M.R.O. 1—77,006—8-6-37.

(1) Number of pages 20.

(2) Date of repair 11. 7. 39

(3) Initials of the Referencer

MADRAS RECORD OFFICE.

Government of Madras.

Financial DEPARTMENT.

G.O. No. 540 Press
Mis.

78-79.

Dated 23-7- 1862

40/11

78-79

Not to be folded or roughly handled

Proceedings of the Madras Government, Financial Department,
23rd July 1862.

No. 78. Read the following letter from the Reverend DAVID SIMPSON, Secretary Military Female Orphan Asylum; to the Chief Secretary to Government, Fort Saint George, dated 10th June 1862.

With reference to a letter from the Acting Accountant General at this Presidency, to the address of myself (and other Secretaries,) dated October 25th, 1861, No. 2,398, I am desired by the Governors of the above institution, to submit the following observations for the consideration of the Honorable the Governor in Council, and in doing so, I am directed by the Governors to solicit a reference to the letter I had the honor to address to you, under date the 7th November 1860, No. 401.

2. The Acting Accountant General's letter is founded on the Despatch from the Right Honorable the Secretary of State for India, in the Financial Department, No. 133 of 1861, dated August 17th; in which the Secretary of State confirms the views taken by the Government of India, that the cancellation of *all* the Promissory Notes belonging to the funds referred to, was not called for; and with the view of more distinctly designating the portion of such Promissory Notes which might require to be cancelled, and in order to render his decision more clearly understood, the Secretary of State refers to his Despatch No. 80 of 1860, dated the 25th May; in which, so far as the Asylum is referred to, the Secretary of State alludes merely to the amount of "*additional donation* obtained:" and proceeds to say, "I desire that all "*donations* in *excess* of the amount sanctioned may be immediately re-adjusted in account. The "correct balances of the funds being ascertained, the amounts on which *additional donations* are "to be paid to make up the interest to 8 per cent., must henceforth be invested in non-transfer- "able Treasury Notes;" and in his Despatch No. 133, the Secretary of State proceeds; "The "correct balances of the funds under the re-adjustment ordered in my Despatch No. 80, having "been ascertained, it would then be seen what amount has to be refunded to Government, "and it will subsequently have to be determined how that refund shall be made, whether by a "cash payment or by a cancellation of Promissory Notes."

3. Reading these Despatches thus connectedly and in consecutive order, the Governors desire me to submit to the consideration of His Excellency the Governor in Council, that the following appears to be the clear intention of the Secretary of State on the subject, as therein expressed.

1st. That the cancellation of the Promissory Notes in which is permanently invested the capital of the Female Asylum is not required.

2ndly. That it was in respect of funds derived from the "donations in excess of the "amount sanctioned," that the Secretary of State required the re-adjustment to be made.

3rdly. That on such re-adjustment being made, "the correct balances" would be ascertained, and it would be seen what amount would have to be refunded to Government, and it was then to be determined whether the refund should be made by a cash payment, or a cancellation of Promissory Notes.

4thly. If, after the date of that Despatch, the Societies asked Government to allow the donation or funds subsequently acquired, that, then, the Secretary of State required "that the amounts on which such additional donations are to be paid "to make up the interest to 8 per cent. must, *henceforth*, (*i.e.*, from the date of "the Despatch), be invested in non-transferable Treasury Notes. In other words, "if the Societies wished to derive the benefit of such additional donations on "future accretions to their capital, they must submit to have such accretions "specially distinguished by investment in non-transferable Treasury Notes.

4. Those Despatches were penned with reference to several Societies; not any two of which are placed in precisely similar circumstances. The language therefore was general, and might not be applicable in its integrity to each and every of the Societies referred to. The Governors therefore desire me to point out for the consideration of His Excellency how far the four points relate to this Asylum.

5. As regards therefore, the first of such points, I am desired to observe that the capital of the Female Asylum (with the exception of Promissory Notes for Rupees 14,000 (and cash to the amount of Rupees 1,218-14-0) a legacy from the late General Smith, and for Rupees 1,000 recently purchased from the proceeds of another small legacy) is permanently invested in the Promissory Notes which have been held by the Asylum for many years; that, therefore, as the Governors read the Despatches, those Promissory Notes do not come under the category of Notes which the Secretary of State wishes to have cancelled.

