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# MADRAS RECORD OFFICE.

## Government of Madras.

DEPARTMENT.

G.O. No. 519 Press / Mis.

35-37.

Dated 15- 8- 1863.

35-37 14/12

***Not to be folded or roughly handled***

*Proceedings of the Madras Government, Financial Department,*
*15th August* 1863.

Read the following papers :—

No. 35. From Messrs. ARBUTHNOT & Co., Madras; to the Chief Secretary to Government, Fort Saint George, dated Madras, 4th August 1863.

We have the honor to submit, for the consideration of the Governor in Council, the following circumstances, with a view to instructions being given to the Acting Deputy Auditor and Accountant General to meet our fair and legitimate applications for Bills on Mofussil Treasuries in this Presidency.

Ever since the introduction of the new system of competitive tendering for Bills at or above par, it has been our almost invariable practice to tender on a graduated scale of premiums varying, may be, from 1 Anna to 1 Rupee and a half per cent.

The object of this procedure is—

1st. To effect a remittance to the District in question on the most favorable terms.

2ndly. To test the demand for money in certain Districts, the inference, from the acceptance of a tender at a low rate, being, that money is in little request; from the acceptance only of the highest tenders, that the demand is urgent.

It is hardly necessary to point out to Government that such information though not actually reliable is of service to those who are interested in mercantile operations.

Neither Mr. Harrison, Mr. F. Lushington, Mr. Mangles or Mr. J. L. Lushington took any exception to the course pursued by us, nor can a single instance be pointed out where we refused to take up Bills granted to us at the minimum or maximum rates of tender, and we feel it our duty to protest against what we conceive to be a most arbitrary, capricious and unnecessary determination on the part of the present incumbent of the post of Accountant General to refuse to grant to an applicant any Bills under his maximum rate of tender or unless his lower rates be amended to equal the highest rate. By way of illustration we enclose our last application for Bills with Mr. Lodwick's conditional acceptance, and have the honor to request that you will inform us, with the least possible delay, whether the Acting Accountant General's action is endorsed by the Madras Government.

In the event of the settlement of the question being beyond the cognizance of the Madras Government, we beg that the point may be referred to the Government of India, and that the reference may be accompanied by a copy of this communication.

Referred to the Acting Accountant General for his remarks.

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

*6th August* 1863.

No. 36. From R. W. LODWICK, Esq., Acting Deputy Auditor and Accountant General, Madras; to the Chief Secretary to the Government of Madras, dated Fort Saint George, 7th August 1863, No. 144.

I have the honor, with reference to Government endorsement, dated 6th instant, to report as follows:

2. On taking charge of this Department, I discovered that a system of tendering for Bills at different rates was in force and that several most objectionable practices existed in connection therewith, Natives making a kind of gambling transaction of Government tenders by sending in tenders at different rates on the same Treasury, and selling the Bills, when accepted, in the bazaar to higher bidders, thus clearing a profit to the loss of Government.

3. I found also that the better to deceive me, tenders were sent in by the same person under half a dozen or more different names and at different rates, so that if deceived by the apparent number of tenderers I accepted these Bills, the real tenderer had only to take up the lowest tender and throw over the others, thus upsetting the calculations of my Department with regard to the funds brought into the Presidency Treasury by the proceedings of any given Bill day.

4. I resolved accordingly, for these and other reasons to be alluded to immediately, to enforce the rule of accepting Bills only at the maximum tender, and I think that looking at the matter in a financial point of view, the system I have adopted is the only true one for the interests of Government whose servant I am, and for whom I am bound to work the funds entrusted to my care to the best possible advantage.

5. The strong language in which Messrs. Arbuthnot & Co. have thought proper to indulge in their 4th paragraph with regard to my proceedings will, I feel sure, be noticed as it deserves by His Excellency in Council, but I hope to show that it is as unjust as it will, I think, be considered unbecoming.

6. In the first place I would beg respectfully to observe that in paragraph 3 of their letter, Messrs. Arbuthnot & Co. appear quite to lose sight of the fact that I am working not for their interests but for those of Government, that the heavy responsibility rests upon me of making the most I can of Government funds and of so husbanding my resources that I may be able to convey treasure from place to place at the least possible cost to the State, and to make the gain in one place pay for the unavoidable loss in another. I cannot therefore be expected to indulge them in their experiments as to the demand for money in certain Districts by accepting their low tenders in preference to higher ones, or when I think that by accepting low tenders I shall spoil my chance of getting higher rates hereafter.

7. It would be wasting time and unnecessarily troubling Government were I to go into a long exposition of the variableness of the Bill market, for I feel sure His Excellency in Council will understand at once that it is my object to hide as much as possible my anxiety to get Bills, and that the object of tenderers being exactly the contrary, the acceptance of a low rate of premium is always sure to make the market close, or in other words to make my next Bill day an unsuccessful one. I shall therefore not touch further on this subject but proceed to notice other portions of Messrs. Arbuthnot's letter.

