

E. AFRICA
521140

52140
REC
25 OCT 20

NATIONAL BANK
NOTA

1920

1 OCTOBER

Previous Paper

no/38873/22

Uganda

Extract to Govt/1st Com. 26/10/20
25/10/20
25/10/20

CURRENCY

Applies for re-issuance of Rs. 21,100 in connection with German rupees in Tanganyika. Submits claim for deficiency of Rs. 1,00,400-0-0 in connection with demonetisation of the sovereign. Protests against portion of Uganda Govt banking business being taken from them and given to 4000 of firms.

Guinea
Lombard
Banking

Mr. Archibald
Mr. Butterfield
Mr. Butterfield
- Swamy
49B, 30 x 20
S.H. Reed.

(1) German rupees, as to the 1/6
please see 34227/20 - 1 I do not
see that we can reopen this question
against the fact that the Bank
considers themselves entitled to a
clear payment for the rupees issued
be set the fact that the Board
loses considerably on the silver
which it has to pay for in
sterling with borrowed money - also
the bank is getting 2/- for each rupee
which

sequent Paper

which it is permissible, brought for
1/4 sterling, ~~which is~~ ^{as} ~~being~~ greater
~~than the value of the Indian~~
or for an Indian rupee, which is
at present worth about 1/8.

There is also the point, mentioned
at the last meeting of the Currency
Board, that the N.B.L. have ^{apparently} been
guilty of bad faith in transferring
the former notes given them for
Indian rupees, in accordance with
the arrangement agreed at a
30220/20, & demanding
sterling payments for them.

Reply to this para. that
the arrangement made on 30220/20
was made ~~to suit~~ in response to
the request of the Bank that the
Indian rupees should be redeemed
without delay, that considerable loss
was entailed to the Currency Board
by redeeming the rupees in
advance of the general application
of the new currency scheme, & that
the S.G.S. cannot admit that there

any obligation on the Civil Administration of the Board to do so, & that in any case he is not prepared to direct the Board to forego their charge of $\frac{1}{2}\%$ on the redemption of these coins by sterling payments.

(2) Zanzibar sovereigns. The bank's argument is invalidated by 44706/20 which shows that the Govt have disposed of their sovereigns for Rs. 15 annas 3 cash.

On 34733/20 it is recorded in Mr. Bottonley's last minute of 6/8/20 that the Bank was disposing of its sovereigns for Rs. 14 each. It refused any help from Govt. in disposing of them: but it looks as if, had the Bank been prepared to co-operate with Govt., it could have avoided loss altogether. In any case the position of the Govt. in the

is Messrs of
 who called
 of Govt. officials
 make a profit
 would be
 every business
 should make
 2 (apparently)
 for Govt.
 7d.

the matter has been quite clear throughout and there is nothing new in the present letter.

Reply to this para that the S.G. has nothing to add to previous letters on the subject, which show the position of the Govt. in the matter and that he cannot admit the liability of that Govt. to bear the loss which the bank has sustained in disposing of its sovereigns.

(3) Uganda banking business. This question is not yet settled (see 50493/20) and perhaps it will be best, as we have had this protest, to refer to Gov. again.

Reply that the bank's arguments will be ~~now~~ brought to the notice of the Gov. before a decision is reached; and send copy of the para. to the Gov. saying the grounds on which we understand the recommendation to be made (as in Sir W. Mercer's letter)

in 50493/20) & that the S.G. is not fully convinced of the necessity for the change & would be glad in a fuller expression of the Gov's own views on the subject after perusal of the N.B.C.'s protest.

C.J. 27/10/20

I agree as to the Tanganyika point. We have never admitted that the Tanganyika Govt. was bound by the agreement made between the E.C.A.C. & the Bank.

En 27/10/20

- (1) See also ... (see ...)
- (2) ... as I have heard of the ... being ...
- (3) ...

stones
S.J.H.
27/10/20

Mr. Bhatia
Mr. Bhatia
Mr. Bhatia

I annex a minute of the
discussion of (1) a 10th Nov. with
Mr. Bhatia.

