | ,, | July 1828 | ,, Feb. 1829 ... | 0 | 7 |
| J. A. Dorin, c. s. | ,, | Feb. 1829 | ,, Aug. 1830 ... | 1 | 6 |
| R. Udny, c. s. <i>Offg.</i> | ,, | Aug. 1830 | ,, Nov. 1830 ... | 0 | 3 |
| G. Udny, c. s. | ,, | Nov. 1830 | ,, Dec. 1839 ... | 9 | 1 |
| T. Bracken | ,, | Jan. 1840 | ,, Feb. 1847 ... | 7 | 1 |
| C. Hogg | ,, | Feb. 1847 | ,, Mar. 1851 ... | 4 | 1 |
| W. Grey, c. s. | ,, | Mar. 1851 | ,, April 1854 ... | 3 | 1 |
| W. Maples c. s. | ,, | April 1854 | ,, May 1854 ... | 0 | 1 |
| J. B. Plumb | ,, | May 1854 | ,, May 1859 ... | 5 | 0 |
| H. I. Lee, <i>Offg.</i> | ,, | May 1859 | ,, Feb. 1860 ... | 0 | 9 |
| G. Dickson | ,, | Feb. 1860 | ,, May 1872 ... | 12 | 3 |
| R. Hardie | ,, | May 1872 | ,, Feb. 1887 ... | 14 | 9 |
| W. D. Cruickshank | ,, | Feb. 1887 | ,, | | |

APPENDIX E.

List of European Officers of the Bank of Bengal since 1806.

| No. | Name. | Date of entering service. | Date of leaving service. | REMARKS. |
|-----|--|---------------------------------|--------------------------------|---------------------------|
| 1 | J. W. Sherer, c.s., (Bank of Calcutta). | May 1806 | Jan. 1809 | Revtd. to C. S. |
| 2 | W. Morton, c.s. ... | Jan. 1809 | Mar. 1815 | Died whilst on leave. |
| 3 | H. Tyler ... | " " | " 1824 | Died in the service. |
| 4 | H. Wood, c.s. ... | Mar. 1815 | Feb. 1816 | Revtd. to C. S. |
| 5 | C. Morley, c.s. ... | Feb. 1816 | Dec. 1820 | Ditto. |
| 6 | W. H. Oakes, c.s.... | Dec. 1820 | Mar. 1822 | Ditto. |
| 7 | C. T. Glass ... | Mar. 1822 | Dec. 1826 | Ditto. |
| 8 | H. Henderson ... | Jan. 1824 | Oct. 1839 | Died in the service. |
| 9 | J. A. Dorin, c.s. ... | Dec. 1826 | Aug. 1830 | Revtd. to C. S. |
| 10 | R. Udny, c.s. ... | Aug. 1830 | Oct. " | Ditto. |
| 11 | G. Udny, c.s. ... | Oct. " | Jan. 1840 | Ditto. |
| 12 | H. J. Lee ... | April 1834 | Feb. 1860 | Retired with Gratuity. |
| 13 | C. N. Cooke ... | " " | Mar. 1867 | Retired with Gratuity. |
| 14 | J. B. Plumb ... | " 1838 | May 1859 | Retired on Pn. |
| 15 | T. Bracken ... | Jan. 1840 | Feb. 1847 | Resigned. |
| 16 | C. Hogg ... | Feb. 1847 | Mar. 1851 | Do. |
| 17 | W. Grey, c.s. ... | Mar. 1851 | April 1854 | Revtd. to C. S. |
| 18 | G. W. Moultrie ... | Aug. 1852 | Aug. 1881 | Retired on Pn. |
| 19 | C. J. Gray ... | April 1854 | Jan. 1858 | Resigned. |
| 20 | W. Maples, c.s. ... | " " | May 1854 | Died in the service. |

