

MADRAS RECORD OFFICE.

Government of Madras.

DEPARTMENT.

*Financial*G.O. No. *9-10*Press
Mis.

Dated

*9. 1.*18*60**B. No. 21-23**4/5*Not to be folded or roughly handled

*Proceedings of the Madras Government, Financial Department,
for the month of January 1860.*

No. 21. Read the following letter from W. HUDLESTON, Esq., Secretary to the Civil Fund; to T. PYCROFT, Esq., Chief Secretary to Government, Fort Saint George, dated 6th January 1860, No. 6.

1. I am directed by the Trustees of the Civil Fund to bring the following circumstances under the consideration of Government.

2. On the 24th November last, the Trustees requested the Accountant General to instruct the Sub-Treasurer to receive from them the sums noted in the margin for investment in the open 5½ per cent loan, and received from him a reply, copy of which accompanies this

Charity Branch, Rupees 4,00,000.
Subsidiary Fund, Rupees 4,50,000.

letter, stating that he considered himself precluded from doing so, pending the determination by the Supreme Government, of the questions raised by them in a letter dated 7th April last, which was forwarded to the Trustees by the Accountant* General,

* Letter dated 19th April 1859. and which called on them to show cause why all the Government Promissory Notes held by the charity branch shall not be cancelled, and why non-transferable Treasury Notes for the sums which the said Promissory Notes cost the Fund, not exceeding par value in any case, shall not be granted in stead.

3. I am directed to state that this letter originated in an application† to the Accountant General on the part of the Trustees, for permission to avail themselves of the opportunity which was then afforded of converting some of their 4 per cent paper into 5 per cent, by investing an equal amount in cash in the then open 5 per cent loan, which application having been refused by the Supreme Government in the letter above

† Dated 31st May 1859.

referred to, the Trustees, in replying‡ to that letter through the Accountant General, while furnishing full information regarding the origin of the Promissory Notes they now hold, and admitting the right of Government under present circumstances to prohibit them from making investments in the public funds at a discount, whereby the amount of their capital on which Government have guaranteed a certain favorable fixed rate of interest, would be augmented, at the same time claimed, "as the Military Fund have claimed and had their claim allowed, the right of investing the surplus cash of the Fund if they should think fit in the present or in any open loan," as by such investments no increase whatever could accrue either to the capital of the Fund or to the special rate of interest allowed on it.

4. The case of the Military Fund to which the Trustees referred is noticed in the Proceedings of the Government of India, dated 13th May 1859, which were communicated to the Trustees with the Proceedings of this Government, dated 4th June 1859, No. 316, Financial Department, from paragraph 8 of which, it will be seen that to the Military Fund, it has been distinctly permitted to invest their capital in the Government loans when they are at par, provided that no withdrawal of the Funds of the institution from such loan for purposes of speculation or investment, shall be permitted under any circumstances whatever, and investment through the Government Treasury in an open loan is necessarily an investment at par, whatever the position of the loan may be in the money market.

5. To the proposition to transmute their present invested capital into non-transferable Notes bearing interest at 4 per cent, the Trustees have already strongly objected in their letter§ to the Accountant General above quoted, stating that the capital is not the property of the Trustees, but of the whole service, and that it cannot be changed in its nature in this manner, while all the calculations upon which the interests and working of the Fund are guarded and conducted, are based upon the known capital as it stands.

§ Dated 31st May 1859.

6. It has already been intimated to the Trustees that the Home Government "cannot engage to continue to an indefinite extent either as to time or amount" the present mode of assistance, and under these circumstances, and considering the present very unsettled position

See Despatch No. 46 of 1833, paragraph 7 in Extract Minutes of Consultation, dated 17th April 1855, No. 158, Financial Department.

Honorable

*Proceedings of the Madras Government, Financial Department,
for the month of January 1860.*

of the service and the doubt that hangs about its future, the Trustees consider it their imperative duty to press on behalf of those whom they represent the right to invest their capital in open loans at par, rather than to allow of its conversion into one or more non-transferable. Notes of large amount bearing interest at 4 per cent which may or may not be payable on demand.