Offs. for import herewith as
then arranged, & also dfts. despatched
to Uganda a (3).

C.D. 12-11-20.

So far as Tanganyika is concerned, the
position is simple this.

On 2/8, after consultation
with the Treasury decided that the Civil
Administration of G.E.A. should not
take up the guarantee given to
the N. Bank of India by the Imperial military
authorities in E. Africa. We have since always
declined to admit that Tanganyika is concerned in any way
with the Tanganyika issue of
new notes & every reason to
maintain this attitude, but I, however
the Currency Board are able to
meet the Bank over the 1/2 20 point

with the
arrangement
made by the
and they
can't

Good & well provided that it is
made clear that we do not really
depend on the claim on the part of the
exchange
Thank ~~you~~ for the copy of the
with the agreement. The draft
reference arrange for the

Day 13/11/20

N.B.
14.11.20

Mr. Bhatia

You said the dfts. were to wait
until we got the Currency Board's correspondence
with the Banks.

I am afraid I have kept them
rather long, but I thought we should get
copies officially. As there have not been
sent, I annex a print of the correspondence
in question.

direction to
be kept
in some
box

(In view of) what the Board has
said to the Banks, I think the dfts.
to the Board & the N. B. I. may be
destroyed & the dfts. to Uganda may sent
off.

Li. Bhatia

I shall get the dfts. to the Board
certain that the Board's letter to the Bank
could get off first. You will see that the letter

a departure from the principle of repayment at par.

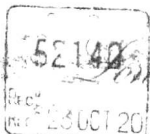
When Mr. Munro had withdrawn, the Board, after discussion, agreed that it was desirable to meet the Bank in this matter provided that the liability of the civil Government to carry out the guarantee of the military authorities was not admitted. On reconsideration the Board thought that a satisfactory arrangement for the loss involved by redeeming rupees for sterling had been obtained by the acceptance by the Bank of Indian notes in exchange for a further 21 lakhs of rupees; and in view of this it was agreed that the charge of 1 per cent should be waived in respect of the 23 lakhs purchased for sterling.

At the same time it was understood that the Colonial Office would make it clear to the National Bank of India that there was no departure from the position that the liability of the civil Government for the military guarantee could not be admitted.

The pass-book was produced and inspected by the Board. The balance of the account of November was £1,443,13.5. The liabilities amounted to £547,000. It was reported that a sum of £127,000 was due to the Board in respect of the guarantee of the Note Guarantees Fund of the Government Commissioners, and that Treasury and Bank of England notes to the value of £150,000 were on their way from East Africa and expected to arrive in London about the end of the month.

No fresh reports were made as to the manufacture of coin. As regards notes, the position was reported to be as follows:-

National Bank of India Limited



~~17, Mark Lane, London E.C. 3~~
 25, Abchurch Lane, London E.C. 4

22nd October 1914

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The Under Secretary of State for the Colonies

Colonial Office,

Downing Street,

S.W. 1.

Sir,

There are three matters to which we desire to draw the sympathetic attention of the Secretary of State for the Colonies. Two of these have been mentioned by us before, the third is new

(1) German Rupees in Tanganyika Territory

In the course of Military operations in East Africa it was suggested to the Bank by the local Authorities that it would facilitate matters if the Bank were to open Branches in Dar-es-Salaam and Tanga. We accordingly established ourselves there, and during the course of the War were the only Bank in the Territory. The Military Authorities proclaimed the German silver rupee to be legal tender and guaranteed to us its redemption into legal currency of British East Africa. Until the establishment of the Civil Government we continued as Bankers for the Administration and in that capacity had to receive from the public, and from the other Banks subsequently established, all the German rupees offered, and to hold them (at a loss of interest seeing their export was prohibited) until such time as the Government were prepared to relieve us of the surplus. The result was that the Bank, acting as recipients for Government, was burdened for some years with the main portion of the surplus German coinage of the Territory. When Government decided to take it over the method adopted was: shipment to London at a charge against the Bank of 2%, whereas the undertaking we held was: free of charge in excess.

