M.R.O. 1—32,400—23-11-30.

MADRAS RECORD OFFICE.

Government of Madras.

Financial DEPARTMENT.

G.O. No. 636 Press ~~Mis.~~

Dated 10 - 10 - 1857

13 No - 13-14 6-7

Not to be folded or roughly handled

No. 13. From the Accountant General; to the Acting Chief Secretary to Government, dated 30th September 1857, No. 178.

Sir,

1. I have the honor to acknowledge the receipt of the order of Government, No. 563, (dated the 9th in the Financial Department,) transmitting, for my early consideration and report, a letter from the Chamber of Commerce, dated the 8th instant. The Chamber in that letter complain that the delay in this Office in granting "Certificates" of transfer has deterred parties from subscribing to the open Loan.

2. In the hope that the Chamber would do me the favor to let me know "the many instances" in which the stated delay had precluded parties from subscribing, and would inform me of some of the cases in which it had been experienced, I addressed to them on the 10th Instant the letter, of which the accompanying is a copy. I send also transcript of their reply of the 26th Instant declining to give *me* the information; adding that they will adduce to Government specific instances of delay if called upon. They consider it unnecessary "to furnish such proof to myself, as they conceived the Records of my Office would afford me ample information on the subject."

3. I cannot but feel that this is not a fair way for the Chamber to proceed. When, in order to save the time of the Department, which might be better devoted to the business, the delay in which they complain of,—I ask them, instead of a vague general assertion, to let me know in how many instances the complaint had been made and the cases, to enable me to examine into them and report,—they refer me to my Records. I can only appeal to Government for protection from aspersions of this sweeping kind.

4. I do not think it would be agreeable to any Member of the Chamber to find the Magistrate calling upon him to defend himself against a general accusation of another party, to the effect that he had some time or another injured that party, and when he enquired of the party when it was he committed the injury, and what it was,—he was to receive this answer, "I will not inform *you*. Your own conscience can tell you *that*." Would he not protest, and ask how could he refute a charge of that kind? and why should he *thus* put on his defence?

5. Government will observe from the note in the margin* that 552 Government Promissory Notes were received in this Office for transfer, from the date of the Notification of the Government of India authorizing such transfer to the 9th Instant. the date of the reference to me from Government, For nearly 400 of these Notes, Certificates were delivered, or sent to the parties within 5 working† days, for 43 Promissory Notes in 6 days, for 5 in 7 days; and for 8 in 8 days. But there is one case, of 3 Promissory Notes, in which the Certificate was not issued for 23 days. In this case the delay arose out of the Clerk who first took up the Promisory Notes which had been sent in by Messrs. Bainbridge and Co., conceiving that a power ought to have accompanied the application. A correspondence ensued, the prolongation of which, augmenting the delay, was not owing to the dilatoriness of this Office, since this Office letter of the 31st August was not answered by them till 17th September. This single in-

* *On 88 Promissory Notes Certificates were delivered the same day.*

On 99	*in*	1 *day.*
,, 57	,,	2 *days.*
,, 54	,,	3 *do.*
,, 28	,,	4 *do.*
,, 67	,,	5 *do.*
,, 43	,,	6 *do.*
,, 5	,,	7 *do.*
,, 8	,,	8 *do.*
,, 3	,,	23 *do.*

Total 552

† *Of course exclusive of the days of the receipt and delivery of the Notes, and also Sunday.*

The 3 Notes were received on 26th August, Messrs. Bainbridge and Co., were asked for the power on the 31st. They did not reply till the 17th September, and on the 19th the Certificate was sent to them.

stance of 3 Promissory Notes out of 552, can hardly have been magnified by the Chamber of Commerce into "many instances." I may mention that Certificates for the transfer of 4 per Cent Promissory Notes have been issued to several Merchants, &c., who urged expedition, instantly and sometimes on the following day after the receipt of their Government Promissory Notes. And I am not aware of any instance in which the application of a party, to get his Certificate earlier, than the routine of business was likely to give it to him, has been unattended to.

