

(1) Number of pages 24(2) Date of repair 4.7.39(3) Initials of the Referencer CF

MADRAS RECORD OFFICE.

Government of Madras.

Finance DEPARTMENT.

G.O. No.	<u>604.</u>	Press
		<u>Mis.</u>
	<u>49-51.</u>	
Dated	<u>15-8-</u>	<u>1862.</u>

49-5113/14Not to be folded or roughly handled4/7/39

X
1

*Proceedings of the Madras Government, Financial Department,
15th August 1862.*

Read the following papers:—

No. 49. From F. LUSHINGTON, Esq., Acting Accountant General; to the Chief Secretary to Government, Fort Saint George, dated 20th March 1862, No. 317.

Book and Adjustment Department.

With reference to my letter to your address, No. 196, dated 30th October 1861, forwarding copy of an Extract from a Despatch, from the Right Honorable the Secretary of State for India, No. 133, dated 17th August 1861, together with a copy of a Circular issued by me to the Secretaries to the several Funds; I have the honor to report, that the Military and Medical Funds have, in accordance with the requisition contained in my Circular, made good the amount of discount by Cash payment, and which has been accordingly carried to the credit of Government. The Government donation on account of difference of interest on their bonded property will, accordingly, in future, be passed on the full amount of their securities. The Secretaries to the Military Male and Female Orphan Asylums, have not as yet sent their final replies to my call.

2. But from the accompanying copy of a letter from the Secretary to the Civil Fund, No. 65, dated 20th ultimo, it will be seen, that the Trustees of that Institution, do not "consider my requisition to be in accordance with the intentions of the Home Government, which, as they understand the Despatches, contemplated only a refund of the additional interest beyond 4 per cent., which had been received by the Fund on the Capital gained by the investment in Government Paper at a discount."

3. With reference to the above remarks, I beg to draw the attention of Government to the Despatch of the Secretary of State, dated 25th May 1860, in which, after commenting upon the irregularity committed by the Managers of the several Madras Funds, in the investment of portions of their balances in Government Promissory Notes, purchased at a discount, whereby, they had obtained donations on larger nominal amounts than their actual balances, he proceeds to direct, with a view to prevent the recurrence of that error, that the correct balances of the Funds be ascertained, and that the amounts thereof, in which the additional donations are to be paid, be henceforth invariably invested in non-transferrable Treasury Notes, and in his subsequent Despatch of the 17th August last, the Secretary of State observes as follows: "The correct balances of the funds under the re-adjustment, ordered in my Despatch, No. 80, dated 25th May 1860, having been ascertained," it will "then be seen, which amount has to be refunded to Government, and it will subsequently have to be determined, how that refund shall be made, whether by Cash payment or a cancellation of Promissory Notes."

4. Now, it cannot, I think, be denied that the "correct balances" of the several Funds on which the additional donation is in future to be paid, are the present Assets of those Funds, minus the amount of discount gained by these recent investments, and if the re-adjustment of the balance is to be really carried out in accordance with the instructions contained in the above Despatches, it appears to me, that not only the excess donation, but the amount of the discount also, must necessarily be refunded, either by the surrender of the Notes purchased with the said discount, or by a cash payment. In no other way that I am aware of can the balances of the Fund be said to be correctly adjusted. And this view has apparently been acquiesced in by the Managers of the Medical and Military Funds, to whom the same instructions were issued as to the Civil Fund. It is true that the Government will sustain no further loss by adopting the course proposed by the Managers of the Civil Fund, but in that case the additional donation will, in future, have to be calculated not in the actual, but on the nominal balance of the Fund, and the difference between these two balances, will increase each year, and it does not appear to me that the adjustment of the Funds' balances in this manner, will sufficiently meet the instructions of the Secretary of State.

5. With these observations, I beg to await the Order of Government on the subject, merely remarking in conclusion, that if the Managers of the Civil Fund are correct in their views, a refund of the amounts already paid by the Military and Medical Funds will have to be made.

*Proceedings of the Madras Government, Financial Department,
15th August 1862.*

No. 50. From W. HUDLESTON, Esq., Secretary to the Civil Fund; to F. LUSHINGTON, Esq., Acting Accountant General, dated 20th February 1862, No. 65.