This is a brief statement of the facts and of the position. We claim that we are entitled to a refund of Rs on Rs22,00,000 shipped. It may be urged that the matter of the guarantee refers to a Department other than the Colonial Office, but we submit that Government as a whole is responsible whichever Departments are concerned, and if this appeal is misdirected perhaps you would kindly cause it to be put before the proper Authority. It was the Civil Administration who refused the Bank's repeated requests for permission to ship when it could have been done without loss, and if there were reasons of State for withholding such permission we maintain that the circumstances do not justify the Bank in being mulcted in an avoidable loss of Rs1,100, for the refund of which we hereby apply.

(1) Demonetization of the Sovereign.

Referring to correspondence ending with your letter of 27th July last, we take the liberty of raising this question once more as we have now received from our Zanzibar Branch a debit note for the deficiency of Rs1,49,460-0-0 (which we hereby claim) resulting from the realisation of Rs148,685-10-0 Sovereigns rendered necessary by Government's Proclamation, suddenly cancelling the coin as legal tender. This loss was also incurred through no error or negligence of the bank. We were compelled to take the coins from the public at Rs15 each in terms of Government's Ordinance of 1916. We had no option. That there is justice in our claim is evident from the fact that the Government in Zanzibar have refunded to our Branch there Rs1,993 being the amount of loss suffered by the Bank on Sovereigns paid in by Government. In similar circumstances the Indian Government gave holders of Sovereigns in India 21 days' notice in order that they might have the option of payment at the legal tender rate of Rs15. We cannot conceive of any Government failing to honour the legal tender prescribed by it for public use. It is an obligation on which the foundation of credit rests, and the shaking of it engenders distrust and is detrimental to the true interests of any community and especially to a young

Colony. If we could consider ourselves in the least degree responsible we would not trouble you with these remarks, but we are still confident that ordinary justice will be done to us. Nothing said in previous letters has altered our belief in the equity of our claim, and we enclose copies thereof for perusal.

(3) Government Accounts in Uganda

We are advised by our Kampala Manager that His Excellency the Governor has recommended that a portion of the Government's Banking business should be removed from us and given to another Bank. While we admit that Government have a free hand in this respect we would recall the circumstances in which we became their Bankers in East Africa. We established ourselves in Zanzibar in 1893, and in 1895 it was suggested to us by the Imperial Government that we should extend our activities in view of the decision to build the Uganda Railway. We complied, and in those early years of the Colony while often working at a loss we always gave, and have since given, our best consideration to suggestions of this nature - the latest examples being Darassalaam and Panga (referred to under paragraph 1). We consider in the light of these facts that while the advantages derived from the opening of the Railway were conspicuous to trade generally it must be conceded that they were not all on one side, and the Bank for the past quarter of a century has rendered no small service by its pioneer work. We fully admit that notwithstanding this we are not entitled to a perpetual monopoly of Government business, but we do assert that we are due generous treatment so long as there is no disadvantage to Government in the present system. If more advantageous terms are offered by competing Institutions we think we have the right to be asked if we could give similar terms. It may be argued that any other banking Institution is entitled to a share of the business. In that case we take it that Government business might also be divided in Tanganyika Territory - where really we had prior consideration to it, having been established there longer than any other Bank. In fact the business was in our hands when it was taken away on the appointment of the Civil Authority.

In conclusion we would say that these three matters coming after each other in rapid succession have caused us anxiety in regard to future possibilities and we trust that you will order such steps to be taken as will recoup to us the loss sustained in (1) and (2) and assure us in respect of (3).

Awaiting the favour of your reply,

I am, Sir,

Your obedient Servant,



General Manager

National Bank of India Limited,

26 Leadenhall Street,

London E.C.2. 9th July 1920.