6. I trust Government will be thus convinced that there has been no culpable delay. The business in few Offices, if any, is so well up, as to turn out its work week by week as it comes in. I confess, I do not understand how it is that the Chamber have thought proper to make this representation to Government. The Loan was opened to transfer on the 30th July last. Their letter is dated the 9th September, say 6 weeks. How *could* they stake their reputation upon an averment that the Subscriptions of a whole community in that short period were injuriously affected by the delay of 552 Bonds, of which the bulk were disposed of in four days, only eight of the Notes having been kept uncertificated for 8 days, to which add the exceptional case of 3 Notes explained in the preceding para: The delay in the Accountant General's Office whatever it was, *could not* (unless the party had been so unwise as to raise money before he need pay it, and in that case I submit his loss is his own affair) have influenced the money transaction. The Chamber write as if they did not exactly know the course of proceeding. They talk of parties not being able to count upon "getting the scrip Certificates at once, a portion of which they would sell to repay the sum borrowed." Why, they *cannot* sell the Certificates. They exchange the Certificates at the Treasury for *acknowledgments,* which acknowledgments they can sell, but they cannot sell the *Certificates.*

7. And what is the transaction, and how does the delay in the Accountant General's Office influence the parties? The party hands in his Note to the Accountant General's Office, and when he gets his Certificate (but not till then need he do so) he raises money.

8. He can lodge the Certificate with the Sub-Treasurer on the same day he obtains it, or at any rate, the very next day, and he will then receive his Acknowledgment which he can sell and thereby replace the borrowed money. If he *was obliged to raise the money, when he deposited the Promissory Note in the Accountant General's Office* for transfer, it would be another thing, but even then, how would *eight* days affect him? it would be of little consequence.

9. The Chamber dwell upon Capitalists being willing to lend for a day or two, but will not do so when they cannot rely upon being repaid for weeks,—insinuating thereby that the delays in the Accountant General's Office are for weeks. This cannot have been the case, as I have shewn in para: 5 the actual delay. No one I *believe* lends money for "a day, or two." The Madras Bank I know *will not do so.* They require you to take a loan for fifteen days at the least. Of course you may pay the principal back in a day or two ? but the borrower has to pay 10 or 15 days' interest nevertheless. I should imagine *few* Capitalists would care to make entries in their books for a 2 days' loan except as the Madras Bank, as above explained, may be *said* to do so if the borrower chooses to repay in 2 days. But if the security be *good,* and he generally takes care of *that,* as well as of the rate of interest,—the Capitalist is not always in a hurry to receive back the amount loaned.

10. Supposing the transfers could all be made in the very day the Notes were presented, I do not believe, as the Chamber say they do, that Subscriptions to the open Loan would flow more freely into the Treasury. What is the inducement to the invester who has 4 per Cent paper to transfer and subscribe? merely some half per Cent interest, say he has 1,000 Rupees in Cash, he would by a 5 per Cent Note at 10 per Cent discount which would give him 5½ per Cent for his money, he draws 4 for his 4 per Cent Note=9½. If he transfers his Note he gets only 10 per Cent for the Note *and* the 1,000 Rupees Cash.

11. If a party without Cash, and having only a 4 per Cent Paper, wishes to transfer it to 5 per Cent Loan in the manner alleged by the Chamber, he would, at the ordinary* rate of sale of an Acknowledgment be a loser of Principal, which loss he would not be able to make up under many,—say 29 years. The 5 per Cent open Loan guarantees the rate of 5 per Cent for 15 years only, and the rate of Interest may be reduced at the expiration of that period. He will thus make up only about half of the loss in the principal which he has incurred by the transfer, and is left in uncertainty as to making up the other moiety of the loss. I submit a Memorandum in illustration of this view, for the information of Government, which was handed over to me by a holder of 4 per Cent paper who intended to have transferred it in to the 5 per Cent Loan by borrowing money temporarily but abstained from doing so from the result of his calculations.

12. Government may perhaps wish to know whether I have had any complaint made to me of delay. The only complaint I have known has been on the part of Mr. Fox. He brought in a Note without a letter. The Note was left in the Office, he was told to call for the Certificate. There was some misunderstanding, for it was understood here that he would call. Had he done so, it would then have been pointed out to him that his endorsement on the Note was necessary previous to transfer. Instead of calling he waited a week and then *wrote* and complained of the delay, the blame of which delay, I submit, did not attach to the Accountant General's Office. The endorsement was made by him on the Note which was sent to him by letter, the Certificate was at once delivered and there the matter ended.