| No. | Name. | Date of entering service. | Date of leaving service. | REMARKS. |
|-----|-----------------------|---------------------------|--------------------------|---|
| 21 | W. T. Goldsworthy | July 1855 | Dec. 1856 | Resigned. |
| 22 | J. Nicoll ... | Dec. " | Jan. 1868 | Retired with Gratuity at age of 80 yrs. |
| 23 | W. E. Carbery ... | Jan. 1856 | Nov. 1864 | Resigned. |
| 24 | R. Scott Moncrieff... | Oct. " | Mar. 1860 | Do. |
| 25 | J. B. Biss ... | May 1857 | Dec. 1858 | Do. |
| 26 | D. Woods ... | Oct. " | June 1869 | Died in the service. |
| 27 | J. Blackburn ... | Jan. 1858 | Dec. 1858 | Temply. apptd. |
| 28 | J. Robinson ... | June " | Oct. " | Ditto. |
| 29 | R. Sterndale ... | " 1859 | Jan. 1860 | Resigned. |
| 30 | T. Dyson ... | Dec. " | Feb. 1885 | Retired on Pn. |
| 31 | Octavius Steele ... | Jan. 1860 | Jan. 1863 | Resigned. |
| 32 | A. Watson ... | " " | Oct. 1861 | Temply. apptd. |
| 33 | G. Dickson ... | Feb. " | Sept. 1872 | Retired on Pn. |
| 34 | D. S. Watson ... | May " | Nov. 1860 | Temply. apptd. |
| 35 | J. Gordon ... | " " | Mar. 1887 | Retired on Pn. |
| 36 | D. Kennedy ... | Nov. 1861 | Dec. 1868 | Died in the service. |
| 37 | J. Cruickshank ... | Dec. " | Oct. 1864 | Died whilst on leave. |
| 38 | J. Bond ... | Jan. 1862 | Sept. 1862 | Resigned. |
| 39 | T. S. Jones ... | " " | June 1864 | Do. |
| 40 | H. B. Sterndale ... | " " | May 1887 | Retired on Pn. |
| 41 | R. R. Sawers ... | Feb. " | Oct. 1863 | Resigned. |
| 42 | W. Macfarlane ... | " " | Sept. 1865 | Died in the service. |
| 43 | C. J. Cooke ... | Mar. " | Feb. 1880 | Left the service |
| 44 | W. Clark ... | Oct. " | Oct. 1863 | Died in the service. |
| 45 | R. R. Showers ... | Dec. " | " " | Resigned. |
| 46 | J. Harvey ... | " " | June " | Do. |
| 47 | W. F. Fraser ... | Jan. 1863 | May 1880 | Died in the service. |
| 48 | A. MacBean ... | " " | April 1889 | Retired on Pn. |
| 49 | F. Halsey ... | Feb. " | July 1873 | Resigned. |
| 50 | D. Hean ... | " " | April 1864 | Do. |