The Under Secretary of State,

Colonial Office,

Downing Street,

S.W.1.

Dear Sir,

We have just received the following telegram from our Zanzibar Office, dated 6th instant, in the following terms :-

"Zanzibar Government issue decree repealing currency decree 1910 whereby Sovereigns no longer legal tender (stop) We claim that our holding 148,685 Sovereigns must be redeemed at £ 15 each. They refuse admit our claim (stop) We have requested Colonial Secretary to cable Colonial Office (stop) As Government Bankers we have received Sovereigns regularly from Government Departments at legal rate £ 15. Surely Government must recognise that Sovereigns were actually used as local currency at £ 15 each under Government decree and therefore must be called in at same rate before decree can be repealed.

"endeavour to arrange Colonial Office for Treasury here to take over our sovereigns payment here or Bombay."

With regard to the above telegram we claim that before demonetization of the Sovereigns can take place an offer of redemption at the rate of £ 15 to the sovereign must be made by the Zanzibar Government and a sufficient opportunity given for holders of sovereigns

to tender them for redemption. In India under similar circumstances the government of India offered to receive sovereigns at the rate of Rs 15 during a period of 21 days from the date of notice of demonetization and we claim that a somewhat similar period must be allowed by the Zanzibar Government for holders to tender sovereigns for redemption.

These sovereigns were received by us in the ordinary course of our business. Many of them came to us from Government Departments and our capacity of Bankers of the Zanzibar Government. So far as we know no sovereigns have been imported by our Branch into Zanzibar.

Sovereigns were legal tender in Zanzibar at the rate of Rs 15 and could therefore be held in our Cash Reserves without risk but if demonetization takes place without an offer of redemption to the government we shall find ourselves in the position of having insufficient legal currency wherewith to meet our liabilities and to draw from the usual banking facilities.

In the interests of the banking and Trading community in Zanzibar and in common justice to all concerned we beg you to lose no time in cabling the authorities there instructing them that an offer of redemption at the rate of Rs 15 for a fixed period must be made to holders of sovereigns.

In our opinion the matter is serious and urgent.

We find we have no record here of sovereigns at Zanzibar Branch prior to 30th December 1919 when they amounted to 54,483 sovereigns and 4,075 half sovereigns.

From the latest monthly return of over-rafts received by us from our Zanzibar Branch no advance had been given by our Branch against sovereigns.

Yours obedient servant,
(Signed) General Manager

THE UNDER SECRETARY OF STATE,
 COLONIAL OFFICE,
 LONDON, S.W.1. 14th July 1920.

Sir,

I am directed by Viscount Milner to acknowledge the receipt of your letter of 9th July regarding the demonetization of the sovereign in Zanzibar.

2. In reply I am to inform you that, as a matter of convenience the sovereign was declared legal tender in Zanzibar (by the Currency Decree of 1916) at the parity with the rupee which it then held generally in rupee-using countries.

3. The Government of Zanzibar and indeed the Secretary of State for the Colonies, have had no voice in the measures which have been taken in India to change the fixed parity of the sovereign from Rs 15 to Rs 10, and have had no earlier information than the general public of steps taken or about to be taken to bring this about.

4. The National Bank of India equally with the Secretary of State have had before them the report of the recent Indian Currency Committee, with which the Secretary of State for India several months ago declared his general concurrence and Lord Milner considers that the Bank should have taken steps to protect itself against the great accumulation of gold which it has accepted during the present year.

5. In any case, it is out of the question for the Government of Zanzibar to admit a liability to give exchange for the sovereign at Rs 15. The government of Zanzibar are taking no share in the change of the parity of the rupee from 15 to 10; and it is not contemplated that in future the sovereign in Zanzibar will have to find a market on the basis of its own intrinsic value. Any fixed parity to the rupee but that it will have to find a market on the basis of its own intrinsic value.