7. This right has been admitted in the case of a sister institution, and the Trustees direct me to request you will submit to Government their application that an equally explicit admission may be made in the case of the Civil Fund to obviate the recurrence of the difficulty which has led to the present address.

From R. P. HARRISON, Esq., Accountant General; to W. HUDLESTON, Esq., Secretary to the Madras Civil Fund, dated Fort Saint George, 30th November 1859, No. 1442.

1. In reply to your letter No. 327, dated 24th Instant, I have the honor to refer you to the letter from the Financial Secretary to the Government of India, No. 2632, dated 7th of April last, copy of which was forwarded to you with my Predecessor's letter of the 19th April last No. 1320, and to state that, as the questions of cancelling all the Government Promissory Notes held by the Charity Branch of the Fund, and the granting of non-transferable Treasury Notes instead, for the sums which the said Promissory Notes cost the Fund, not exceeding par value in any case, are still under the consideration of the Government of India, I do not consider that I am authorized to comply with your request to authorize the Sub Treasurer to receive the sum of 8½ lacs of Rupees which the Trustees are desirous of investing in the 5½ per cent loan now open.

2. I shall, however, convey your request to the Government of India, and communicate their decision to you when intimated to me.

No. 22. ORDER THEREON, 9th January 1860, No. 9.

Resolved that a copy of the above letter be forwarded to the Government of India with the opinion of this Government that the right claimed by the Trustees of the Civil Fund to invest surplus cash of the Fund in an open loan at par, should be admitted.

(Signed) T. PYCROFT,
Chief Secretary.

No. 23. TO THE SECRETARY TO THE GOVERNMENT OF INDIA, dated Fort Saint George, 9th January 1860, No. 10.

I am directed by the Honorable the Governor in Council to forward for submission to the Government of India, the accompanying copy of a letter from the Secretary to the Madras Civil Fund, and of its enclosure, being the reply made by the Accountant General to the application of the Trustees, that the Sub-Treasurer might be instructed to receive from them Rupees 9,50,000, the property of the Civil and Subsidiary Funds, for investment in the open 5½ per cent loan.

* For continuing pensions to daughters beyond the age of 19 until marriage or death

2. The circumstances connected with this application, and the previous correspondence on the subject are shown in the Secretary's letter. It will be seen that the Trustees strongly object to transmute their present invested capital into non-transferable Treasury Notes bearing 4 per cent interest and that they press their right to invest their surplus capital in open loans at par.

3. This right has already been admitted in the case of the Military Fund—and it seems to this Government that it should similarly be recognized in the case of the Civil Fund.

(Signed) T. PYCROFT,
Chief Secretary.

Exd. F. Cartledge.

*Financial Department.
Proceedings of the Madras Government.*

*Read the following letter
from the Secretary to the
Civil Fund.—*

*(Here enter 6th January 1860
N. 6.)*

Order thereon, 9th January 1860, N. 9

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of the above letter be forwarded
to the Government of India
with the opinion of this Go-
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claimed by the Trustees of the
Civil Fund to invest surplus
cash of the Fund in an open
loan at par, should be ad-
mitted.—*

*In the Trustees of the
Civil Fund. 12th*

*12th
Public
12th for them*

*No. 10.
To The Secretary to the Government of India,
in the Financial Department.*

*Sir, I am directed by the
Honorable*

Honorable the Governor in
Council to forward for
submission to the Govern-
ment of India, the ac-
companying copy of a
letter from the Secretary to
the Madras Civil Fund, and
of its enclosure, being the
reply made by the Ac-
countant General to the
application of the Trustees,
that the Sub Treasurer
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for investment in the open
5½ per cent loan.

* For continuing provisions to purchas-
ers beyond the age of 19 & mar-
riage or death.

The circumstances
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strongly object to transmute
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bearing

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Fund.

Fort Saint George,
9th January 1860.

I have &c.—

J. P.

J. Murray

No of Good 10 dany

Fail 1860 Defect A.

No 9.

Proceedings of Govt

Dated 9 dany 1860.

To
The Secretary to the Govt
in the State of New York

Dated 9 dany 1860

Sept 12-27 dany 1860 No 61