

MADRAS RECORD OFFICE.

Government of Madras.

Financial DEPARTMENT.

G.O. No. 535

Press
Mis.

Dated 23. 9. 1859

B No. 29. 30

3/4

Not to be folded or roughly handled

*Proceedings of the Madras Government, Financial Department,
from 17th to 23rd September 1859.*

No. 29. Read the following letter from C. HUGH LUSHINGTON, Esq., Secretary to the Government of India; to the Chief Secretary to Government of Madras, dated 9th September 1859, No. 7682.

I am directed to acknowledge the receipt of your letter, No. 401, dated the 21st July last, forwarding copies of further letters from the Accountant General at Madras and from the Madras Chamber of Commerce, on the subject of the proposals submitted in your letter of the 9th April for the enfacement and renewal of Government Promissory Notes at Madras, for the issue there of new Notes of the open loan and for the renewal of enfaced Notes in London; and observing that in the opinion of the Madras Government the Accountant General at Madras, has fully answered all the objections made by the Accountant General to the Government of India, in his report which accompanied my letter of the 18th May last. It is added that the Government fail to perceive any difficulties incident to their original proposal which may not be overcome by some little exertion and arrangement and that they therefore again desire to press those measures on the attention of the Supreme Government as tending much to the convenience of the Public at large and of the mercantile community, as well as augmenting the value of Government Securities.

2. The Madras Government also desire a consideration of the suggestion contained in the concluding Paragraph of Mr. Prendergast's letter for the receipt of Tanjore Bonds, in subscription to the open Loan; remarking that such an arrangement would very probably absorb much of the paper which will otherwise have to be paid off, at par 10 months hence, in addition to the heavy payments which will have to be made intermediately on account of Carnatic Debts under Act XXX of 1858.

3. In reply I am desired to intimate that the Governor General in Council, is pleased to sanction the receipt of Tanjore Bonds, in subscription to the open loan, and that a notification to the above effect will be published in the next issue of the Calcutta Government Gazette.

4. With regard to the questions connected with the issue of Promissory Notes and the renewal and enfacement of them at Madras and Bombay, I am desired to observe that the scheme proposed by the Madras Chamber of Commerce for the introduction of counterpart Registers at each of the three Presidencies, though it removes many of the difficulties referred to in the last report of the Accountant General to this Government is yet open to objection on the score of risk and expense to Government.

5. In every case of renewal Government incurs the risk of the sufficiency of each Endorsement upon the cancelled note, the production of which can be compelled at any subsequent period. An endless variety of cases occurs, in which the Loan Office is guided by the opinion of the Advocate General, and, in conformity with such opinions, a settled and uniform practice is maintained. It is obvious that, by the introduction of three separate and independent Offices of record, not only will the ordinary risks of error and fraud in respect of record and endorsements be multiplied by three, but a further, and serious, risk will be involved of difference of opinion between the several Law Officers and a consequent variation of practice.

6. The scheme proposed by the Chamber of Commerce will also entail considerable additional expense. Two carefully prepared copies, must be made of all existing Registers, consisting of 165 Volumes, and of the Volumes of opinions of the Advocate General, each of these copies would cost about Rupees 5,000, and additional Establishment would be required at each of the Presidencies for the continuation of these registers, and for the interchange by every Mail of advice registers of all the renewal entries &c., made during the interval.

7. His Excellency in Council desires me to observe further that of the whole amount of Government securities belonging to parties in India, about one tenth is held by parties in the Madras Presidency; and while His Excellency in Council cannot think that the portion of this that may be regarded as active stock is such as to justify the change of system proposed, he is of opinion that the risk and expense of separate independent registers, more than counterbalance the advantages of increased facilities of transfer, and that without such registers the independent issue of Promissory Notes any where but at the head Loan Office is dangerous. He is also of opinion that there is no prospect of the very heavy expense which the adoption of the Chamber's

Proceedings of the Madras Government, Financial Department,
from 17th to 23rd September 1859.

propositions would involve being in any great degree counterbalanced by large additional subscriptions to the open loan.

8. His Excellency in Council considering, however, that authority for the enfacement of papers for payment of interest in London by drafts on this country may be conceded to the Accountants General at Madras and Bombay, is pleased to sanction that measure upon the condition that every note presented for enfacement, shall, previously have been transferred to Madras, and shall bear on the back of it the Certificate of the Accountant General that all existing endorsements have been examined and are valid and correct, and that the note itself is genuine and outstanding; all such enfacements being advised to the Loan Office at Calcutta once a fortnight. This Certificate will, His Excellency in Council thinks, suffice for the protection of Government and the avoidance of the anticipated inconvenience in England in respect to endorsements, which led to the original order for the renewal of notes previous to enfacement, being passed. It will be distinctly understood that no endorsements made subsequently to the issue of the Certificate will be recognized in England.

9. All other reasonable grounds of complaint may, His Excellency in Council thinks, be met by expediting the issue and renewal of notes, which can certainly be done now that a large extra Establishment has been sanctioned for the Accountant General's Office in Calcutta, provided that the Loan acknowledgements and old notes are forwarded to Calcutta from Madras and Bombay, without delay by the Accountants General at those Presidencies.

No. 30. ORDER THEREON, 23rd September 1859, No. 535.

Ordered that a copy of the foregoing letter be furnished to the Accountant General for his information and guidance in reference to Mr. Prendergast's letter, dated 22nd June last, No. 69; and also to the Madras Chamber of Commerce in reference to their communication of the 18th of the same month.

Ordered also that the correspondence on the subject be brought to the notice of the Right Honorable the Secretary of State for India, in continuation of the Despatch dated 10th May No. 9 of 1859.

(Signed) T. PYCROFT,
Chief Secretary.

Exd. A. P. W. Begbie.

Financial Department

Proceedings of the Madras Government

Read the following
letter from the Govt of India

(Dated 9th September 1859 No. 535)

Order thereon 23rd September 1859. No. 535.

Ordered that a copy
of the foregoing letter be
furnished to the Accountant
General for his in-
formation and guidance
in reference to his Mr.
Prendergast's letter dated
22nd June last No. 69; and
also to the Madras Cham-
ber of Commerce in re-
ference to their commu-
nication of the 18th of the
same month.

Ordered also that
the correspondence on
the subject be brought
to the notice of the R. S.
the Secy of State for India
in continuation of the Des-
patch dated 10th May 1859.

To the Accountant General
Madras Chamber
of Commerce

JP

29 450

70/420/63
2940/64
70.535

8/23d 1862/59-

To

C 21 Sep
1723