| No. | Name. | Date of entering service. | Date of leaving service. | REMARKS. |
|-----|----------------------|---------------------------|--------------------------|------------------------------------|
| 51 | C. Smith ... | Feb. 1863 | Mar. 1867 | Resigned. |
| 52 | T. Watson ... | " " | Oct. 1870 | Do. |
| 53 | G. E. Moultrie ... | Aug. " | Mar. 1865 | Do. |
| 54 | J. Hector ... | " " | Nov. 1876 | Do. |
| 55 | D. McDonald ... | " " | " 1869 | Died in the service. |
| 56 | F. A. Gillam ... | " " | Sept. 1888 | Retired on Pn. |
| 57 | A. T. Cassaigne ... | June " | Oct. 1864 | Resigned. |
| 58 | J. Grant ... | Aug. " | June 1864 | Do. |
| 59 | G. Wyatt ... | July 1862 | Jan. 1869 | Do. |
| 60 | F. C. Seymour .. | Aug. " | Oct. 1870 | Do. |
| 61 | T. Smith ... | April 1864 | Aug. 1889 | Retired on Pn. |
| 62 | J. A. Larsen ... | " " | Feb. 1895 | Died in the service. |
| 63 | J. R. Fraser ... | May " | Aug. 1875 | Resigned. |
| 64 | A. H. Rennie ... | June " | April 1874 | Do. |
| 65 | D. P. S. Mentheth... | " " | " " | Do. |
| 66 | A. Smith ... | " " | Nov. 1867 | Do. |
| 67 | A. M. Ross ... | " " | Jan. 1863 | Do. |
| 68 | D. Fraser ... | Aug. " | Jan. 1890 | Retired on Pn. |
| 69 | A. Y. Watt ... | Sept. " | Feb. 1869 | Left the service |
| 70 | J. Moodie ... | Dec. " | May 1871 | Resigned. |
| 71 | F. M. Raikes ... | Sept. 1865 | Aug. " | Do. |
| 72 | G. S. Brown ... | Feb. " | Mar. 1877 | Do. |
| 73 | J. D. Watters ... | April " | " 1872 | Do. |
| 74 | G. Mackilligin ... | July " | Dec. 1876 | Resigned on account of ill health. |
| 75 | R. M. H. Hicks ... | Sept. " | May 1891 | Retired on Pn. |
| 76 | J. J. Hills ... | Oct. " | " 1887 | Ditto. |
| 77 | R. L. Biss ... | Jan. 1866 | Feb. 1891 | Ditto. |
| 78 | W. Nicoll ... | " " | April 1867 | Resigned. |
| 79 | W. H. Biss ... | " " | July 1886 | Retired on Pn. |
| 80 | N. W. Mackenzie... | " " | June 1887 | Ditto. |
| 81 | G. D. Walker ... | " " | Mar. 1869 | Resigned. |
| 82 | W. Dickson ... | " " | Dec. 1886 | Retired on Pn. |
| 83 | J. Patterson ... | " " | May 1867 | Resigned. |
| 84 | A. F. Carr ... | " " | Aug. 1885 | Do. |

| No. | Name | Date of entering service. | Date of leaving service. | REMARKS. |
|-----|---------------------|---------------------------|--------------------------|------------------------------------|
| 85 | H. T. Balfour ... | Aug. 1866 | Aug. 1890 | Retired on Pn. |
| 86 | W. W. Apperley ... | Sept. „ | Nov. 1882 | Did not return from leave. |
| 87 | A. B. Antram ... | Oct. „ | Aug. 1873 | Resigned. |
| 88 | W. D. Cruickshank | Nov. „ | | |
| 89 | E. F. Menzies ... | Jan. 1867 | Feb. 1874 | Left the service |
| 90 | R. T. Horsford ... | „ „ | Dec. 1903 | Retired on Pn. |
| 91 | W. Culbard ... | Feb. „ | „ 1872 | Resigned. |
| 92 | A. Clark ... | April „ | April 1898 | Retired on Pn. |
| 93 | R. Hardie ... | June „ | June 1887 | Ditto. |
| 94 | W. Nicholls ... | Nov. „ | Aug. 1873 | Resigned. |
| 95 | J. McAlister ... | Jan. 1868 | July 1380 | Do. |
| 96 | J. Seymour Keay... | Feb. „ | Mar. 1872 | Do. |
| 97 | A. S. Lang ... | „ „ | June 1870 | Died in the service. |
| 98 | J. Patterson ... | „ „ | „ „ | Resigned. |
| 99 | S. N. Macdonald .. | „ „ | Feb. „ | Died in the service. |
| 100 | T. Taylor ... | Mar. „ | Nov. 1883 | Resigned on account of ill health. |
| 101 | W. Neill ... | „ „ | Oct. 1877 | Died in the service. |
| 102 | G. I. Arbuthnot ... | May „ | Mar. 1900 | Ditto. |
| 103 | E. Fishbourne ... | July „ | Nov. 1888 | Retired on Pn. |
| 104 | W. Westland ... | Aug. „ | Jan. 1891 | Ditto. |
| 105 | J. McGillivray ... | Sept. „ | „ 1872 | Resigned. |
| 106 | A. M. Lindsay ... | Jan. 1869 | Mar. 1904 | Retired on Pn. |
| 107 | E. M. Slater ... | „ „ | Jan. 1903 | Ditto. |
| 108 | C. Stuart ... | „ „ | Nov. 1896 | Ditto. |
| 109 | C. J. Henty ... | „ „ | Sept. 1879 | Died in the service. |
| 110 | W. M. Walton ... | Mar. „ | Apl. 1874 | Resigned. |
| 111 | J. W. Russell ... | Apl. „ | Mar. 1899 | Retired on Pn. |
| 112 | F. T. Lewis ... | „ 1870 | Apl. 1898 | Ditto. |
| 113 | D. E. Burne ... | „ „ | Mar. „ | Ditto. |
| 114 | E. J. Birch ... | Oct. „ | Feb. 1903 | Ditto. |
| 115 | R. B. Wood ... | „ „ | „ 1873 | Resigned. |