6. As regards the 2nd point, the Governors observe that the required adjustment has been made; the balance of Rupees 834-10-9 being the same which the Secretary of State required to be repaid to Government.

7. As regards the 3rd point, on such adjustment as is mentioned in the preceding paragraph, the balance which the Secretary of State considered to be "the correct balance" was ascertained, and has been refunded by a "cash payment." No part of the present capital of the Asylum having been derived from the "donations in excess of the amount sanctioned," the whole income being spent within the year, a "cancellation of Promissory Notes" held by the Asylum could not legally have been made.

8. As regards the 4th point, the Governors desire me to state, that the only portions of the present capital of the Asylum which would come within the purview of the Secretary of State's requirement are the sum of Rupees 15,208-14-0 received from the Court of Chancery in the year 1861, and the sum of Rupees 1,000, both mentioned in paragraph 5; regarding these, I shall have occasion to offer some further observations in a subsequent paragraph.

9. With these preliminary observations, I am desired by the Governors to solicit the attention of His Excellency in Council to the terms of the Acting Accountant General's letter of the 25th October 1861, No. 2,398.

It is true it is a Circular addressed to the Secretaries of five Societies, and therefore it is possible the terms may be considered applicable to the circumstances of some one or more of the other Societies, although inapplicable to the Female Asylum. As already observed, this letter of the Acting Accountant General is founded on the Despatch of the Secretary of State, from a perusal of which, either by itself or in connection with the previous Despatches, it does not appear that the Secretary of State requires the Governors to pay to Government any part of the capital of their funds; the fair interpretation being that it is only in respect of sums received by the Institution in the shape of "donations in excess of the amount sanctioned," that the Secretary of State considered a refund should be made. Such refund the Governors have already made; yet, the Acting Accountant General asks, "in what manner the Governors propose to make good "the amount of discount gained by their fund up to April 30th 1860, from the investment of "a portion of its balances in Government Promissory Notes.

As before remarked, this is contained in a Circular, and in addressing it to me, the fact may have been overlooked in the Office of the Acting Accountant General, that previously to its despatch, arrangements had been entered into with the Acting Accountant General, under orders of the Governors, for the liquidation by instalments, of the balance which the Secretary of State had already decided to be claimable from the Asylum. If it were an error in addressing (under such circumstances,) the letter to me, no further action need be taken on this letter.

10. If, however, the Circular was addressed to me, advisedly, I am desired to draw to the attention of His Excellency in Council, that the Despatch of the Secretary of State does not require that any amount of discount gained from the "investment of a portion of its balances" in Government Promissory Notes should be "made good." That term implies that some benefit has been derived by one party, either unduly or at the expense of another party. Now, as regards the transactions between the Government and the Female Asylum, nothing has been "gained" by the Asylum from the Government beyond the sum sanctioned by the Court of Directors, except the Rupees 834-10-9 which has already been "made good," by payments to the Sub-Treasurer in cash.

Proceedings of the Madras Government, Financial Department,
23rd July 1862.

What has been gained by the Asylum in the investment of funds belonging to the Institution, has been gained by going into the open market and purchasing at the market price of the day from parties who had Securities for sale. Not a single pie has been gained from Government by such purchases. (The subject of such purchases was also alluded to in my letter of the 7th November 1860.) But what was gained by *additional donations* has been already refunded to Government.

11. I now proceed to offer a few observations regarding the Securities and Cash received in liquidation of General Smith's legacy, &c., referred to in paragraphs 5 and 8.

In my letter of November 7th, 1860, paragraphs 10 and 11, the opinion of the Governors is expressed as to the illegality of their transferring the capital of their funds into non-transferable Treasury Notes, and the difficulty likely to arise if such transfer could legally be made. Those paragraphs were penned under the impression that money so invested could never again be made available; that in point of fact the Government took the money and converted it to its own use paying for it a certain fixed rate of interest for ever; in other words it was tantamount to sinking the money in a perpetual annuity, and it was on that supposition that the opinion was founded, that the Governors could not legally make the transfer.

