

EAST AFRICAN PROT  
 1915

351  
 C.O.  
 44456  
 1915

Ward Office

1915

27 Sept.

last previous Paper

War Expenditure  
 Currency Charges

Ward letter from the prop charges made by  
 Nairobi branch of National Bank of India  
 for conversion British money into local currency.  
 Inquires as to incidence of tax & whether the  
 charge (£160000) is reasonable & economical

Ward re J. Anderson

So long as the Bank is used for  
 getting the rupees the charge seems  
 unavoidable. See Govt B.S. 11 (quoted  
 as no 9 of 1914 p. 200) which  
 shows that at then cost the Standard  
 Bank 1.447 per cent to get rupees to  
 Lombard, with 1/2% more to transfer.  
 The Govt gets 1/2% off the bank government  
 customer term, but this seems to be  
 no reason to carry a 1.417% rate  
 in view of present conditions of freight  
 and insurance.

Write para 2 of the last letter, asking  
 the Govt. to pay its due proportion  
 of the cost.

Reply on these lines. With  
 regard to the Standard's note, I should  
 prefer to tell him that the Govt.  
 could only help by agreeing to pay

To N. B. S. 11  
 13 Oct 15  
 Copy of above sent to  
 6 Dec 15

Next subsequent Paper

9  
 46400

to the A. themselves against starting to pay  
 here but that we have no other  
 choice of course but then to do so  
 without any special charge, & that we  
 do not see that we can expect a  
 much more favourable arrangement  
 than £ 70 <sup>under</sup> the local bills offered  
 to the public by one of two competing  
 banks

Oct. 28/9/15

J. J. L.

29/9/15

Mr. Battomley

How far are the bank meeting  
 their payments by getting Currency Notes  
 from the 'promissories' and on what  
 terms? Ch. J. J. L.

Encl  
 In J. Anderson

It seems to me that the bank will  
 like the bank to be engaged in the  
 issue of the promissories and that  
 money has been laid in the amount of the  
 issue of currency notes. One cannot be  
 sure without immediate communication by  
 the bank, as you see the drafts shown  
 in this list as drawn between 1/12/14 &  
 23/1/15 come to £ 220,000. The amount of  
 the (promissories) which I got from the  
 Article, the C.A.'s drawings between 28/12/14  
 and 17/1/15 come to £ 222,000

The bank also, when he will currency notes  
 to the bank in order to receive the local  
 currency of the island, shall payment

gov. / 38549  
 16/10/15

DRAFT

there and half in London. No charge  
 appears above been made by the Bank  
 on the contrary, the Govt let them off  
 the premium on the payment in this  
 country. 352

I state that the effect of currency  
 drafts on (A) (£ 2) with a note transaction  
 (£ 7) is, so far as the Bank is concerned,  
 a remittance to their reserve office of £ (2+7),  
 in consequence of which  
 with a local payment to the Currency Commission  
 of £ 7 in respect. We should be liable  
 as at present to bear the cost of bringing in  
 these notes, while what the Bank would  
 charge us on their virtual remittance  
 here would depend on the market <sup>value</sup> of their business. We could just as well to  
 them?

Oct 30/9/15

as proposed by J. J. L.

30/9/15

At once

Ch. J. J. L.

C O  
4456



War Office,  
Whitehall.

27. 9. 15 S.W.

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Dear Mr. Crowley,

I don't know much  
about this subject. It  
occurred to me that Mr. SO (or  
the agent in London) might  
have useful knowledge; but if  
SO is consulted it would be  
better for you to do it than  
for me.

Yrs.

(Signature)

44.56



War Office.

Whitehall.

S.W.

27 9 15

353

Dear Mr. Atkinson,

I don't know much about this subject. It occurred to me that Mr. SO (or the agents in London) might have useful knowledge, but if it is consulted it would be better for you to do it than for me.

Yrs

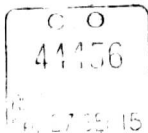
J. B. [Signature]

Any further communication on this subject should be addressed to-

The Secretary,  
War Office,  
London, S.W.

and the following number quoted

0165/6943. (F. 1.)



354

*J. H.*

**War Office,  
London, S.W.**

27<sup>th</sup> September, 1915.

Sir,

I am commended by the Army Council to send you the enclosed copy of correspondence forwarded to this Office by Major General Tighe in regard to the charges made by the Nairobi branch of the National Bank of India for converting British money into local currency.