In reply to your letter, dated 25th October 1861, asking how it is proposed "to make good the amount of discount* gained by the Fund up to 30th April 1860, from the investment of a portion of its balances in Government Promissory Notes, i. e., whether by Cash payment, or by cancellation of Notes," I am directed by the Trustees to inform you, that they do not consider your requisition to be in accordance with the intentions of the Home Government, which, as they understand the Despatches, contemplated only a refund of the additional interest beyond 4 per cent., which had been received by the Fund on the Capital gained by the investment in Government Paper, at a discount, which refund has, as you are aware, been already made.

No additional charge is thrown on Government by this increase to the Fund's Capital, so long as this portion of it is kept distinct from the general Capital, on which, special interest is received, and the Trustees are perfectly ready to effect this separation in such manner as may satisfy you and Government, and would suggest, that, the necessary amount of their uninvested Capital, be now invested specially for this purpose.

Under the recent Orders of Government, no such investment in the public funds at a discount, can hereafter be made; but in regard to past transactions, the Trustees do not consider themselves competent, without a breach of trust, to consent to the cancellation of any portion of the Fund's Capital, for the due administration of which, they are legally responsible to the subscribers.

(True Copy.)

(Signed) W. E. GORDON,
Acting 1st Assistant Accountant General.

Referred to the Trustees of the Civil Fund.

FORT SAINT GEORGE,
27th March 1862.

(Signed) C. G. MASTER,
Deputy Secretary to Government.

From H. A. MANGLES, Esq., Acting Accountant General; to the Acting Chief Secretary to Government, Fort Saint George, dated 1st August 1862, No. 135.

Book and Adjustment Department.

I have the honor to acknowledge the receipt of the Order of Government, No. 540, dated 23rd ultimo, Financial Department, referring for my report, a letter from the Military Female Orphan Asylum in which he takes objection to Mr. Lushington's Circular letter of the 25th October last, No. 2,398, calling on the Managers of the several Funds to inform this Office, in what manner they proposed to make good the amount of discount gained by their Funds up to 30th April 1860, from the investment of a portion of its balances in Government Promissory Notes.

2. In reply, I beg to refer you to Mr. Lushington's letter, No. 347, dated 20th March 1862, on which the Orders of Government have not as yet been communicated to me. With that letter, he forwarded copy of one to his address, from the Secretary to the Civil Fund, in which it was stated, that the Trustees did not consider that the requisition in Mr. Lushington's Circular, was in accordance with the instructions of the Home authorities.

3. I would, at the same time, beg to observe, that I am unable to put the same construction on the Despatch of the Secretary of State, that Mr. Lushington did. In paragraph 3 of the letter above quoted to your address, he says, "it appears to me, that not only the *excess donation*, but the amount of the *discount* also, must necessarily be refunded," whereas, the Secretary of State, in his Despatch, makes no mention whatever of the refund of any discount, but merely "desires that all *donations in excess* of the amount sanctioned, should be immediately readjusted in account."

*Proceedings of the Madras Government, Financial Department,
15th August 1862.*

4. With regard to the remark of the Secretary of State, that the correct balances of the Funds should be ascertained, Mr. Lushington observes, "now it cannot, I think, be denied that the correct balances of the several Funds on which the additional donation is in future to be paid, are the present Assets of the Funds, minus the amount of the discount gained by their recent investments." This assertion is no doubt undeniable, but the Secretary of State does not ask that the *correct balances of the Funds on which additional donations are to be paid*, should be ascertained, but that the *correct balances of the Funds, i. e., the present Assets minus the donation in excess of the amount sanctioned* should be determined and the amount on which the additional donations are to be paid, should be invested in Treasury Bonds.

5. Mr. Lushington, at the termination of the same paragraph writes, that if the course proposed by the Trustees of the Civil Fund be adopted, "the additional donation will, in future, have to be calculated not on the actual, but on the nominal balance of the Fund." If, by this, is meant that the additional donation would have to be calculated on a portion only of the Assets of the Fund, his supposition would appear to be correct, but that cannot be held to be an argument that the amount should be refunded, because the Trustees cannot claim additional donation on it. On the contrary, in a later Despatch, No. 133, dated 17th August, the Secretary of State writes to the Government of India, "you rightly informed the Government of Madras, that the cancellation of all the Promissory Notes belonging to those Funds, was not called for, thus showing, that he anticipated that the Funds would possess two kinds of securities, first, Treasury Notes, on which additional donation would be paid, and secondly, Promissory Notes of the Government Loans on which the ordinary rates of interest would be received.

