

EAST AFR. PROT
41139

4139
17 17

Page
following 701

1917

16 August

Last previous Paper
M.O.
40465

CURRENCY RESERVE FUND

States present position sound and no difficulty of importance in near future anticipated. Considers inadvisable cause uneasiness by issue of Proclm. on lines indicated. Requests permission to consult local manager of U.P. of India.

Imp can copy till 28 August
Copy required to Secy. 3 August 18
40465

Mr Collins
Mr Read.

I am puzzled by the statement that the cash reserve is comparatively small. In ^{M.O.} Ceylon, Mr Bottomley made it about 50% of the value of the notes in circulation, as it ought to be. If it really were comparatively small, there would be little ground for the confidence expressed in the first sentence of the telegram. We must clear up the point in replying.

Next subsequent Paper
40465
3242

I think Mr Bowring may be allowed

to consult the Manager of the Bank
confidentially. I cannot see that any
risk is run by his doing so.

JLB

18. 8. 17

I agree. Copy of tels. to Ceylon and Maur. and
of reply from Ceylon are attached. They can remain
with this paper.

to 40465/af

Possibly the O.A.G. means that the cash reserve is
small as compared with the total number of rupees
in circulation. Even so, the argument is not clear,
though of course there is less danger of rupees
being drawn from the Note Reserve for hoarding, melt-
ing down or export - since they can be obtained
from the market. In Ceylon notes represent 8/9ths
of the total rupee circulation.

Yes. See
JLB

ALL

20.8.17

G.G. 20.8.17
at once

8

Handwritten signature

Paraphrase of telegram from the Officer Administering the
Government of the East Africa Protectorate to the
Secretary of State for the Colonies.

(Received Colonial Office, 1.50 a.m. 17th August, 1917.)

16th August.

Handwritten notes:
N.C.
+ cypher
of alg

Your cypher telegram of 13th August the present position of currency funds is sound and no difficulty of importance in the near future is anticipated by me. After all the total amount of our cash reserve is comparatively small and I consider that it would be inadvisable to cause any uneasiness such as might result by the issue of Proclamation on the lines indicated in your cypher telegram. At the same time I ask your permission to consult the local manager of National Bank of India as local supply of silver is controlled by them and as they are largest holders of currency notes.

BOWRING.

Am

41139/1917.

PARAPHRASE TELEGRAM:

From the Secretary of State for the Colonies to the Officer Administering the Government of the East Africa Protectorate.

Sent 12.30 p.m., 28th August, 1917.

28th August. With reference to your telegram 16th August I see no objection to your consulting Manager of National Bank of India confidentially if you so desire. But I do not understand your statement that total amount of East Africa Protectorate cash reserve is comparatively small. If this were the case the confidence expressed in the first sentence of your telegram would be unfounded. It had been calculated here that cash reserve was about 50% of the value of notes in circulation which is the due proportion. Please let me have fuller explanation.

LONG.

*Res
Copy Recd. 3 Sept 17 to 40950:17 JAW*

Amtd 43342