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(2) Date of repair 22-6-83(3) Initials of the Referencer EF

MADRAS RECORD OFFICE.

Government of Madras.

Free

DEPARTMENT.

G.O. No. 701Press
— Mis. —

Dated

6-10- 1862.

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Not to be folded or roughly handled

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*Proceedings of the Madras Government, Financial Department,
6th October 1862.*

No. 8. 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 24th September 1862, No. 233.

I am directed by the Trustees of the Civil Fund to acknowledge the receipt of the Government Proceedings, dated 15th August 1862, No. 604, Financial Department, and to state that the Trustees have but little to add to their letter, dated 20th February 1862, which was submitted to Government by the Acting Accountant General Mr. Lushington on 20th March last. They are glad to find that the views expressed in it are concurred in by the present Acting Accountant General Mr. Mangles.

The matter appears to the Trustees a very simple one, and the decision of the Secretary of State capable under the circumstances of only one reasonable interpretation.

Proceedings of Government, 9th August 1860, No. 391, Financial Department.

In his letter dated 25th May 1860, the Secretary of State commented on the excess charge on Government resulting from the increase of capital which had been obtained at different times by all the Charitable Funds in this Presidency by means of investments of surplus capital in Government loans in the open market at a discount; which had entailed upon Government the payment of the special rate of interest at 8 per cent. upon a larger amount of capital than would have accrued from subscriptions and accumulation of interest.

This special rate of interest is paid by means of a donation to the amount of the difference between the ordinary rate of interest borne by the Bonds held by the Funds and 8 per cent., and the Secretary of State observed that after receipt of the Court of Directors' instructions, dated 4th July 1832, no doubt could be entertained as to the mode in which the additional donation, to make up this interest, was to be calculated. He therefore directed "that all donations in excess of the amount sanctioned by that Despatch, which have been credited to the several Funds subsequently to its receipt by the Madras Government, be immediately re-adjusted in account"—and he proceeded to say: "The correct balances of the Funds being ascertained, the amount thereof on which additional donations are to be paid, to make up the interest to 8 per cent., must henceforth be invariably invested in Non-transferable Treasury Notes."

Mr. Mangle's letter, dated 1st August 1862, No. 135.

It was subsequently explained that this order was not intended to require the cancellation of Notes already held.

The Trustees interpreted the above order to mean that the special rate of interest which had been received on the additional capital obtained by investment at a discount, should be refunded with compound interest; and that this portion of the capital should be henceforth so kept separate from the rest of the capital, that the correct balances of the Funds might be ascertained on which the special interest was due.

This interpretation relieved the Government from all possibility of loss or undue charge, and has been fully carried out; but Mr. Lushington deems it incomplete, and claims that the Trustees shall consent to cancel absolutely the additional *capital* so gained by discount; in other words, that the public debt shall be to this extent reduced for the benefit of Government at the cost to the Fund of Rupees 26,479, by the cancellation of the Government Promissory Notes of the 4 per cent. loan which represent that gain, and on which no more than the ordinary rate of interest at 4 per cent. is paid or payable.

The Trustees need scarcely observe that no greater charge is entailed on Government in regard to these Notes, than would be the case were they in any other hands; and the Trustees are confident that it was never the intention of Government to require them to make so unnecessary a surrender of the property of the Fund, in breach of their plain duty as Trustees.

As regards future investments the Trustees have bowed to the pleasure of the Home Government, feeling confident that such compliance with their wishes will never be allowed to result in injury to the Fund's capital.

Proceedings of the Madras Government, Financial Department,
6th October 1862.

ORDER THEREON, 6th October 1862, No. 701.
Government concur in the view taken by the Trustees of the Civil Fund, and direct that
be acted on.

(Signed) T. PYCROFT,
Chief Secretary.

From

W. Hudleston, Esq.,
Secretary to the Civil Fund

To,

T. Pycroft, Esq.,
Chief Secretary to Government
Sir,

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This special rate of interest is paid by means of a donation to the amount of the difference between the ordinary rate of interest borne by the Bonds held by the Funds and 8 per cent. and the Secretary of State observed that after receipt of the Court of Directors instructions dated 4 July 1832, no doubt could be entertained as to the mode in which the additional donation to make up this interest was to be calculated. He therefore directed that all donations in excess of the amount sanctioned by that Despatch which have been credited to the several Funds subsequently to its receipt by the Madras Government be immediately readjusted in account - and he proceeded to say "The correct balances of the Funds being ascertained the amount thereof on which additional donations are to be paid, to make up the interest to 8 per cent. must hence forth be invariably invested in Non transferable Treasury Notes."

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The Trustees need scarcely observe that no greater charge is entailed on Government in regard to these notes - than would be the case were they in any other hands - and the Trustees are confident that it was never the intention of Government to require them to make so unnecessary a surrender of the property of the Fund, in breach of their plain duty as Trustees.

As regards future investments the Trustees have bowed to the pleasure of the Home Government - feeling confident that such compliance with their wishes will never be allowed to result in injury to the Fund's capital.

I have the honor to be
Sir
Your obedient Servant
G. Anderson.
Secretary.

Dec-16th 1862
1862

Dec-16th 1862
1862

Jan 1862

From

The Secy of the Joint
Fund. 253.

24th 1862
25th 1862

No 763

Quadrant contain
Observations in Sept. 6
Pro: 9800 - 20 = 604, 985
All this regarding the
instruments of a portion
of the balance of the
Fund in Fort Robinson
Notes.
With our Order

Nov 1-6 Oct 1862

Govt. records in the
view taken by the Secy.
has of the Civil Fund
is placed that it be paid
per-

to the Trustees of the
Civil Fund }
Recd General }
1862