

Home (1917) Department.
(Education)

Ordinary SERIES.

G.O. No. 537.

DATED 26.4.1917.

INDEXED

[Despatch Abstract.]

University of Madras.

Indian War Loan 1929-1947.

Approving the proposals of the Syndicate of the ----- to invest in the Indian War Loan 1929-1947 a sum of Rs.1,20,000 from the University Fee Fund and to invest in the War Bonds 1920 a sum of Rs.4,00,000 from the non-recurring grant sanctioned by the Government.

PAPERS PUT UP WITH CURRENT No.

Papers of the department to which the current belongs.

Number.	Date.	Original (=O.) or spare copy (= S.O.)	Remarks. (In this column such of the papers as have been removed for copying, printing, etc., should be marked with a cross.)	Initials of Referencer with date in token of return to Reference department.

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Department.	Number	Date.	Original (=O.) or spare copy (= S.O.)	Initials with date of (1) Referencer acknowledging returns of the paper concerned or (2) Despatcher to denote the return of the papers to the department concerned.

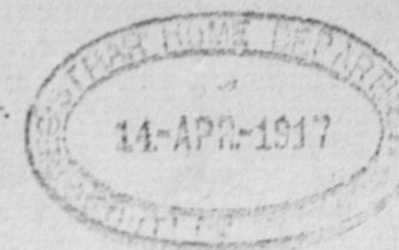


University of Madras.

Eof CN. 50 B

14.4.17

No. 2658



14 APR 1917

SENATE HOUSE,

Enclosures.

FROM

FRANCIS DEWSBURY Esq., B.A., LL.B.,

Registrar, University of Madras,

TO

THE SECRETARY TO GOVERNMENT,

Home (Education) Department.

Sir,

The Syndicate has been considering the possibility of participation by the University in the Indian War Loan.

2. The accumulated funds now in deposit with the Bank of Madras and uninvested, from which subscription to the War Loan is contemplated, are as follows:-

	Fee fund	Non-Recurring Grant.
Amount in deposit at 4%	Rs. 2,10,000	Rs. 2,83,500
Date when available	One month's notice	Six weeks' notice
Amount in deposit at 4½%	Rs. 95,000	Rs. 4,95,000 Rs. 11,000
Date when available	8th September 1917	20th Sep. 1917 25th January 1918.
Remarks	The cash with the Accountant General is sufficient to meet the ordinary monthly expenditure of the University. Rs. 1,75,000 will be withdrawn from deposits in July 1917 to meet examination charges.	Estimated expenditure April to March 1918 inclusive Rs. 18,000 excluding cost of new buildings.

3. In considering investment in the War Loan from the above

2-83
4-95
7-89
2-10
4-95
3-05
-1-75
1-30

funds the following points were before the Syndicate:-

A. Fee Fund Balances:

Rs. 35,000 is available at any time from the deposit at 4%. Allowing Rs. 10,000 for unanticipated expenditure, Rs. 25,000 might be invested at one month's notice: a further sum of Rs. 95,000 will be available only on 8th September 1917 - too late for such investment except by the help of temporary advances from other accounts. These Fee Fund balances represent profit on the working of the University during past years and under previous practice would have been invested in Government Securities at 3½% as soon as the need for their retention to meet expenditure had ceased.

These balances are the only University funds suitable for investment in the War Loan 1929-1947, and the Syndicate considers that a permanent investment of such a character should now be made. The advantage of investing the full amount of Rs. 1,20,000 in this War Loan, utilizing all conversion rights, will appear from the following figures:

Interest

Rs. 25,000	at 4%	yields	Rs. 1,000
Rs. 95,000	at 4½%	yields	Rs. 4,275
T o t a l			Rs. 5,275

Rs. 1,19,700 will purchase, at 95, War Loan 1929-1947 of nominal value of Rs. 1,26,000, which at 5% will yield Rs. 6,300 in interest, an annual increase of Rs. 1,025.

