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MADRAS RECORD OFFICE.

Government of Madras.

Financial DEPARTMENT.

G.O. No. <i>203</i>	Press ~~Mis.~~
<i>62-43</i>	
Dated <i>22-4-</i>	<i>1861.</i>

18/No. 42-43

6/7

Not to be folded or roughly handled

*Proceedings of the Madras Government, Financial Department,
22nd April 1861.*

No. 42. Read the following letter from C. H. LUSHINGTON, Esq., Secretary to the Government of India, Financial Department, to the Chief Secretary to the Government of Fort Saint George, dated Fort William, 1st April 1861, No. 3,648.

Letter from Secretary and Treasurer of the Bank of Bengal, dated 7th March 1861, and its enclosure.

Do. from do. dated 14th idem.

Do. to the Directors of the Bank of Bengal No. 2,875, dated 20th March 1861, and its enclosure.

Do. from the Secretary and Treasurer of the Bank of Bengal, dated 21st March 1861.

Do. to the Directors of the Bank of Bengal in reply, No. 3,647 of this date.

With advertence to my letter No. 1,493 dated the 11th of February last and its enclosures, I am directed to forward herewith a copy of the correspondence noted in the margin, regarding the Terms of Agreement accepted by the Bank of Bengal, in connection with the transfer to it of the management of the Government Balances and Paper Currency.

2. The present Charter of the Bank of Madras, it will be seen, has to be modified.

3. The only modifications to be made in the Terms of Agreement, with a view to adapting them to the circumstances of the Bank of Madras are such as relate 1st to the present cost of the subordinate Establishment of the General Treasury mentioned in Article 2 of the 1st part of the Memo. regarding the custody of the Government Balances; 2ndly to the maximum Cash Balance specified in Article 3 of the same Memo. and 3rdly the minimum stated in my letter to the Directors of the Bank of Bengal No. 3,647 of this date.

4. With respect to the subordinate Establishment of the General Treasury at Madras, the Governor General in Council observes from the Budget Estimates of that Presidency, that the present total charge on account of the General Treasury is Rupees 46,100 per annum, but as this sum includes Rupees 24,000 on account of the Sub Treasurer's salary, 900 Rupees on account of deputation allowance and 1,600 Rupees on account of Contingencies, as well as the Cash-keeper's salary, and other sums which ought to be excluded from the account (as has been done in Calcutta) in calculating the allowance to be transferred to the Bank for the management of the Receipts and Disbursements of Government, the amount to be substituted for the figures in Article 2 of the Terms of Agreement can best be fixed by the Government of Madras.

5. In regard to the maximum and minimum Balances, I am desired to observe with reference to my letter No. 148 dated the 4th January last and its enclosures, that the average daily circulation of the Bank of Bengal for the years 1856 and 1857 was 150½ lacs. If on this as the basis of calculation, the maximum and minimum Balances for the Bank of Bengal have been fixed at 70 and 50 lacs respectively, then the maximum and minimum Balances in the case of the Bank of Madras, will be 7½ and 5½ Lacs, respectively, 16½ lacs being its average daily circulation as ascertained from the monthly statements of the Assets and Liabilities of that Bank for the two years above mentioned.

6. This principle is obviously the right one on which to base the arrangement as the average actual circulation measures the loss to the Banks from the withdrawal of the privilege which it is proposed partly to meet by giving them Cash Balances without interest.

7. With these modifications the Governor General in Council requests, that the Government of Fort Saint George will take the earliest opportunity to negotiate with the Bank of Madras, in order that Terms of Agreement similar to those approved by the Bank of Bengal may be obtained from the Bank of Madras, the necessary alterations in its present Charter being at the same time submitted for the sanction of this Government.

No. 43. ORDER THEREON, 22nd April 1861, No. 203.

Resolved that a copy of the above letter, with its enclosures in original—to be returned—be forwarded to the Accountant General, and that he be requested after settling in communication with the Sub Treasurer the amount which should be allowed to the Bank of Madras on account of the Establishment of the General Treasury on the principle laid down in paragraph 4 of Mr.

Proceedings of the Madras Government, Financial Department,
22nd April 1861.

Secretary Lushington's letter, to negotiate on behalf of Government with the Bank Directors in order that Terms of Agreement similar to those approved by the Bank of Bengal may be obtained from the Bank of Madras. Mr. Harrison will at the same time submit for the sanction of the Government of India the alterations which it will be necessary to make in the present Charter of the Bank.

(Signed) T. PYCROFT,
Chief Secretary.

Exd. F. Cartledge.

N^o 3648

To

C. W. Lushington Esq.
Secy to the Govt of India
Financial Department

To

The Chief Secretary to the
Government of Fort Saint George.

Dated Fort William the 1st April 1861.