| No. | Name. | Date of entering service. | Date of leaving service. | REMARKS. |
|-----|--------------------------------------|---------------------------|--------------------------|------------------------------------|
| 116 | H. J. R. deSalis ... | Sept. 1870 | Mar. 1873 | Resigned. |
| 117 | G. H. Edmunds ... | Nov. " | Nov. 1883 | Do. |
| 118 | A. Vanrenen ... | Feb. 1871 | May 1875 | Do. |
| 119 | R. H. S. Moncrieff. | " 1872 | Feb. " | Do. |
| 120 | H. K. Gordon ... | May " | May 1899 | Retired on Pn. |
| 121 | F. Burns ... | " " | June 1887 | Resigned. |
| 122 | M. B. Logan ... | June " | May 1902 | Retired on Pn. |
| 123 | P. D. Harrison ... | July " | Dec. 1885 | Resigned. |
| 124 | F. M. Young ... | " " | Mar. 1853 | Died in the service. |
| 125 | W. E. Carbery ... (re-appointed). | Feb. 1873 | Jan. " | Resigned. |
| 126 | A. A. M. Davis ... | Aug. " | " 1876 | Do. |
| 127 | F. W. Hooper ... | Nov. " | Nov. 1875 | Resigned. |
| 128 | H. S. Lemon ... | Dec. " | Jan. 1902 | Retired on Pn. |
| 129 | John Gallie ... | Mar. 1874 | Feb. 1899 | Ditto. |
| 130 | W. Crow ... | April " | July 1888 | Died in the service. |
| 131 | W. H. Fluker ... | " " | June 1880 | Died in the service. |
| 132 | C. J. Michôd ... | May 1875 | April 1896 | Retired on Pn. |
| 133 | H. Gray ... | " " | | |
| 134 | F. D. C. Strettell... | Nov. 1877 | Nov. 1889 | Resigned. |
| 135 | W. Huntley ... | Feb. 1878 | May 1891 | Died in the service. |
| 136 | E. Dickinson ... | Sept. " | | |
| 137 | A. K. Leslie ... | Oct. " | June 1887 | Resigned. |
| 138 | A. Y. Kelson ... | Nov. " | Jan. 1885 | Do. |
| 139 | W. E. Foster ... | Feb. 1879 | " 1883 | Do. |
| 140 | W. W. Kennedy ... | Dec. " | Aug. 1889 | Resigned on account of ill health. |
| 141 | W. D. McKewan... | May 1880 | | |
| 142 | W. Wheeler ... | Aug. " | April 1901 | Retired on Pn. |
| 143 | T. P. Jack ... | Sept. " | Oct. 1904 | Ditto. |
| 144 | H. F. Freshwater... | Nov. " | | |
| 145 | J. Coutts ... | Dec. " | | |