1 The Council would be glad to know whether Mr. Secretary Bonar Law considers that any portion of these charges falls to be met from Army Funds under the principles already laid down in regard to the incidence of cost, as between Imperial and Protectorate Funds, of the military expenditure in East Africa.

3 It appears that the total charge for exchange on £470,000 amounted to £6643, and I am to enquire — *in the best of his reply is para 2 being in the affirmative —* whether Mr. Bonar Law is satisfied that the charge is reasonable and that no more economical arrangement for obtaining local currency is possible.

I am,

Sir,

Your obedient servant,

The Under Secretary of State,  
Colonial Office.

*W B Currie*

Command Headquarters.  
Nairobi.

2nd August, 1915.

From. -

The General Officer Commanding I.E. Force "B".  
and the Troops in E.E.A. and Uganda.

To: -

The Secretary.

War Office,

London.

Sir,

I have the honour to forward the attached letter  
for your information, and for such action as you may consider  
necessary, as regards the charges now brought to my notice.

I have the honour to be,

Sir,

Your obedient servant,

(Sgd.)

M. Tighe

Major General.

Commanding I.E. Force "B". and the  
troops in E.E.A. and Uganda.

COPY.

EAST AFRICA PAY CORPS, 356

NAIROBI HOUSE,

NAIROBI.

29/7/15.

No. 2336/2/1.

From

Chief Paymaster - E.A.P.C.

To

D.A.A. & Q.M.G.

Command Headquarters.

Sir,

BANK CHARGES FOR EXCHANGE.

I have the honour to enclose herewith a statement submitted by the Treasury to this Department, shewing drafts drawn on the Crown Agents for the Colonies. You will observe, from the 1st of December, 1914, up to the 13th July, 1915, the Bank charges for exchange amount to £6643 which would appear, at first sight, to be a rather heavy charge to War Expenditure. This is the arrangement come to between the National Bank of India Ltd, Nairobi, and the Hon'ble the Treasurer, and holds good up to the present and also in the future, so far as this Department is concerned, unless some other arrangement is made.

2. At the same time, I would like to point out that the present War Expenditure is met by advances, so I understand, made by the War Office, through the Treasury in London, and I consider it is only right that you should communicate with the Financial Secretary to the Army Council, War Office, pointing out these charges and submit a copy of the statement enclosed, with a view to the Financial Secretary taking the matter up with the National Bank of India Ltd., Bishops Gate St. London, and confirming

the

arrangement as it stands at present, or, on the other hand, if the Financial Secretary considers these charges excessive, to make other arrangements with the Bank in question, or advise the General Officer Commanding in regard to any other arrangement which he may consider would be more economical. For instance, it might just be possible that our requirements in future might be arranged for, at a much cheaper rate, from or through the Government of India; but this is a matter for the Financial Secretary to decide.

3. I also enclose copy of a letter from the Manager of the National Bank of India Ltd, Nairobi, confirming a conversation I had with him on the 21st instant in regard to the same question.

4. The position as it stands at present appears reasonable, but, in my opinion, it should be confirmed by the Financial Secretary to the War Office.

I have the honour to be,

Sir,

Your obedient Servant,

(Sgd.)

J. Patterson

Captain,

CHIEF PAYMASTER - E.A.P.C.



LIST OF DRAFTS DRAWN ON CROWN AGENTS FOR PURPOSE  
OF REDUCING OVERDRAFTS FROM NATIONAL BANK OF INDIA.

LTD. - NAIROBI.

Date	No	Amount £	Bank charges for exchange. Rs. Cts.
-12-14	683	40,000	8480 - 77
-12-14	684	20,000	4240 - 38
-12-14	685	20,000	4240 - 38
-12-14	686	20,000	4240 - 38
-12-14	688	20,000	4240 - 38
-12-14	688	20,000	4240 - 38
-1-15	691	20,000	4240 - 38
-1-15	692	20,000 - 40,000	4240 - 38
-2-15	693	20,000	4240 - 38
-2-15	695	20,000	4240 - 38
-2-15	696	20,000 - 80,000	4240 - 38
-2-15	698	20,000	4240 - 38
-3-15	699	20,000	4240 - 38
-3-15	700	20,000	4240 - 38
-3-15	705	20,000 - 80,000	4240 - 38
-3-15	707	20,000	4240 - 38
-4-15	708	20,000 - 40,000	4240 - 38
-4-15	710	30,000	6360 - 58
-5-15	711	20,000 - 50,000	4240 - 38
-5-15	713	20,000	4240 - 38
-6-15	717	20,000 - 40,000	4240 - 38
-6-15	719	20,000	4240 - 38
-7-15	722	20,000	4240 - 38
-7-15		40,000	4240 - 38
		<u>4470,000</u>	Rs. 88640 - 95 or 44643,265

= 1.413%

COPY.