13. It has just occurred to me that what the Chamber mean, though they do not say so, is that some Parties have been disappointed and vexed because the "*turn of the market*" has been against them by reason of the Certificates not having been delivered *instanter,* in exchange as it were for the Promissory Notes: that is to say, the Parties might have sold on the Monday at a better rate than they could obtain on the Wednesday. If this be so, I submit that the Accountant General's Office, which gets the Certificates out of hand as fast as the pressure of other business permits, is not to blame. There *may* be the desire here to pursue what the Public Prints notice as having been going on to a large extent in Calcutta, "gambling in Company's Paper." *There,* it is stated, the Bank of Bengal ceased, in consequence, to advance money on Company's Paper. Have the Chamber the interests of the Speculator or of the Government most at heart? But what if these interests accord, will not Government catch at the advantage? Not long ago the rates of discount at Calcutta were so high that the holders of Bills of the Honorable Court which are drawn at 60 days' sight, used to put them into the open 5 per Cent Loan, where they were receivable as Cash less the discount on the period they had to run to maturity. The holders then obtained their acknowledgments and realized Cash by sale thereof: thus getting the Bills discounted at a much lower rate then the Bank rate. But this was simply a pursuit of their own private interests, *using* the Loan as a stepping stone to their own advantage. It seems to me now that the interests of the speculator, not any love to Government, may have prompted the representation under report, and that the Accountant General's Office is made the stalking horse.

(Signed) G. L. PRENDERGAST,
Accountant General.

From G. L. PRENDERGAST, Esq., Accountant General; to the Chamber of Commerce, dated 10th September 1857, No. 768.

GENTLEMEN,

The Government having referred to me your letter of the 8th Instant in which you represent that you "have reason to believe the great delay experienced in the Accountant General's Office in obtaining Certificates" has in many instances precluded parties from "subscribing to the open 5 per Cent Loan," I have the honor to request you will do me the favor to state "the many instances" to which you allude, and also some of the cases, say 6 or more, if you please, in which, to your knowledge, "the great delay" has been experienced. If you will oblige me with the names of the parties who, having sent in their Bonds to me for transfer, have been dissatisfied, or who have been themselves so inconvenienced, by their detention in this Office that they have been deterred from subscribing again, or of parties whose representations on the subject made, or circulated, to others have influenced persons who would, but for such representations have subscribed to the Loan, I shall be then in a position to make to Government the report for for which they have called.

With the dates of transmission and the numbers of the Bonds and the Loans to which they belong.

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* *If the rate should happen to be more favorable, the rush there would be to seize upon the advantage, would soon mar individual profit, and reduce the rate again to its level.*

2. For my own part, I cannot conceive how supposing your complaint of delay be justifiable the culpable delay, if any, in granting the Certificate can possibly influence the borrowers* to whom you allude. For the money *need not* be raised till *after* the Certificate is granted, inasmuch as it is not receivable at the Treasury unless accompanied by the Certificate. If there be any delay between the granting the Certificate and the lodgment of the money in the Treasury it is a delay by the parties themselves.

**And thereby the Subscriptions to the open Loan.*

(Signed) G. L. PRENDERGAST,
Accountant General.

From WILLIAM HAMILTON CRAKE, Esq., Chairman of the Chamber of Commerce; to L. PRENDERGAST, Esq., Accountant General, dated 26th September 1857.

SIR,

I have the honor by desire of the Chamber of Commerce to acknowledge receipt of your letter, dated 10th Instant, in which you request me to state " the many instances " of delay in obtaining Certificates of transfer to which allusion is made in my letter to Government, dated 8th Instant, and also some of the cases, say 6 or more, in which to my knowledge " the great delay" has been experienced, and in reply to observe that the Chamber's representation on the above subject was addressed to Government, and if called upon by the latter for specific instances of delay, they will be prepared to adduce them, but to furnish such proof to yourself they consider unnecessary, as the Records of your Office will, they conceive, afford you ample information on the subject.

(Signed) W. HAMILTON CRAKE,
Chairman.

(True Copies.)
(Signed) W. H. ARBUTHNOT,

MEMORANDUM.

Government paper	*of*	*Rupees*	10,000
Loan..................	*of*	,,	10,000
		Rupees...	20,000

If you have 4 per Cent paper for Rupees 10,000 and wish to transfer it to the 5 by borrowing money, you must borrow Rupees 10,000 at the cost of Rupees 27½ for Interest for 10 days, say at 10 per Cent.