| No. | Name. | Date of entering service. | Date of leaving service. | REMARKS. |
|-----|---------------------|---------------------------|--------------------------|------------------------------------|
| 146 | R. Lithgow ... | Oct. 1881 | Aug. 1888 | Resigned on account of ill health. |
| 147 | R. L. Ker ... | May 1882 | Nov. 1892 | Resigned. |
| 148 | P. B. Savile ... | Feb. 1883 | Sept. 1883 | Do. |
| 149 | J. W. E. Lombard... | Sept. " | Feb. 1904 | Retired on Pn. |
| 150 | H. M. McConnel ... | Oct. " | | |
| 151 | G. W. Willock ... | April 1884 | Dec. 1888 | Resigned on account of ill health. |
| 152 | F. A. Frinneby ... | " " | Jan. 1890 | Resigned. |
| 153 | C. Bullen-Smith ... | Jan. 1885 | Sept. " | Do. |
| 154 | D. Crowe ... | Feb. " | Nov. 1895 | Died in the service. |
| 155 | A. H. Oldham ... | Mar. " | Feb. 1892 | Resigned. |
| 156 | A. J. Brown ... | Apl. " | May 1893 | Resigned on account of ill health. |
| 157 | W. E. Hildreth ... | Oct. " | | |
| 158 | N. H. Y. Warren... | " " | | |
| 159 | C. H. D. Moberly... | Apl. 1886 | | |
| 160 | B. W. Benton ... | " " | May 1895 | Died in the service. |
| 161 | H. F. D. Sewell ... | Feb. 1887 | Mar. 1891 | Resigned. |
| 162 | L. G. Dunbar ... | " " | | |
| 163 | W. B. Smith ... | Apl. " | | |
| 164 | H. M. Paske ... | " " | Dec. 1901 | Resigned. |
| 165 | J. Florence ... | Feb. 1888 | | |
| 166 | C. M. Bastin ... | " " | | |
| 167 | S. G. Macfarland... | Sept. " | Sept. 1895 | Resigned. |
| 168 | B. Hewett ... | " " | | |
| 169 | A. T. P. Platt ... | Jan. 1889 | May 1890 | Resigned. |
| 170 | C. S. Connell ... | " " | | |
| 171 | T. W. L. Bruce ... | " " | | |
| 172 | C. K. Lamont ... | Feb. " | Aug. 1894 | Died in the service. |
| 173 | M. A. Macqueen ... | May " | Mar. 1904 | Died in the service. |

| No. | Name. | Date of entering service. | Date of leaving service. | REMARKS. |
|-----|----------------------|---------------------------|--------------------------|------------------------------------|
| 174 | C. H. M. Critchley | May 1889 | | |
| 175 | T. G. P. Humphry | July " | Jan. 1891 | Left the service |
| 176 | J. M. Atkinson .. | Feb. 1890 | | |
| 177 | H. J. D. Clerk ... | " " | Mar. 1897 | Resigned. |
| 178 | N. M. Mitchell Innes | " " | June 1890 | Do. |
| 179 | J. B. Spicer ... | " " | | |
| 180 | R. C. R. Blow ... | July " | Apl. 1897 | Resigned. |
| 181 | N. H. Matheson . | " " | | |
| 182 | E. Y. Barnard ... | Sept. " | | |
| 183 | W. A. Gibbs ... | Nov. " | | |
| 184 | H. Mitchell ... | Jan. 1891 | | |
| 185 | D. W. G. Coley ... | April " | | |
| 186 | F. O. Franks ... | " " | Nov. 1894 | Resigned on account of ill health. |
| 187 | H. A. T. Treble ... | July " | | |
| 188 | J. W. Leigh Wood | " " | Nov. 1897 | Resigned on account of ill health. |
| 189 | G. H. R. Carruthers | Nov. " | Dec. 1902 | Ditto. |
| 190 | T. E. Hart Smith... | " " | Jan. 1894 | Ditto. |
| 191 | A. Mitchell ... | July 1893 | July 1895 | Resigned. |
| 192 | P. B. Warburton ... | " " | | |
| 193 | W. McIntosh ... | April 1894 | | |
| 194 | C. A. Croft ... | " " | | |
| 195 | S. A. H. Sitwell ... | Sept. " | | |
| 196 | D. S. Fraser ... | " " | Sept. 1902 | Resigned. |
| 197 | B. P. Willis ... | Oct. " | | |
| 198 | C. W. W. Carbery | " " | | |
| 199 | H. Fisher ... | " " | | |
| 200 | G. P. Symes Scutt | July 1895 | | |
| 201 | J. Cadman ... | " " | July 1901 | Resigned. |
| 202 | H. M. Comley ... | Nov. " | | |
| 203 | S. C. Berridge ... | Jan. 1896 | | |
| 204 | J. Graves ... | " " | | |
| 205 | C. M. Tallack ... | Mar. " | | |
| 206 | D. Morrison ... | " " | | |
| 207 | D. S. McClure ... | Aug. " | | |