6. Lord Milner has decided however, to request the Protectorate government by telegraph to give the Bank an advance in currency notes, to enable it to carry on its business, on the security of its gold holding; and the Protectorate Government will also be requested to negotiate with the Bank's local manager as to the amount of gold paid into the Bank by the government, in respect of which it would be equitable to give the Bank exchange outright at Rs 15 to the sovereign.

I am, Sir,

Your obedient servant,

(sd) H J Read.

COPY

National Bank of India Ltd

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London, 16th July 1920

The Under Secretary of State

Colonial Office

Downing Street

S W 1

Sir,

We have to acknowledge receipt of your letter of 14th instant (No. 35825/20) regarding the demonetization, without notice of redemption, of the Sovereign in the currency arrangements of Zanzibar. Sovereigns were circulating freely as currency alongside with notes and rupees - a circumstance probably brought about by the scarcity of silver coin owing to the prohibition of exports of silver from India in the past year or two - and we regret we cannot share your view that the Government are not responsible in the matter. It is contrary to all experience, and we maintain that the Government of Zanzibar in promulgating the Currency Decree of 1916 whereby legal tender of Rs 5 to £1 was created, rendered themselves liable to the public for redemption at that rate, and to give reasonable notice of any intention of discontinuing that legal tender. It is impossible to imagine any other situation from a business point of view. This considered opinion we adhere to and must continue to press on you. It would be just as logical to declare one day that local currency notes were worth their face value in silver rupees and the next by declaration of inconvertibility, worth only their market value. Government's giving the Sovereign their imprimatur of legal tender

stamps/

The Under Secretary of State, Colonial Office

- 2 -

stamps it with their authority and responsibility which cannot be lightly put aside. We shall be glad if you will give the question your early reconsideration and let us know what final decision you come to, as in the event of your adhering to the view taken in your letter under reply we will have to proceed to take what steps we can to minimize as far as possible the ultimate loss which will accrue to us.

We thank you for your offer of the Zanzibar Government's help, in case of need, to advance temporarily against our Manager's holding of Sovereigns; and for your instructions to the Protectorate Government to negotiate with our Manager for the redemption at 2s5 of such Sovereigns as Government Departments may have paid into the Bank and got paid for at that rate.

I am, Sir,

Your obedient Servant,

(Signed).

H Chalmers

General Manager.

Downing Street,

27th July 1920.

Sir,

I am directed by Viscount Milner to acknowledge the receipt of your letter of the 16th of July on the subject of the demonetisation of the sovereign in Zanzibar.

2. Lord Milner regrets that he is unable to admit that the Government of Zanzibar is bound, either legally or morally, to redeem the sovereigns held by the Banks and public in the Protectorate at Rs 15 to the sovereign. He would emphasise again the fact that the ratio between the sovereign and the Indian rupee is not, and has not been, within the control of the Government of Zanzibar or the Secretary of State for the Colonies, but it is determined by the Government of India. As a matter of convenience the ratio fixed by the Government of India for the time being was adopted in Zanzibar when the Currency Decree of 1910 was passed.

3. The publication of the Indian Currency Committee's Report gave ample notice that the Government of India would not suffer the sovereign to remain legal tender in India for Rs 15 indefinitely: and it could not reasonably have been supposed that the Government of Zanzibar would allow it to remain legal tender in the Protectorate for that amount when it became clear that the parity of the sovereign was to be reduced to Rs 10 in India.

4. The position is not the same as it would be if the Government without giving notice declared a currency note which it

issued to be no longer legal tender. A Currency note constitutes a definite contract between the Government and the public, and the Government which issues the note is responsible for maintaining its value as currency to the public. This is not the case, however, with regard to the maintenance of the parity of the rupee and the sovereign, which is, and has been throughout, the responsibility of the Government of India.

5. The decision not to redeem the sovereign in Zanzibar must be taken as final. but Lord Milner will gladly undertake to inform you if any opportunity should arise of the Government assisting the Bank to dispose of their holdings on specially favourable terms.

