



3. It will be seen that the fluctuations in the amount in circulation are not very great and therefore it is reasonable to suppose that there will be any falling off in future which would not easily be met from a reduced cash reserve.

4. The Commissioners consulted the Manager of the Mumbai Branch of the National Bank of India as to the effect of the Government paying into the Bank three lakhs of rupees which would be withdrawn from the coin reserve in the hands of the Currency Commissioners to replace the amount invested by the Crown Agents which would be made in the first instance from Protectorate funds, and were informed that the bank would ask for notes in lieu of cash to be paid in - thus increasing the note circulation and the proportion of the cash portion of the guarantee fund.

The Currency Commissioners are prompted to ask that the invested portion of the Guarantee Fund may be increased in order that the income of the fund may be augmented and in this connection I wish to point out that

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owing to the depreciation of the Transvaal three per cent Stock in which the investments on account of the fund have been made it will be necessary for the Government of the Protectorate to pay in £127 under section 20 (3) of the Order in Council in order to bring the present value of the stock plus the amount of the depreciation fund up to the purchase price of the stock.

6. A large investment at the present low market price would average the rate of interest on account of the fund at a more favourable rate than that at which it appears at present and the increased income from the investment would expedite the building up of the depreciation fund.

I have the honour to be,  
Your Lordship's humble,  
obedient servant,

GOVERNOR.