

MADRAS RECORD OFFICE.

Government of Madras.

Financial DEPARTMENT.

G.O. No.	211-12	Press
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Dated	9-4	1859

Bo. No. 10-12

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Not to be folded or roughly handled

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Fort Saint George, Financial Consultation, 12th April 1859.

No. 10. From G. L. PRENDERGAST, Esq., Accountant General; to the Chief Secretary to Government, Fort Saint George, dated 22nd March 1859, No. 424.

SIR,

No. 167, Financial Department.

1. I have the honor to acknowledge the receipt of the order of Government of the 16th Instant, referring for my report a letter from the Madras Chamber of Commerce dated the 12th Instant.

2. The Chamber represent the disadvantages under which the Merchants and Bankers of Madras labour—first, in having to send their Government Promissory Notes to Calcutta for enfacement, which prevents the notes fulfilling the functions of Bills of Exchange: and secondly, in having to send their Notes to Calcutta for renewal the attendant delay rendering their Notes unavailable, for many weeks, either for sale or deposit.

3. The Chamber make two suggestions, one that Government Promissory Notes may be enfaced at the Accountant General's Office, Madras—the other, that Government Promissory Notes may be renewed at the Accountant General's Office, Madras.

4. Both these measures, of enfacement and renewal here, appear to me most desirable, for whatever facilitates the transfer and negotiation of Government securities tends immediately to raising their value in the market and thereby to be advantageous, equally to the Public and to Government.

5. The question is one which will have to be determined by the Supreme Government. In my opinion the change proposed is feasible. What is the business involved in "enfacement" of Promissory Notes rendering the interest thereon payable in London by drafts in Calcutta? If the Note be a new Note *i. e.* one which stands in the name of the holder, it is nothing more than the transferring the interest to London. The transfer of interest to Calcutta or Bombay devolves on me now as Accountant General. I can transfer stock of the Book debt Loan from the Madras Books to the London Book—the Chief Secretary signing the stock receipt. Why then should I not be entrusted with the power of transferring the interest on Promissory Notes to London, sending advice, of course, to the Accountant General to the Government of India and to the Home Government, on each occasion.

6. But if the Note happens to be one which the holder has come into possession of by endorsement, then the note requires to be renewed, as well as to be enfaced.

7. This "renewal" here is the second suggestion of the Chamber.

8. What is the "renewal" of a Note but the issuing another Note in lieu of the old one or rather re-issuing the Note, strictly speaking, with space to admit of further receipt for interest being given on the back of it. The receipts for interest *must* be given legibly on the back of each Note and when no further space is left by reason of constant drawing of interest, or of the Note having passed frequently from one party to another by endorsements, the holder cannot obtain any further interest till another note, *i. e.* more space for receipt for interest, is obtained. I have always regarded it as the *right* of the holder to have this accommodation freely afforded to him and without fee—because the Government insist on the receipt being given on the Note. Though he may tender a separate receipt, such receipt will be declined.

9. In the case of a Pension Certificate the receipt for payment, when continued so long as to fill the space on the Certificate, is given on additional Paper appended to the Certificate. In the case of a Promissory Note, another Note is issued which represents the original Note. I

* The Chief Secretary signing for the Financial Secretary to the Government of India. It is to be borne in mind that a renewed note is not the original which is signed by the Financial Secretary to the Government of India, but a continuing note representing the original.

think the power of renewing *might* be given to the Accountant General of a subordinate Presidency* a certain supply of Promissory Notes being sent to him from Calcutta. On a Note being offered for renewal the original number might be retained on the renewed Note and under it might be inscribed "first" "second" or "third" renewed Note (or renewal) as the

case may be—advice of each such renewal would have to be sent to the Accountant General to

Fort Saint George, Financial Consultation, 12th April 1859.

the Government of India and every one of the supplied Notes have to be regularly accounted for to him.

10. The objection which may perhaps be urged to this change will be that the Accountant General to the Government of India thinks it necessary to scrutinize the endorsements on the Promissory Notes before he renews them. At times he has called for explanation or amendment of endorsements, but not often, at this Presidency. I do not think that this objection ought to outweigh the very great advantage, and the satisfaction, to the Public, which the change would give. I think the Accountant General at the Subordinate Presidency might be entrusted with the final scrutiny which is now exercised by the Accountant General to the Government of India only.

11. But even in respect to the issue of new notes, in lieu of Loan acknowledgments, I see no substantial reason, since the Madras Government issue Treasury Bills for subscriptions to the Treasury, why the Madras Government should not similarly issue new Promissory Notes in Lieu

of Loan acknowledgments* the notes themselves being supplied, as the Treasury Bills are, by the Supreme Government. It would remove the impropriety of the subscribers to a Loan at Madras being left for weeks and weeks with nothing to show for their subscriptions but mere "receipts" which are of no use to them whatever, since they can neither negotiate receipts nor pledge them. What with the detention in Calcutta and the time consumed in transit thither and back, a Party is left merely with his receipt without his Promissory Notes, sometimes for 3 months or more. It must be recollected that a subscriber wishes, and ought, to have his paper for use directly he has paid in his money. The circumstance of his paying cash at Presidencies other than Bengal should not, if the inconvenience be removeable, put him under a disadvantage which does not fall upon a party who subscribes at Calcutta. By reason of this delay and difficulty in obtaining a Promissory Note for an acknowledgment, the value of the acknowledgment is depreciated $\frac{1}{2}$ per cent.