6. Adverting to paragraph 11 of Reverend Mr. Simpson's letter, I beg to observe, that although no forms of non-transferrable Treasury Notes have been received, yet as Treasury Notes on the conditions therein mentioned, have been issued to the Trustees of the Civil and Medical Funds, there is no objection to similar ones being granted to the Military Female Orphan Asylum.

No. 51. ORDER THEREON, 15th August 1862, No. 604.

Ordered that the second of the letters above recorded dated the 1st instant, be communicated to the Secretary Military Female Orphan Asylum, in reference to his letter of the 10th June last, and that the attention of the Trustees of the Civil Fund be called to the Acting Accountant General's letter, dated 20th March 1862, No. 347, referred to them under date the 27th idem.

(Signed) T. PYCROFT,
Chief Secretary.

Exd. F. Cartledge.

N^o 65.

Madras,

Civil Fund Office,
20th February 1862.

From

W. Hindleston Esq^r,

Secretary to the Civil Fund.

To

H. Lushington Esq^r,

Acting Accountant General.

Sir,

*
Rs. 26,479.

In reply to your letter dated 25th October 1861, asking how it is proposed to make "good the amount of discount gained by the Fund up to 30th April 1860, from the investment of a portion of its balances in Government Promissory Notes, i. e. whether by Cash payment, or by cancellation of Notes, I am directed by the Trustees to inform you, that they do not consider your requisition to be in accordance with the intentions of the Home Government, which, as they understand the Despatches, contemplated only a refund of the additional interest beyond 4 per Cent, which had been received by the Fund on the Capital gained by the investment in Government Paper, at a discount, which refund has, as you are aware, been already made.

No additional charge is thrown on our Government by this increase to the Fund's capital, so long as this portion of it, is kept distinct from

from the general Capital, on which, Special interest
is received, and the Trustees are perfectly ready to
effect this separation in such manner as may
satisfy you and Government, and would
suggest, that, the necessary amount of their un-
invested Capital, be now invested specially
for this purpose.

Under the recent orders of Government,
no such investment in the public funds at a
discount, can hereafter be made, but in regard
to past transactions, the Trustees do not consider
themselves competent, without a breach of
trust, to consent to the cancellation of any
portion of the Funds Capital for the due
administration of which, they are legally
responsible to the subscribers.

Madras,
Civil Fund Office,
20th February 1862. }
I have the honor to be,
Sir,
Your Obedient Servant,
Signed W. Huddleston.
Secretary.

(True Copy)

W. Huddleston

Jr. 1st Asst. Accountt. Genl.

Comp. P. H.

Books and Adjustment Department.

N^o 135

Fort Saint George,
Accountant General's Office,
1st August 1863

From The Acting Accountant General,

To The Acting Chief Secretary
to Government,
Fort Saint George.

Sir,
I have the honor to acknowledge the receipt of the order of Government, N^o 540, dated 23rd Ultimo, Financial Department, referring for my report, a letter from the Secretary to the Military Female Orphan Asylum, ^{and subject} he takes objection, to M^r. Lushington's Circular letter of the 25th October last, N^o 2398, calling on the Managers of the several Funds to inform this Office, in what manner they proposed to make good the amount of discount gained by their Funds up to 30th April 1860, from the investment of a portion of its balances in Government Promissory Notes.

In reply, I beg to refer you to M^r. Lushington's letter N^o 347, dated 20th March 1862, on which the orders of Government have not as yet been communicated to me. With that letter, he forwarded

copy

27th 1863
10th of 1863

22/6/28
No 238.

Notably as
are yet from
the
Civil
General

copy of our to his address from the Secretary to the Civil Fund, in which it was stated, that the Trustees did not consider that the requisition in Mr. Lushington's Circular, was in accordance with the instructions of the Home Authorities.