| No. | Name. | Date of entering service. | Date of leaving service. | REMARKS. |
|-----|------------------------|---------------------------|--------------------------|------------------|
| 208 | T. C. Fisher ... | Aug. 1896 | Sept 1899 | Resigned. |
| 209 | S. B. Moultrie ... | Oct. " | | |
| 210 | G. D. Pinder ... | " " | | |
| 211 | J. H. Moncreiff ... | Feb. 1897 | Jan. 1901 | Resigned. |
| 212 | P. A. Selfe ... | " " | | |
| 213 | W. Reynolds ... | " " | | |
| 214 | A. C. Brown ... | Aug. " | | |
| 215 | H. T. E. Bell ... | " " | | |
| 216 | J. LaPraik ... | July 1899 | | |
| 217 | A. C. Hann ... | Jan. 1900 | | |
| 218 | E. C. R. Foster ... | " " | Sept. 1900 | Left the service |
| 219 | Ernest Bent ... | " " | | |
| 220 | Bertram Hornsby ... | Mar. " | Oct. 1904 | Resigned. |
| 221 | C. C. Lumley ... | " " | | |
| 222 | C. S. Clarke ... | July " | | |
| 223 | W. C. Deuniss ... | " " | | |
| 224 | J. R. Fergie ... | Sept. " | | |
| 225 | K. M. MacDonald ... | Nov. " | | |
| 226 | T. A. Voice ... | " " | | |
| 227 | Samuel Lees ... | " 1901 | | |
| 228 | Aucher Eager ... | " " | | |
| 229 | R. E. Bell ... | Feb. 1902 | | |
| 230 | J. R. G. Allen ... | " " | | |
| 231 | T. F. Bailey ... | " " | | |
| 232 | R. A. Maunder ... | Mar. " | | |
| 233 | Basil Stephenson ... | " " | | |
| 234 | J. M. Laing ... | Oct. " | | |
| 235 | E. J. Lapsley ... | " " | | |
| 236 | A. J. M. Carroll ... | " " | | |
| 237 | H. R. Macpherson ... | " " | | |
| 238 | H. B. Stubbs ... | July 1903 | | |
| 239 | H. Langford ... | " " | | |
| 240 | A. D. S. Highton ... | Feb. 1904 | | |
| 241 | S. B. W. Fitcher ... | " " | | |
| 242 | R. A. Richards ... | " " | | |
| 243 | F. J. Robins ... | " " | | |
| 244 | R. C. Cumberlandge ... | July " | | |
| 245 | J. A. Gilbert ... | " " | | |
| 246 | E. E. Kimber ... | " " | | |

APPENDIX F.

List of Directors and Officers of the Bank of Bengal, November 1904.

DIRECTORS.

H. Bateson, Esq. (Messrs. Gillanders, Arbuthnot & Co.), *President*.
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 Henry Gray, *Deputy Secretary and Treasurer*.