12. And as an Officer of Government very much interested in these matters, I may perhaps be pardoned if I suggest that the renewal in London of enfaced Notes would be a highly popular measure and tend vastly to augment the value of paper in all Her Majesty's Indian Loans. If inconvenience suffered, time lost, and risk run, in the transmission of Notes from this to Calcutta displease, what must be the dissatisfaction where notes have to be sent from England to India and back again, with the concurrent chances of the two passages simply, such is the general impression because the spaces on the backs no longer suffice for the inscription of the receipts for interest.

13. Government will see that I go further even than the Chamber, and that I advocate not only the renewal and enfacement of Notes at Madras which the Chamber desire, but I urge as an amendment, which will be very popular, upon the existing system, that new Notes be issued at

Madras in an open* Loan in lieu of acknowledgments of subscriptions made into the General Treasury here, and renewal be effected in London of "enfaced Notes."

No. 11. ORDER THEREON, No. 211; dated 9th April 1859.

1. The Honorable the Governor in Council resolves to forward the letter from the Madras Chamber of Commerce, and the Accountant General's report upon it, to the Government of India; and strongly to urge compliance not only with the requests of the Chamber respecting the renewal and enfacement of Government Promissory Notes at Madras, which the Accountant General advocates, but also with the further measures suggested by that Officer "that

new Notes be issued at Madras in an* open Loan in lieu of Acknowledgments of subscriptions made into the General Treasury here and that renewal be effected in London of "enfaced Notes."

2. Ordered that a copy of the Accountant General's report and of this Resolution be furnished to the Chamber of Commerce for their information.

(Signed) T. PYCROFT,
Chief Secretary.

Fort Saint George, Financial Consultation, 12th April 1859.

No. 12. To THE SECRETARY TO THE GOVERNMENT OF INDIA, dated Fort Saint George, 9th April 1859, No. 212.

SIR,

I am directed by the Honorable the Governor in Council to forward, for submission to the Government of India, copy of a letter from the Madras Chamber of Commerce, dated 12th March 1859. with the Accountant General's report upon it, bringing to notice the disadvantages under which the Merchants and Bankers of Madras labor, in consequence of their having to send Government Promissory Notes to Calcutta for "enfacement" and "renewal," and offering certain suggestions on the subject.

2. These suggestions are, that Government Promissory Notes may be "enfaced" and also "renewed," at the Accountant General's Office at this Presidency. The Accountant General considers both these measures to be most desirable, and is of opinion that the change proposed is feasible. It will be seen too that he goes further, and advocates not only the "renewal" and "enfacement" of Notes at Madras which the Chamber of Commerce desire, but urges, as an amendment upon the existing system, which he thinks will be very popular, "that new Notes be issued at Madras in an* open Loan in lieu of Acknowledgments of subscriptions made into the General Treasury here and that renewal be effected in London of "enfaced Notes."

* i. e. on the opening of the new Loan, 1st May 1859, Letter para. 11.

3. The Honorable the Governor in Council concurs in these several suggestions of the Accountant General, and strongly recommends them to the favorable consideration of the Government of India.

(Signed) T. PYCROFT,
Chief Secretary.

Exd. A. P. W. Begbie.

Financial Department
N^o 211

Extract from the Minutes of Consultation
Under date 9th April 1859

Read again letter from
the Chamber of Commerce,
Madras, dated 12th and re-
-corded in Consultation of
the 22^d of March, 1859.

Read also letter from
the Accountant General,
(Dated 22^d March 1859 N^o 424)

Reports on the suggestions offered by
the Chamber of Commerce, that Govt.
Promissory Notes be issued, and also
renewed, at the Acct. General's Office
at Madras.

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upon it, to the Government
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suggested, will strongly ^{to} urge
compliance not only with
the

Despatch 1859

Financial Dept
No. 213.

No.

The Secretary to the Govt. of India.

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From the Chamber of Commerce
dated 12th March 1859.
From Acct. General - 32nd " " " " No. 24

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Financial Dept to Secy to Govt
No. 213 of 1859

By Secy 12 April 59
Financial Dept to Secy to Govt

No. 211.

Contract. Morris & Sons

289 of April 1859.

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2 These suggestions are,
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i.e. on the opening of the new
Loan 1st May 1859. Letter para 11.

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Fort St George,
9th April 1859 - S

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J. D.

Recd. Secy. to Govt.
of India
11th April 1859
J. D.
11th April 1859
J. D.

Funeral Letter to Lady of the May
May 9 1859

By the Town of the May
Funeral Letter to Lady of the May

1859

To the Lady of the May
of the May

of the May

of the May

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