I have, however, since made enquiries of the Acting Accountant General on the subject, and have been informed by him that the *form* of the non-transferable Treasury Notes has not as yet been communicated to his Office, and until that is done he would not be in a position to answer my enquiries; he had however reason to believe, that the conditions of the proposed Treasury Notes would provide for their being discharged at the option of Government or of the holders of them, either upon demand, or upon one or two or three months' notice of payment. Should such be the terms in which they may be ultimately issued, the Governors are inclined to think there may be no objection to the funds derived from General Smith's legacy, &c., (see paragraph 5) being invested in these Securities. In the meantime, however, the Governors would earnestly solicit His Excellency in Council to plead with the Secretary of State for allowing to the Governors a donation on the interest to be derived on the Securities in which that legacy may be invested, so as to make such interest equal to 8 per cent., as was done in respect of the interest received on other Securities held by them. In my letter of November 7th 1860, I have enlarged on the objects of the Institution, the extent of support given to poor orphans, many more being desirous of admission than the Governors from want of funds can receive: and the Governors feel they may with confidence court enquiry and investigation as to the manner in which the Institution is conducted, and the great good derivable from its present management.

———

No. 79. ORDER THEREON, 23rd July 1862, No. 540.

The foregoing letter will be referred to the Acting Accountant General for his remarks. The requisition contained in Mr. Lushington's Circular letter of the 25th October last, would appear to be erroneous, as regards the Military Female Orphan Asylum—the Governors of that Asylum having already refunded the sum of Rupees 834-10-9, which it was decided by the Secretary of State, in his Despatch of the 8th May 1861, was the amount due by them to Government.

2. The Governor in Council will submit the application made at the conclusion of the Reverend Mr. Simpson's letter, for the favorable consideration of the Secretary of State.

(Signed) A J. ARBUTHNOT,
Acting Chief Secretary.

Exd. F. Cartledge.

Military Female Orphan Asylum.

Madras. June 10. 1862.

From the Rev. David Sampson. Sec. to Govt.

To the Chief Secretary to Government.

Fort St. George.

Sir, With reference to a letter from the Acting Accountant General at this Presidency, to the address of myself (and other Secretaries) dated Oct. 25. 1861. No. 2398;— I am desired by the Governors of the above institution, to submit the following observations for the consideration of the Honorable the Governor in Council, and in doing so, I am directed by the Governors to solicit a reference to the letter I had the honor to address to you under date, the 7th November, 1860. No. 401.

2. The Acting Accountant Generals letter is founded on the Despatch from the Right Honorable the Secretary of State for India, in the Financial Department, No. 133 of 1861;— dated August 7;— in which the Secretary of State confirms the views taken by the Government of India, that the cancellation of all the promissory notes belonging to the funds referred to, was not called for;— and with the view of more distinctly designating the portion of such promissory notes which might require to be cancelled, and in order to render his

decision more clearly understood, the Secretary of State refers to his Despatch, No. 80, of 1860;- dated the 25th. May;- in which, so far as the Asylum is referred to, the Secretary of State alludes merely to the amount of "additional donation obtained": and proceeds to say, "I desire that all "donations in excess of the amount sanctioned "may be immediately readjusted in "account. The correct balances of the funds "being ascertained, the amounts on which "additional donations are to be paid to "make up the interest to 8 per cent, must "hence forth be invested in Non-transferable "Treasury Notes";- and in his Despatch No. 133, the Secretary of State proceeds:- "The correct balances of the funds under "the readjustment ordered in my Despatch "No. 80 having been ascertained, it would "then be seen what amount has to be re- "funded to Government, and it will sub- "sequently have to be determined how that "refund shall be made - whether by a Cash "payment or by a Cancellation of Pro- "missory Notes."

3. Reading these Despatches thus connectedly and in consecutive order, He Excellency desires me to submit to the consideration of his Excellency the Governor in Council that the following appears to be the clear intention of the Secretary of State on the subject, as therein expressed.

1st That the Cancellation of the Promissory Notes in which is permanently invested the Capital of the Female Asylum is not required.

2nds. That it was in respect of funds derived from the "donations in excess of the "amount Sanctioned", that the Secretary of State required the re-adjustment to be made.

3rds. That on such re-adjustment being made, "the correct balances" would be ascertained, and it would be seen what amount would have to be refunded to Government, and it was then to be determined whether the refund should be made by a Cash payment, or a Cancellation of Promissory Notes.