I am,

Sir,

Your obedient Servant

(Sd) H J Read

COPY

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National Bank of India Ltd

London, 29th July 1920

The Under Secretary of State

Colonial Office

S W

Sir,

We beg to acknowledge receipt of your letter 35062/1920 of 27th instant on the subject of the demonetization of the Sovereign in Zanzibar.

In accepting under protest and with much regret Lord Milner's decision to bear no responsibility for the Zanzibar Government's action in summarily declaring the Sovereign to be no longer legal tender we would only point out in reference to paragraphs 2 and 3 of your letter that while the Government of Zanzibar found it convenient to adopt the Government of India's action in 1916 they found it inconvenient to follow their example in 1920 when the Indian Government gave the public three weeks' notice of redemption and demonetization.

While thanking the Secretary of State for his willingness to inform us of any opportunity which may arise to dispose of our holding we may say that we have already taken steps to realise the coins to best advantage in view of the foregoing decision.

I am, Sir,

Your obedient Servant,

(Signed)

C. Nicoll

General Manager

11/5/21 40/20

E. Africa

9th Nov 20

I am in to ask the
receipt of your letter
of the 22nd. of Oct. regarding
certain ~~small~~ questions
in connection with currency
and banking in East Africa.

DRAFT.

General Manager
of Bank of India Ltd.

MINUTE.

2. Lord Milner understands
that a representative of
the Bank will meet the
E. African Currency Board
this week to discuss the
change made in the ~~regard~~
in the redemption for
sterling of the surplus
German marks on the

- Mr. Jeffries R.H. 20
- Mr. Macarty 6/11/20
- Mr. Bottomley 8/11/20 fs
- Mr. Griade
- Sir H. Lambart
- Sir H. Reid
- Sir G. Fisher
- Col. Amory
- Lord Milner

for desk
ganda.

German marks on the

It is not, therefore,

proposed to offer any assistance
on this question at present.

3. With regard to the loss
which it is believed to have been suffered
by the Bank in consequence
of the renunciation of the
sovereign in Tanganyika, I am
to express Lord Milner's
regret that he is unable
to add anything to the
previous letters from this
Dept. on the subject, which
show the position of the
Tanganyika Govt. in the matter.

H. L. cannot admit the
liability of that Govt. to
recomp. the Bank for any
loss which it may have

sustained in disposing of the
sovereign held by its agent

at Tanganyika

4. No decision has yet been
taken upon the proposal of
the Govt. of Uganda that a
portion of the Prot. Govt.'s
banking business should be
transferred from the National

Bank of India. The
arguments contained in
your letter will be brought
to the notice of the Govt.

before any final action
is taken.

I am &c.

(Signed, H. L. ...)

DRAFT.

MINUTE.

Mr.

Mr.

Mr.

Mr. Grindley

Sir H. Lambert

Sir H. Roush

Sir G. ...

Col. Amery

Lord Milner

M1/52140/20

E. Africa.

(Further action)

Ind. Divided 1924/25

20

Sec. Nov. 1920

(50443/20)

DRAFT.

Uganda

No. 791

Colony.

MINUTE.

- Mr. Jeffries 12.11.20
- Mr. Batterbee 14.11.20
- Mr. Bollenby 17.12.20
- Mr. Grindle.
- Sir H. Lambert.

- + Sir H. Road. 17
- Sir G. Pildes.
- Col. Amery.
- Lord Milner.

for cursor

The Hon. Nat. Board of India 00.22
M1/52140/20

the receipt of your des. No. 396 of the 8th of Sept., in which you recommend that part of the Prot. Govt.'s banking account should be placed with the Standard Bank of Africa.

2. I understand that your recommendation is made on general grounds of policy, with a view mainly to the encouragement of enterprise and competition.