3. I would, at the same time, beg to observe, that I am unable to put the same construction on the despatch of the Secretary of State, that Mr. Lushington did. In para. 3 of the letter above quoted to your address, he says, "It appears to me, that not only the excess donations, but the amount of the discount also, must necessarily be refunded," whereas, the Secretary of State, in his despatch, makes no mention whatever of the refund of any discount, but merely "desires that all Donations in excess of the amount sanctioned, should be immediately readjusted in account."

4. With regard to the remark of the Secretary of State, that the correct balances of the Funds should be ascertained, Mr. Lushington observed, "how it cannot, I think, be denied that the correct balances of the Funds on which the additional donation is in future to be paid, are the present assets of the Funds, minus the amount of the discount gained

gained by their recent investments". This assertion is no doubt undeniable, but the Secretary of State does not ask that the correct balances of the Funds on which additional donations are to be paid, should be ascertained, but that the correct balances of the Funds, i.e. the present assets minus the donation in excess of the amount sanctioned should be determined, and the amount on which the additional donations are to be paid, should be invested in Treasury Bonds.

5. Mr. Lushington at the termination of the same paper, writes, that if the course proposed by the Trustees of the Civil Fund be adopted, "the additional donation will, in future, have to be calculated not on the actual, but on the nominal balance of the Fund." If by this is meant that the additional donation would have to be calculated on a portion only of the assets of the Fund, his supposition would appear to be correct, but that cannot be held to be an argument that the amount should be refunded, because the Trustees cannot claim additional donations on it. On the contrary, in a letter despatch No 133, dated 17th August, the Secretary of State writes to the Government of India, "you rightly informed

the Government of Madras, that the cancellation
of all the Promissory Notes belonging to those Funds,
was not called for, thus showing, that he anticipated
that the Funds would possess two kinds of
Securities, first, Treasury Notes, on which
additional donation would be paid, and
secondly, Promissory Notes of the Government
Loans on which the ordinary rates of Interest
would be received.

6. Referring to para. 11 of Reverend Mr.
Simpson's letter, they to observe, that although no
forms of non-transferable Treasury Notes have
been received, yet as Treasury Notes on the conditions
therein mentioned, have been issued to the Trustees
of the Civil and Medical Funds, there is no
objection to similar ones being granted to the
Military Female Orphan Asylum.

I have the honor to be,

Sir,

Your Obedient Servant,

R. M. M. M.

Acting Accountant General.

Camp & Co.
Agent & Secretary

Fort Saint George,
Accountants Office,
No. 347 20 March, 1862.

From
The Acting Accountant General,
To The Chief Secretary
to Government,
Fort Saint George.

Sir,
With reference to my letter to your
address, No. 106, dated 30th October 1861, forwarding
copy of an Extract from a Despatch, from the
Right Honorable the Secretary of State for India,
No. 133, dated 17th August 1861, together with a copy
of a Circular issued by me to the Secretaries to the
several Funds; I have the honor to report, that the
Military and Medical Funds have, in accordance
with the requisition contained in my Circular, made
good the amount of discount by cash payment,
and which has been accordingly carried to the cre-
dit of Government. The Government donations and
account of difference of interest on their bonded
property will, accordingly, in future, be passed
on the full amount of their Securities. The Secretaries

to

100 = 23 July 1862
on 520.
dit of 220 Aug 62
dit of 100 to Aug 10th
dit of 720 of 1863

Final 1863
dit of 100 to Aug 10th
dit of 720 of 1863
dit of 100 to Aug 10th
dit of 720 of 1863
dit of 100 to Aug 10th
dit of 720 of 1863

No 636.

Reports on the letter from
the Secretary to the Secretary
General of the Government,
regarding the interest of
the portion of the balance of the
Fund in the Government's letter.

to the Military, Male and Female Orphan Asylums, have not as yet sent their final replies to my call.

2.

But from the accompanying copy of a letter from the Secretary to the Civil Fund, N^o. 65, dated 20th Ultimo, it will be seen, that the Trustees of that Institution, do not "consider my" "requisition to be in accordance with the intentions" of the Home Government, which, as they understand "the despatches, contemplated only a refund of the" "additional interest beyond 4 per Cent, which had" "been received by the Fund on the Capital gained" "by the investment in Government Paper at a discount."