Conversion Rights.

Rs. 1,26,000 (nominal value) War Loan allows at 150% the conversion of Rs. 1,89,000 (nominal value) of 3½% Government Securities at 76. Rs. 1,89,000 converted at 76 (with a cash payment of about Rs. 60) is equivalent to Rs. 1,43,700 in the War Loan.

Interest on Rs. 1,89,000	at 3½%	Rs. 6,615
Rs. 1,43,700	at 5%	Rs. 7,185
Increase of income		Rs. 570

The advantage to the University of the proposed investment is therefore an annual increase of income of Rs. 1,025 plus Rs. 570 = Rs. 1,595.

B. Non-Recurring Grant Balances.

From the Non-Recurring Grant is a sum of Rs. 2,83,500 now in deposit at 4% with the Bank, which can almost at once be made available for investment, and there are further sums of Rs. 4,95,000 and Rs. 11,000 in fixed deposit at 4½%. These funds, allocated mainly to the new University Buildings, are not likely to be expended at any time at a greater rate than from 2 to 2½ lakhs a year. There is no immediate probability

of the commencement of building operations (Vide G.O. No.

410 - W., dated 16th March 1917).

A sum of 4 lakhs invested in War Bonds 1920 would increase the income from interest by Rs. 4,000 as compared with fixed deposit at 4½% and would not embarrass any building operation during the period of its investment. There would remain with the Bank nearly 4 lakhs which would meet all probable expenditure until the date of repayment of the loan.

4. The Syndicate therefore proposes

- (1) That Rs. 1,20,000 from the Fee Fund be invested in the War Loan 1929-1947 and that the present 3½% Securities be converted to the full amount admissible;
- (2) That a sum of Rs. 4,00,000 from the Non-Recurring Grant Account be invested in War Bonds 1920.

5. Such investment would require the temporary assistance of one account by another or of the Bank of Madras. Though there is now in deposit with the Bank at one month or six weeks' notice a total sum almost equal to that proposed for investment, the withdrawal at the due date of the amount proposed for investment in the Fee Fund Account would leave the University for a time without funds in that account to meet charges in connection with the examinations of 1917.

6. The scheme of investment suggested, as the only one satisfactory in the circumstances, is by instalments.

7. Current charges of the Fee Fund Account can be met from the cash balances now with the Accountant-General, which it is proposed to leave for that purpose. The monthly average charges on the Non-Recurring Grant Account may be estimated at not exceeding Rs. 1,600. To meet these charges a regular withdrawal of Rs. 1,500 is at present being made each month from deposits.

The total amounts in short date deposits on the 1st June 1917 will be

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Fee Fund Account	Rs. 2,10,000
Non-Recurring Grant Account	Rs. 2,79,000

	Rs. 4,89,000

Rs. 1,85,000 of the Fee Fund deposits will be required for Examiners' remuneration and contingencies and will not be available for investment.

The amount of Rs. 3,04,000 remaining can be utilised at once for payment of instalments of subscriptions to the Indian War Loan.

8. The following statement shows the proposals of the Syndicate for investment by instalments:-

Instalment.	Date	A m o u n t		Monthly charges under Non-Recurring Grant.	Total expenditure	Balances
		Fee Fund	Non-Recurring Grant.			
		Rs.	Rs.	Rs.	Rs.	Rs.
No. 1	15 June	24,000	80,000	1,600	1,05,600	1,98,400
2	15 July	24,000	80,000	1,600	1,05,600	92,800
3	15 Aug.	24,000	80,000	1,600	1,05,600	-12,800*
4	15 Sep.	24,000	80,000	1,600	1,05,600	-19,125*
5	15 Oct.	24,000	80,000	1,600	1,05,600	Nil [†]

9. * An adverse balance of Rs. 12,800 will be created on 15th August 1917, which can be met temporarily from the Recurring Grant Account. This balance will remain until the 8th September 1917, when it will be met from the sums of Rs. 95,000 + Rs. 4,275^{interest} = Rs. 99,275 available from Fee Fund fixed deposits on that date. A further adverse balance of Rs. 19,125 to be met from the Recurring Grant Account will be created on 15th September 1917, but on the 20th idem Rs. 4,95,000 + Rs. 22,275 interest = Rs. 5,17,275 from Non-Recurring Grant fixed deposits will be available: after making the investment and meeting the adverse balance of Rs. 19,125 the sum of Rs. 3,92,550 will be returned to deposit, less such sum as may be retained for current expenditure.