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H. F. Freshwater, *Chief Accountant and Deputy Secretary*.
 G. P. Symes Scott, *Personal Assistant to Secretary*.

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 H. E. Macpherson.

E. J. Lapsley.
 J. A. Gilbert.

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 H. Langford.

F. J. Robins.
 A. J. M. Carroll.

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 C. S. Clarke, *Assistant*.

R. A. Richards, *Assistant*.

PUBLIC DEBT OFFICE.

W. E. Hildreth, *Superintendent*.
 J. Graves, *Assistant*.

T. F. Bailey, *Assistant*.
 A. D. S. Highton, „

GOVERNMENT ACCOUNT DEPARTMENT.

T. W. L. Bruce, *Actg. Superintendent*.
 R. A. Maunder, *Assistant*.

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 K. M. MacDonald „

H. B. Stubbs, *Assistant*.
 S. B. W. Fatcher, „

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 J. R. G. Allen, *Assistant*.

R. C. Cumberlege, *Assistant*.

CASH DEPARTMENT.

C. S. Connell, *Offg. Cashier*.
 E. E. Kimber, *Assistant*.

AUDITORS.

J. H. Lewes. | M. Meugens.

LIST OF BRANCHES AND AGENTS AND ACCOUNTANTS.

| <i>Branches.</i> | <i>Agents.</i> | <i>Accountants.</i> |
|----------------------------|---------------------------------------|--|
| Calcutta, Burra Bazaar ... | S. C. Berridge, <i>Actg.</i> | ... S. Lees. |
| Agra ... | ... C. H. M. Critchley, <i>Actg.</i> | ... .. |
| Akyab ... | ... N. H. Matheson | ... .. |
| Allahabad ... | ... S. A. H. Sitwell, <i>Actg.</i> | ... .. |
| Benares ... | ... B. P. Willis, <i>Actg.</i> | ... .. |
| Cawnpore ... | ... H. M. McConnel, <i>Actg.</i> | ... { S. B. Moultrie. W. C. Denniss, <i>Asst.</i> |
| Dacca ... | ... W. B. Smith, <i>Actg.</i> | ... { C. M. Tallack, in charge of Chandpore Pay Office. R. E. Bell. |
| Delhi ... | ... J. B. Spicer, <i>Actg.</i> | ... H. T. E. Bell. |
| Hyderabad (Deccan) ... | ... C. H. D. Moberly | ... { H. Fisher. C. C. Lumley, <i>Asst.</i> |
| Jalpaiguri ... | ... H. Mitchell | ... .. |
| Lahore ... | ... J. Florence | ... D. W. G. Coley. |
| Lucknow ... | ... C. A. Croft, <i>Actg.</i> | ... W. Reynolds. |
| Moulmein ... | ... J. Coutts | ... A. C. Brown. |
| Nagpore ... | ... E. Y. Barnard, <i>Actg.</i> | ... .. |
| Patna ... | ... J. M. Atkinson | ... .. |
| Rangoon ... | ... B. Hewett, <i>Actg.</i> | ... { H. M. Comley, <i>Actg.</i> E. Bent, <i>Asst.</i> |
| " ... | ... W. McIntosh, <i>Ag. Sub-Agent</i> | ... { A. Eager, B. Stephenson, " |
| Serajunge ... | ... C. W. W. Carbery, <i>Actg.</i> | ... .. |

| | | |
|------------------------|-----|-------------------------------|
| Bank's Agent in Bombay | ... | N. H. Y. Warren, <i>Actg.</i> |
| " Accountant " | ... | J. LaPraik, <i>Actg.</i> |
| Inspector of Branches | ... | W. D. McKewan. |

ON LEAVE.

| | | | | |
|---------------|--|------------------|--|---------------|
| L. G. Dunbar, | | P. B. Warburton. | | J. R. Fergie. |
| E. Dickinson. | | D. Morrison. | | T. A. Voice. |
| W. A. Gibb's. | | G. D. Pinder. | | |

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