4ths. If, after the date of that Despatch, the Societies asked Government to allow the Donation on funds subsequently acquired, that, then, the Secretary of State required "that the "amounts on which such additional "donations are to be paid to make up "the interest to 8 per cent, must

"must, henceforth, (i.e. from the date of the "Despatch), be invested in Non-transferable "Treasury Notes. In other words, if the Societies wished to derive the benefit of such additional donations or future accretions to their capital, they must submit to have such accretions specially distinguished by investment in Non-transferable Treasury Notes.

4. Those despatches were penned with reference to several Societies; not any two of which are placed in precisely similar circumstances. The language therefore was general, and might not be applicable in its integrity to each and every of the Societies referred to. The Governors therefore desire to point out for the consideration of his Excellency how far the four points relate to this Asylum.

5. As regards therefore, the 1st. of such points, I am desired to observe that the Capital of the Female Asylum (with the exception of Promissory Notes for Rs 14,000, a cash cash bequeathed by Legacy from the late General Smith, and for Rs 1000 recently purchased from the proceeds of another small legacy) is permanently invested in the Promissory Notes which have been held by the Asylum for many years;-

(9)

that, therefore, as the Governors read the Despatches, those promissory notes do not come under the category of Notes which the Secretary of State wishes to have cancelled.

6. As regards the 2nd point, the Governors observe that the required adjustment has been made; the balance of Rs 8314. 6. 9 being the same which the Secretary of State required to be repaid to Government.

7 As regards the 3rd point,- on such adjustment as is mentioned in the preceding para: the balance which the Secretary of State considered to be "the correct balance" was ascertained, and has been refunded by a "Cash Payment". No part of the present Capital of the Asylum having been derived from the "Donations in excess of the amount sanctioned",- the whole income being spent within the year,- a "Cancellation of promissory notes" held by the Asylum could not legally have been made.

8. As regards the 4th point, the Governors desire to state, that the only portions of the present Capital of the Asylum which would come within the purview of the Secretary of State's requirement are the sum of Rs 15208. 4. 0 received from the Court of Chancery in the year 1861, and the sum of Rs 1000, both mentioned in para 5;- Regarding these, I shall have

have occasion to offer some further observations in a subsequent para.

9. With these preliminary observations I am desired by the Governors to solicit the attention of his Excellency in Council to the terms of the acting Accountant Generals letter of the 25th. October 1861 - No. 2395.

It is true it is a Circular addressed to the Secretaries of 5 Societies and therefore it is possible the terms may be considered applicable to the circumstances of some one or more of the other Societies, although inapplicable to The Female Asylum. As already observed, this letter of the acting Accountant General is founded on the Despatch of the Secretary of State, from a perusal of which, either by itself or in connection with the previous Despatches it does not appear that the Secretary of State requires the Governors to pay to Government any part of the Capital of their Funds :- the fair interpretation being that it is only in respect of sums received by the Institution in the shape of "Donations in excess of the amount sanctioned", that the Secretary of State considered a refund should be made. Such refund the Governors have already made :- yet, the acting Accountant General asks, "in what manner the Governors propose to make good the amount of discount gained by their Fund up to April 30. 1860 from the "investment of a portion of its balances in "Government Promissory Notes.

As before remarked, this is contained in a Circular, and in addressing it to me, the fact may have been overlooked in the Office of the acting Accountant General, that previously to its despatch, arrangements had been entered into with the acting Accountant General, under orders of the Governors, for the liquidation by instalments, of the balance which the Secretary of State had already decided to be claimable from the Asylum. If it were an error in addressing (under such circumstances,) the Letter to me, no further action need be taken on this Letter.

10 If, however, the Circular was addressed to me, advisedly, I am desired to draw to the attention of his Excellency in Council that the Despatch of the Secretary of State does not require that any amount of discount gained from the "investment of a portion of its balances" in Government Promissory Notes, should be "made good." That term implies that some benefit has been derived by one Party, either unduly or at the expense of another Party. Now, as regards the transactions between the Government & the Female Asylum, nothing has been "gained" by the Asylum from the Government beyond the Sum Sanctioned by the

Court of Directors, except the Rupees 834. 10. 9 which has already been "made good", by payments to the Sub Treasurer in Cash.