NATIONAL BANK OF INDIA, Ltd.,

NAIROBI, 21-7-1918.

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The Chief Paymaster - E.A.P.C.

N a i r o b i .

Sir,

With reference to our conversation of date, I beg to inform you whenever the East Africa Protectorate Government have occasion to sell to the Bank such purchases are put through under agreement with the Crown Agents at a rate of payment more favourable to the Government by one-eight per cent than the terms on which the Bank shall for the time being be transacting similar business for its most favoured constituent.

I would mention for your information that the cost of laying down funds here has for sometime been above the normal, but this is accounted for by the position created by the War.

I have etc.,

(Sd.) Arthur Legat.

Ag: Manager.

W.O. EAT  
44456



~~2nd Copy~~

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2 October 1915

Sir,

I am directed by Mr. Key, Branch Manager to inform you that his attention has been drawn to the change of 1.413 percent made by the National Bank of India for the provision of funds to the Govt of the E.A.S. against drafts on the CA for the (1915). He does not suggest that the change is excessive, although he would be glad to be advised that it is covered at the advisory conditions of the Govt's banking transactions, and his main purpose is to consult you on the question whether the expense of these remittances could not be reduced by combining the rate of bank of India

DRAFT.

General  
The / Branch of  
National Bank of India

W.O. 1/10/15  
W.P. 1/10/15  
Sir J. Anderson

for comm

Copy sent to Mr. Key's 55.26.15

Copy No 10 Oct 15

2. If the Post Office  
 requires currency to the  
 extent of say £40,000, or  
 if its account with the  
 Bank is overdrawn to that  
 amount, the effect of this  
 drawing on the C.A. for £40,000  
 and at the same time  
 issuing Currency Notes to the  
 Bank to the same amount  
 (against foreign and half  
 locally and half in the  
 country as was arranged  
 in the autumn of 1914)  
 would apparently be as follows:-  
 The Local Branch would  
 place the £40,000 worth  
 of Currency Notes to the credit  
 of the Govt. and at the same  
 time would pay £20,000 to  
 the Govt. to the Currency  
 Commissioners, while the  
 Head Office would receive  
 £40,000 from the C.A. but  
 would pay them £20,000

DRAFT

- MINUTE
- 1. Mr. ...
  - 2. Mr. ...
  - 3. Mr. ...
  - 4. Mr. ...
  - 5. Mr. ...
  - 6. Mr. ...
  - 7. Mr. ...
  - 8. Mr. ...
  - 9. Mr. ...
  - 10. Mr. ...

for investment on account  
 of the ... Guarantee Fund.  
 This is to say, the total  
 transaction would involve  
 the transfer from the Bank to  
 the Head Office of the Bank  
 of only one half the amount  
 of the draft.  
 3. If again, the rate of  
 interest were fixed at 5%  
 the amount of the draft  
 concerned, the transfer of money,  
 so far as the Bank is  
 concerned, is unnecessary,  
 and the result of the  
 transaction apart from the  
 remission of money to the  
 Post Office, is merely to replace  
 coin in circulation in the  
 country by Currency Notes  
 of the same amount.  
 4. The Board can well be  
 glad to receive your views  
 on this proposal and, in  
 particular, as to the effect  
 of the proposal on the ...

according to the extent  
of the currency notes  
the value in commerce  
with a particular draft  
or CA

According to the extent

of the currency notes

the value of the

with a particular draft

of the

5

1910

1910

1910

*National Bank of India Limited*

*20, Bishopsgate E.C.*

*London* 4th October 1915

The Under Secretary of State,  
Colonial Office  
Downing Street,  
S.W.

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Sir,

I beg to acknowledge receipt of your letter No. 44456/15 dated 2nd inst., on the subject of drafts drawn by the East Africa Protectorate on the Crown Agents for the Colonies.

In connection with this matter we are desirous of consulting our Nairobi Manager, who is at present in England. We hope to see him within the next day or two and shall thereafter be in a position to reply fully to your letter.

I have the honour to be,

Sir,

Your obedient Servant,

*W. H. D. O.*  
Manager

*in Boston*  
*Attach*

*dyf*  
*5/10*

*SW's H*

*W.H.D.*  
*5/10/15*  
*attach*