3.

With reference to the above remarks, I beg to draw the attention of Government to the Despatch of the Secretary of State, dated 25th May 1860, in which, after commenting upon the irregularity committed by the Managers of the several Madras Funds, in the investment of portions of their balances in Government Promissory Notes, purchased at a discount, whereby, they had obtained donations on larger nominal amount than their actual balances, he proceeds to direct, with a view to prevent the recurrence of that error, that the correct balances of the Funds be ascertained, and that the amounts thereof in which the additional donations are to be paid, be henceforth invariably invested in non-transferable

Treasury

17
Treasury Notes, and in his subsequent Despatch of the 17th August last, the Secretary of State observes as follows, "The correct balances of the" "funds under the readjustment, ordered in my" "despatch N^o. 80, dated 25th May 1860, having been" "ascertained," it will "then be seen, which amount" "has to be refunded to Government, and it will" "subsequently have to be determined, how that" "refund shall be made, whether by Cash pay-
ment or a cancellation of Promissory Notes."

1.

Now, it cannot, I think, be denied that the "correct balances" of the several Funds on which the additional donation is in future to be paid, are the present assets of those Funds minus the amount of discount gained by these recent investments, and if the readjustment of the balance is to be really carried out in accordance with the instructions contained in the above Despatches, it appears to me, that not only the excess donation, but the amount of the discount also, must necessarily be refunded, either by the surrender of the Notes purchased with the said discount, or by a Cash payment. In no other way that I am aware of can the balances of the Fund be said to be correctly adjusted. And this view has apparently been acquiesced in by the Managers of the Medical and Military Funds, to whom the

the same instructions were issued in to the Civil Fund. It is true that the Government will sustain no further loss by adopting the course proposed by the Managers of the Civil Fund, but in that case the additional donation will, in future, have to be calculated not on the actual, but on the nominal balance of the Fund, and the difference between these two balances, will increase each year, and it does not appear to me that the adjustment of the Funds balances in this manner, will sufficiently meet the instructions of the Secretary of State.

5 With these observations, I beg to wait the order of Government on the subject, merely remarking in conclusion, that if the Managers of the Civil Fund are correct in their views, a refund of the amounts already paid by the Military and Medical Funds will have to be made.

I have the honor to be,

Sir,

Your obedient servant

P. Lushington

Ag. Account General

Cap. A. Lushington Compt. & Jy

Financial Department.

PROCEEDINGS of the MADRAS GOVERNMENT.

Read the following letters from the Acting Accountant General.

(Dated 20 March 1862 No 347)

Order thereon 15 Aug 1862 No 604

Ordered that the second of the letters above recorded dated the 1st instant be communicated to the Secretary Military Female Orphan Asylum in reference to his letter of the 10th inst last - & that the attention of the Trustees of the Civil Fund be called to the Accontant Generals letter dated 20 March 1862 No 347, referred to therein under date the 27 idem.

To Secy: Military Female Orphan Asylum } Trustees of the Civil Fund

[Signature]

Pro: 11th Nov 60. No 16

Office of the Secy: 10th April 20. 6 of 1863

list of 22 Aug

Final 1862 (Adjuncts)

From the Accontant General to the Secy: to the Government

Dated 20th March 1862. No. 347. Inc 1.

No 604

No 238

Forwarded copy of a letter from the Secretary to the Civil Fund, as regards the proper and to make good the amount of discount granted by the Secy: up to 30th April 1862 from the investment of a portion of its balance in Government Bonds and other securities with observations thereon.

Referred

49-57

Forwarded to the Trustees of the Civil Fund. Charles

that the George 2 by Kalkal, 1862

Deputy Secretary to Government

To the Trustees of the Civil Fund. with an Encl.

10th April 1863
1863.

27. January 1862. Department.

No. 1007.

PROCEEDINGS OF GOVERNMENT.

92. 2/62
377. 1/63
Dated 15 Aug 1862

Regarding the interest
of the balance of the
Military Store or the
Cash in Government
Fund in Government
Hospitals etc.