What has been gained by the Asylums in the investment of funds belonging to the Institution, has been gained by going into the open Market and purchasing at the Market price of the day from parties who had Securities for sale. Not a single pie has been gained from Government by such purchases. (The subject of such purchases was also alluded to in my Letter of the 7th Nov. 1860.) But what was gained by additional donations has been already refunded to Government

11. I now proceed to offer a few observations regarding the Securities and cash received in liquidation of General Smith's legacy, &c, referred to in paras 5 and 8.

In my letter of Nov. 7. 1860, paras. 10 and 11, the opinion of the Governors is expressed as to the illegality of their transferring the Capital of their Funds into Non-transferable Treasury Notes, and the difficulty likely to arise if such transfer could legally be made. Those paras. were penned under the impression that money so invested could never again be made available; that in point of fact the Government took the money and converted it to its own use paying for it a certain fixed rate of Interest

for ever; in other words it was tantamount to sinking the money in a perpetual annuity — and it was on that supposition that the opinion was founded, that the Governors could not legally make the transfer.

I have however since made enquiries of the Acting Accountant General on the subject, and have been informed by him that the form of the Non-transferable Treasury Notes has not as yet been communicated to his Office, and until that is done he would not be in a position to answer my enquiries:- he had however reason to believe, that the conditions of the proposed Treasury Notes would provide for their being discharged at the option of Government or of the holders of them, either upon demand, or upon one or two or three months' notice of payment. Should such be the terms in which they may be ultimately issued, the Governors are inclined to think there may be no objection to the funds derived from General Smith's legacy (&c. see para 5) being invested in these Securities. In the meantime, however, the Governors would earnestly solicit His Excellency in Council to plead with the Secretary of State for allowing to the Governors a donation on the interest to be derived on the Securities in which that Legacy may be invested, so as to make such interest equal

6 per cent, as was done in respect of the Interest received on other Securities held by them. In my letter of Nov. 7. 1860. I have enlarged on the objects of the Institution, the extent of support given to poor orphans, many more being desirous of admission than the Governors from want of funds can receive:- and the Governors feel they may with confidence court enquiry and investigation as to the manner in which the Institution is conducted, and the great good derivable from its present management.

I have the honor to be

Sir.

Your most obedient Servant

David Simpson

Secretary. Military Female Orphan Asylum.

Financial Department.

(17)

PROCEEDINGS of the MADRAS GOVERNMENT.

Read the following letter from the Secretary Military Female Orphan Asylum.

(Here enter 10th June 1862)

Order thereon 23d July 1862 - No. 540.

The foregoing letter will be referred to the Acting Accts. General for his remarks & the requisition contained in Mr. Cushington's Circular letter of the 25th October last, appears to would be erroneous, as regards the Military Female Orphan Asylum - the Governors of that Asylum having already refunded the sum of Rupees 834-10-9 - which it was decided by the Secretary of State, in his despatch of the 8th May 1861, was the amount due by them to Government -

The

Fin. Dept. 1862 Dept.

No. 540

Fin. Dept. 2 June 1862

No. 2 The Secy. Military Female Orphan Asylum

No. 3 June 1862.

No 488

Enquiring whether Notice should be given in the Gazette & two Daily Newspapers & the Secy of State on the Subject of Provisionary Rates and Bonds & Depositing of the Collateral

Vol. 11 Ans. 1861. 21 Nov. 16-2 160 on 1857 Cons.

Fin. Dept. Ltr. No. 28 July 1862 Rec'd 10th April 1863

28-179

The Governor in Council will on submit the application made at the conclusion of the Revd Mr Simpson's letter for the favorable consideration of the Secretary of State.--

W/R

Co SD

To the Directors of the Prov. Female Orphan Asylum
a Scotch general

5
3
3
Dear Sir 24th

Compd
S

Rec: 11th Nov 62- 26-27

Finl L. to England 28th July
N° 6 of 62

D to England 10th Apl
N° 5 of 63

78-79

Finl 1862 Despatch
N° 540

Proceedings of Govt
Dated 23d July 62

Y° N° 686 of 62

Communication from the Governors of the Military Female Orphan Asylum respecting the cancellation of certain Promissory Notes and the call made for the refund of the amount of interest gained by their Fund referred for the remarks of the Accountant General their application for an annual grant in augmentation of the interest payable on two legacies submitted to the Home Government -