You will get 2 Loan Acknowledgments one of which should be for Rupees 8,800 to be kept by you as your Capital in lieu of the 4 per Cent Paper for Rupees 10,000. Thus your Capital will be diminished to the extent of 1,200 Rupees. The other Acknowledgment should be for Rupees 11,200. By selling this at the market rate 10 per Cent discount, you will realize Rupees 10,080, from which you will pay off the Debt, Rupees 10,000 and Interest Rupees 27½, so 52½ s Rupees will be left surplus, from transactions being required to be in even hundreds

You will get an annual Interest upon your 5 per Cent Paper of Rupees 8,800, of Rupee 440, in place of 400, which you used to receive before on your 4 per Cent Paper of Rupees 10,000. The gain, so to call it, of Rupees 40 per annum, will replace the loss of 1,200 Rupees in 30 years, or in about 29 years, if you regard the surplus of Rupees 52½ as so much replacement of Capital

But the condition of the present 5 per Cent Loan guarantees you 5 per Cent for a period of 15 years only. The chance of your making up the loss by getting 5 per Cent for 15 years more is very uncertain. Possibly there may be another transfer of 5 per Cent to 4 per Cent. In that case you will have a reduced Capital of Rupees 8,800, and will get an Interest at 4 per Cent of Rupees 352 in lieu of 400, which you now get on your Paper of 10,000 Rupees, and suffer moreover proportionate loss of Capital just mentioned.

(Signed) G. L. PRENDERGAST,
Accountant General.

FORT SAINT GEORGE,
Accountant General's Office,
30*th September* 1857.

4. ORDER THEREON, No. 636; dated 10th October 1857.

The Government observe that on the 9th September last, they referred for the early report
Accountant General a letter from the Chairman of the Chamber of Commerce, suggesting
reater expedition in the Accountant General's Department would tend materially to pro-
Subscriptions to the open Five per Cent Loan. Mr. Prendergast now offers some remark
general nature, but states that he is unable fully to reply to the Chamber's complaint, inas-
as that Body have refused compliance with his request to be furnished with specific instances
the delay alleged has taken place.

2. The Government resolve to give a copy of that portion of the Accountant General's letter
h specially refers to the letter from the Chamber, who will at the same time be asked to sup-
the Government with the information they have declined to afford the Accountant General.
, it is observed from their correspondence with Mr. Prendergast, they are ready to do, and
the only way to lead to a satisfactory settlement of the question.

Exd. J. A. Wilson.

Financial Dept.

No 469.

From the Accountant General
Dated 30th Septr 1857

For orders

A copy of Mr [illegible] memo all but a portion of the last para marked by me — shd be sent to the Chamber & they shd be requested to give instances — & to offer any other remarks — they may have to make.

Financial Dept

No 136

E.M.C. D/ 10th October/57

Read the following letter from the Accountant Genl } Here enter No 178 Dd 30th Septr/57

The Govt observe that on the 9th Septbr last, they referred for the early report of the Acct Genl a letter from the Chairman of the Chamber of Commerce, suggesting that greater expedition in the Acct Genl's Dept would tend materially to promote subscriptions to the open Five per cent loan. Mr Prendergast now offers some remarks of a general nature, but states that he is unable fully to reply to the Chamber's complaint, inasmuch as that Body have refused compliance with his request to be furnished with specific instances when the delay alleged has taken place.

2. The Govt resolve to give a copy of ~~that~~ portion of the Acct Genl's letter which ~~with the exception~~ specially refers to the letter from the ~~of the latter half of the concluding para.~~ ~~to~~ the Chamber, who will at the same time be asked to supply the Govt with the information they have declined to afford the Acct Genl. This, it is ob-served [illegible], to lead to a [illegible] settlement of the question.

that portion of which specially refers to the letter from the Chamber

Ind Dy & Cons. 13th Octr
Financial 1857 Depart

Fin: Lr to Eng 16 Feby
No 4 of 1858
Para 2 & 4.

No 136

Extract Mins: of Cons

D/10 October /57

To the Accountt General
" Chamber of Commerce - with
Paras 1 & a portion of Para 13
("is not to blame") of the
Acct General's letter

Dispd 19th

13-1/2