Sir

With adverstence to my letter N^o 1493
dated the 11th of February last and its enclosures
I am directed to forward herewith a copy

Letter from Secy & Treasurer of the
Bank of Bengal of 7th March
1861 & its enclosure.

Do from Do of 14th Idem

Do to the Directors of the Bank of
Bengal C^o 2875 of 20th March
1861 and its enclosure.

Do from the Secy & Treasurer of
the Bank of Bengal of 21st
March 1861.

Do to the Directors of the Bank
of Bengal in reply C^o 3647
of this date.

of the correspondence noted in
the margin regarding the terms
of Agreement accepted by
the Bank of Bengal, in
connection with the transfer
to it of the management of
the Government Balances and
Paper Currency.

2

The present charter
of the Bank of Madras, it will be seen,
has to be modified.

3

The only modifications to be made
in the terms of Agreement with a view to
adapting them to the circumstances of the Bank
of

of Madras are such as relate 1st to the present cost of the subordinate Establishment of the General Treasury mentioned in Art 2 of the 1st part of the Memo regarding the custody of the Government Balances; 2nd to the maximum Cash Balance specified in Article 3 of the same Memo: and 3rd the minimum stated in my letter to the Directors of the Bank of Bengal No. 3647 of this date.

4 With respect to the subordinate Establishment of the General Treasury at Madras, the Governor General in Council observes, from the Budget Estimates of that Presidency, that the present total charge on account of the General Treasury is Rupees 5,100 per annum, but as this sum includes Rupees 24,000 on account of the Sub Treasurer's Salary, 900 Rs. on account of Deputation allowances and 1600 Rs. on account of Contingencies, as well as the Cash Keeper's Salary, and other sums which ought to be excluded from the account (as has been done in Calcutta) in calculating the allowance to be transferred to the Bank for the management of the Receipts and Disbursements of Government the amount to be substituted for the figures in art 2 of the terms of Agreement can best be fixed by the Government of Madras.

5 In regard to the maximum and minimum Balances, I am desirous to observe with

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with reference to my letter No 148 dated the 4th January last and its enclosures that the average daily circulation of the Bank of Bengal for the years 1856 and 1857 was 150 1/4 lacs. If on this as the basis of calculation, the maximum and minimum Balances for the Bank of Bengal have been fixed at 70 and 50 lacs respectively, then the maximum and minimum Balances in the case of the Bank of Madras, will be 7 1/2 and 5 1/4 Lacs, respectively 16 3/4 lacs being its average daily circulation as ascertained from the monthly Statements of the Assets and Liabilities of that Bank for the two years above mentioned.

6 This principle is obviously the right one on which to base the arrangement as the average actual circulation measures the loss to the Banks from the withdrawal of the privilege which it is proposed partly to meet by giving them Cash Balances without interest.

7 With these modifications the Governor General in Council requests, that the Government of Fort Saint George, will take the earliest opportunity to negotiate with the Bank of Madras, in order that terms of Agreement similar to those approved by the Bank of Bengal may

may be obtained from the Bank of Madras,
the necessary alterations in its present
Charter being at the same time submitted
for the sanction of this Government.

I have the honor to be
Sir

Your most obedient servant


W. H. P.
Secy to the Govt of India

End

Financial Department.

Proceedings of the Madras Government.

Read the following letter
from the Secy. to the Govt.
of India.

(Here entered 1st April 1861,
No. 3648.)

Order thereon 21st April 1861, No. 203.

Resolved that a
copy of the above
letter, with its enclosures
in original, to be re-
turned, be forwarded
to the Accountant Ge-
neral, and that he be
requested after settling
in communication
with the Sub Treasurer
the amount which
should be allowed to
the Bank of Madras
on account of the
Establishment

W. A.

W. A.

25th February 1861
No. 6408

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From
So No. 203

The Secy to the Govt
of India. 3548.

1st April 1861.
No. 3648

No. 203.
Enc. 2

Forwarded a copy of the letter.
pursuant to the order of
the Government accepted by the Bank
of Bengal in connection with
the transfer of 1/4 of the share-
ment of the Govt. Advances to the
Company and request that the
Govt. will negotiate with the
Bank of Madras in order that
the terms of the agreement may
be obtained from that Bank.

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re-establishment of the
General Treasury on
the principle laid down
in para: 14 of Mr.
Secretary Lushington's
letter, to negotiation
behalf of Govt. with
the Bank Directors in
order that terms of
agreement similar
to those approved by
the Bank of Bengal
may be obtained
from the Bank of
Madras. Mr Harrison
will at the same
time submit for the
sanction of the Govt.
of India the altera-
tions which it will
be necessary to
make in the present
charter of the Bank.

JP

The Account General }
With a packet (to be returned) } Des: 23.4.61.

Enclure

No. 203.

Government.

He gave the deck

2501] Madras—Printed at the Government Press.