3. I enclose for your cursor, an extract from a letter which I have received from the National Bank

Bank of India, in which they
~~had~~ enter a protest against
the proposed change. I have
assured the Bank, ^{as being} to be informed
that their arguments will be
brought to your notice before
a final decision is taken.

4. In any case, I should
be glad to have a fuller
expression of your view in the
matter before deciding whether
your suggestion should be
accepted or not. ~~For~~ Although
the objections raised by the Treasurer
to the proposal are not necessarily
conclusive, ^{they appear to be much weighty and} there is the additional
point that ~~any~~ other banking firm
~~is~~ ^{is} established either now or
in future & might claim a share of
the business. ^{in the Prot.} Moreover, if it is denied

to ~~us~~ ^{to us} the obtain more favourable
terms (such as in the regard to the minimum
balance required to be kept, or in the rates of for
remittances to London), it appears possible that

this would
affect the
arrangement
the Bank of
India, and
possibly

under purchased from the
Bank.

2. A copy of a letter
which has been addressed
to the Bank on the subject
is also enclosed.

1. am n.

M/52140/20

E. Africa

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Nov. 1920

DRAFT.

General Manager
at Bank of India Ltd.

MINUTE.

- Mr. Jeffries 12/11/20
 - Mr. Mackay 3/11/20
 - Mr. Bostwick
 - Mr. Grindle
 - Sir H. Lambert
 - Sir H. Ross
 - Sir G. Fisher
 - Col. Anson
 - Lord Milner.
- for Corson

Sir,
with ref to your letter
of the 22nd of Oct, and
the letter from this
dept of the 9th Nov,
I am so. to inform
you that he under-
stands that the
question of the charge
of 1/2 per cent made
by the East Africa Currency
Board on the purchase
for sterling payments of
sterling

M/52140/20

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S. Africa

5 Jan 1921

Sir,

DRAFT.

General Manager
Reserve Bank of India Ltd.

With refer. to your letter
of the 22nd of Oct., I
am to inform you

MINUTE.

that he understands

that an arrangement

has now been arrived

at between you and

the F. A. Currency Board

under which the Board

have agreed as a

special concession to

waive the charge of

$\frac{1}{2}$ per cent which they

had made on the 25th

latter

- Mr. Jeffries 1
- Mr. Macarty 2
- Mr. Bottonley 3.1.21.
- Mr. Strachey 3p
- Mr. Grindle.

Sir H. Lambert.

Sir H. Read.

Sir G. Fiddes.

Col. Amery

Lord Milner

Mr. Conson

(acks. of German notes
purchased by them for
sterling from the three
banks operating in the
Tanganyika Territory.

2. Lord Milner is glad
^{it has been found from the 15 article of an arrangement which}
to learn that ~~this~~ satisfactory ^{to the Bank}
arrangement has been

arrived at; but he wishes
to make it clear that he must not
be understood to have departed from his previous view
~~to be understood that~~

the fact that this concession
has been made does not
imply any recognition on
his part of the claim that
the civil Govt. are in any way
the Tanganyika Territory are
in any way bound

to guard himself against any
suggestion that there is ^{no liability upon}
obligation on the Govt. to redeem
German

German notes in the legal
currency of Kenya, and to
make it clear that he
does not recognise any
such liability.

DRAFT.

(2)

MINUTE.

- Mr.
- Mr.
- Mr.
- Mr. Grindley
- Sir H. Lambert
- Sir H. Bouch
- Sir G. Fiddes
- Col. Amery
- Lord Milner

3. The question of the
denudation of the reserves
in Tanganyika which is
referred to in para 2 of
your letter, has been
dealt with in the letter
from the Dept. of the
9th of Nov.

4. I am to add that
Lord Milner in
communication with the

Gov. of Uganda with regard
to the proposed transfer of
a portion of the Prot. Govt's
banking business from the
National Bank of India,
to which reference was made
in para. 3 of your letter.
A further communication
will be sent to you on this
subject in due course.

Yours faithfully,

SEAL