5

10. The Syndicate has directed me to request the sanction of the Government to the foregoing proposals, and that orders may be issued as soon as possible so that the necessary notices to the Bank of Madras for the withdrawal of deposits may be issued by the due dates.

I have the honour to be,

Sir,

Your most obedient servant,

Francis Dawson

REGISTRAR.

DEPARTMENT.

CURRENT No.

From _____

Received _____ 191 . Registered _____ 191 .

Subject.



GOVERNMENT HOUSE,
OOTACAMUND.

16th April 1917.

My dear Ramachandra Rao,

His Excellency understands that the Registrar of the University of Madras has requested the sanction of Government to a scheme for the investment in the Indian War Loan of a sum of Rs. 5,20,000 by the University which has been approved by the Syndicate. His Excellency desires that the matter should be expedited.

Yours sincerely,

The Hon'ble Diwan Bahadur R. Ramachandra Rao Ayl.,
Secretary to Government,
Home (Educational) Dept.,
Stonehouse Hill.

Home Dept.
(Ed. 11)

Lo. 50 B, from the Regt. Univ. of Madras, 26.8.41/14-4-1.

Subject: Investment of University
funds in the Indian War Bonds.

The proposals of the
Syndicate are as follows:

(i) to invest in the 5 per cent
War Loan 1929-1947 a sum of
Rs 1,20,000 from the fee fund
account and to utilise to the
fullest extent the concessional
rights provided in para 3 of the
Loan Notification; and

(ii) to invest a further sum of
Rs 4,00,000 from the New-recent-
ing grant account in the 5 1/2 p.c.
War Bonds - 1920.

As the complete withdrawal
of the above amounts from the
Bank of Madras would leave
the university for a time without
funds in the fee fund account to
meet charges in connection with
the examinations of 1917, it is
proposed to make the contemplated
investment by instalments - of:

Mr 3-4 C.F.

Table 25 - from the invest
ment in War Bonds
570 - the advantage
of conversion
4000 - from the in-
vestment in
War Bonds.
Rs 5,595

Q: also Letter 494 E.P. (18)
X 100 30.4.14
Q: to 695 E.P. (X 100)
10.6.14

para. 29 Letter 566 (18)
14.6.13

Paras 5, 6 & 8 of the current letter.

The advantage of the
proposal stated from the point of
view of the university's finances is
that it is calculated to bring in
an additional income of Rs 5,595 per
annum way of interest.

2 The proposal seems to have
been well thought out. The only
point of difficulty is in regard to
the investment from non-recurring
grant balances. These grants
were originally paid to the
university mainly for expenditure
in connection with the construction
of the new university library
buildings and the purchase of
books and manuscripts for the
library. Q: para 2 of Letter
No. 566 d/ the 14th June 1913. as
stated in paras of the Registrar's
letter the construction of the
new buildings has been postponed
till after the close of the war - please
see also Q. G. No. 410 W, d/ the 16th March
1917. As however the university had
been allowed to fund the amount
in question and as they are now

$\frac{16.4.17}{16.4.17}$

The proposals of the Syndicate of the
Madras University are:- (para 4 on page 30-31)

(a) to invest ^{the} the Indian War Loan 1929- 1947
a sum of 1.20 lakhs from the University Fee Fund; &

(b) to invest in the 5½ per cent War Bonds
1920, a sum of 4 lakhs from the non-recurring grant
(5.24 lakhs) given by the Govt. to the University

2. Proposal (a):- Submitted that there is no objection.

Proposal (b):- It will be observed that the main object of the University is to derive profits by participation in the Indian War Loan - vide portions K & M on pages 2-3 of C.F. [An additional income of Rs. (1025 + 570 + 4000) or Rs. 5595 per annum is anticipated.]

In para: 2 of their Home (Educn:) Dept. letter dated 18-1-1906 (page 2 of G.O. 89 Educl: d/ 13-2-06, the Govt. of India have permitted the University to invest the grant given by Govt., subject to the condition that the University should not draw on the principal without the special sanction of Govt.

3. Attention is solicited to the d.o. from the G of I. dated 15-3-17 in G.O. 181 Finl: d/ 26-3-17 XX permitting District Boards to invest their balances in the Indian War Loan, provided that these balances are genuinely surplus.

The amount now in question (4 lakhs) is not a genuine surplus of the University; and the proposal amounts merely to the Govt.'s paying a higher rate of interest. The Govt. are thus a loser by the transaction as they are required to pay a higher rate of interest on their own money which was paid to the University, in advance of immediate requirements, as a matter of convenience.

In view however of the fact that the University has been given permission to invest these grants - vide para: 2 above - it is submitted that there seems to be no objection to the proposed investment.

4. Submitted that the case may be forwarded u.o. to the Acctt. Genl. for favour of remarks.

This is a genuine surplus. They are allowed to invest it now & I don't see any objection to it being given in the War loan.

Higher rate than the Bank who now has the use of the money.

In AS

The A.F. may be requested to have the reply sent to the Chief Secy - Madras Office and to treat the case V.L.

M-CAS 154

On sending the case u.o. please remove page 1st note & add notes copies of G.O. etc.

22.4.17.

P.T.O.

NOTES.

Page 6

I see no necessity to consult the A. S. In all cases may accept the proposal. The money is not in the Gov. Treasury but in the Bank of Madras. There can be no objection to its being withdrawn & placed in the loan

Para 2 on page 1 CF.

Recd 26/4/17

File no 3165-1
25-4-17



Home (Gen) Department

A draft order is submitted for approval. It may be submitted to H. E. the Governor and H. M. (Financial).

Box 80
Circ 25/4/17
Sdtd 26/4/17



Done sharp
26/4/17

25/4/17
H. E.
H. M. (Fin)
25/4/17
25.4.17
26.4.17

Indian War Loan 1929-1947.

READ AGAIN G.O. No., dated

11 12 13 14 15 16

READ ALSO:-
C. No. 51 B., From the Registrar, University, No. 2658, dated 14-4-1917.
of Madras.

191

191

No. 537, dated 26.4.1917.

Mis.

the Govt. sanction the proposals of the Syndicate of the University of Madras to invest in the Indian War Loan 1929-1947 a sum of Rs 1,20,000 from the University fee fund and to invest in the 5 1/2 p.c War Bonds 1920, a sum of Rs 4,00,000 from the non-recurring grant given by the Govt. ^{The arrangements} ~~in the manner~~ ⁽⁺⁹⁾ suggested ~~described~~ in paras 8 of the Registrar's letter read above are approved

25.4.17.
AM
25/4/17

Qc
26/4/17

To, The Registrar, University of Madras. 900

~~2000~~ } 2000

27/4/17 H. G. V. } 2000

File Dept. } 2000

When given for copying
When copied
When examined
When signed

191

REAR AGAIN G.O. No.
191

DATED

CURRENT No.

ENCLOSURES TO C. No.

ORDER OF GOVERNMENT

LETTER OF GOVERNMENT.

STATEMENT WITH DUTY.

PAYMENTS NOT FILED UP, BEING MEANT FOR DESPATCH
IN ORIGINAL.

A A A A A A A

N.B.—
A = Copy in full.
B = Not to be copied.
P = Copy abstract only.
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