8. I find those gentlemen in their 4th paragraph laying great stress on the fact of my predecessors having acted differently to myself, but I cannot think that this argument is in any way a good one. If every incumbent of an office were to follow exactly in the steps of those who preceded him contrary to his own judgment, I submit there would be no hope of any Department being improved, and I would remark that Messrs. Arbuthnot & Co. are very ready to take advantage of any change of system which does not inconvenience themselves, for I find them tendering for Bills after the hour of 12, though they know that there has been up to my time a regulation restricting the receipt of tenders to that hour. As well might they object to my having done away with this absurd rule which seemed expressly made either to be broken, or if enforced, to injure the interests of Government on the score of its being an innovation, as to my having adopted a plan dissimilar to that of my predecessors in the instance under notice.

9. Messrs. Arbuthnot & Co. are not accused by me of having acted in the manner in which Natives act. I believe they would always take up their tenders when accepted, but I respectfully submit that independently of the cogent reasons for my line of action which I have already given, there is another which affects the question at issue, viz., the necessity of acting with strict impartiality. If a rule is to be enforced, it must be so strictly, and were I to make any distinction, even did I feel so inclined on the score of utility, which I do not between Messrs. Arbuthnot & Co. and other tenderers, these last would have just cause of complaint.

10. I have only to add that Messrs. Arbuthnot & Co. are the only gentlemen who, as a rule, follow the plan of tendering at different rates, and that the particular tender now returned was declined because I was getting six Annas on Nellore pretty freely, and did not wish to take less.

11. Nothing, I would in conclusion very respectfully submit, is more necessary than that the Accountant General should be unfettered in his "resource" transactions, for if he is to be expected to operate successfully on the part of Government, he should be permitted freely to exercise his judgment on their behalf, subject of course to censure if he fail in doing what he professes to do. I confidently trust therefore His Excellency in Council will support me in the present instance.

No. 37.

ORDER THEREON, 15th August 1863, No. 519.

In the first of the letters above recorded, Messrs. Arbuthnot & Co. complain of the Acting Accountant General having declined to grant Bills at less than the maximum rate, if tender includes a graduated rate of premium.

2. Messrs. Arbuthnot & Co.'s letter having been referred to the Acting Accountant General, Mr. Lodwick has stated his reasons for having declined to sanction the practice of the same parties tendering for Bills, at different rates.

*Proceedings of the Madras Government, Financial Department,*
*15th August* 1863.

3. He shows that, in some instances, inconvenience and abuse have resulted from the practice; and, although this would not be likely to happen with such a firm as that of Messrs. Arbuthnot & Co., the practice, if prohibited at all, must be prohibited generally.

4. The Governor in Council sees no sufficient cause for interfering with the course which the Acting Accountant General has deemed it proper to adopt in this matter.

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

Exd. T. O'Connor.

Madras, 4th August, 1863.

The Chief Secretary
to Government
Fort St. George.

Sir,

We have the honor to submit for the consideration of the Governor in Council the following circumstances with a view to instructions being given to the Acting Deputy Auditor & Accountant General to meet our fair & legitimate applications for Bills on Mofussil Treasuries in this Presidency.

Ever since the introduction of the new system of competitive tendering for Bills at or above par, it has been our almost invariable practise to tender on a graduated scale of premiums varying, maybe, from 1/8ma to 1 Rupee and a half per Cent.

The object of this procedure is

1st to effect a remittance to the District in question on the most favorable terms.

2ndly to test the demand for Money in certain Districts the inference from the acceptance of a tender at a low rate being that money is in little request; from the acceptance only of the highest tenders that the demand is urgent.

It is hardly necessary to point out to Government that

that such information tho' not actually reliable is of service to those who are interested in Mercantile operations.

Neither Mr. Harrison, Mr. J. Lushington, Mr. Mangles or Mr. J. L. Lushington took any exception to the course pursued by us - nor can a single instance be pointed out where we refused to take up Bills granted to us at the minimum or maximum rates of tender, and we feel it our duty to protest against what we conceive to be a most arbitrary, capricious and unnecessary determination on the part of the present incumbent of the post of Accountant General to refuse to grant to an applicant any Bills under his maximum rate of tender or unless his lower rates be amended to equal the highest rate - By way of illustration we enclose our last application for Bills with Mr. Lodwick's conditional acceptance, and have the honor to request that you will inform us with the least possible delay whether the Acting Accountant General's action is endorsed by the Madras Government -

In the event of the settlement of the question being beyond the cognizance of the Madras Government, we beg that the point may be referred to the Government of India and that the reference may be accompanied by a copy of this communication -

We have the honor to be,
Sir,
Your most obedient servants,

Arbuthnot & Co

...e to the best possible advantage -
...e strong language in which Messrs Arbuthnot &

Financial Department

No 516.

From Messrs Arbuthnot & Co - Madras.

Dated 4th August 1863.

No 520.

From the Acting Deputy Auditor and Accountant General

Dated 7th August 1863

For Orders.

On the whole I do not see sufficient cause for the Govt to interfere with the Acct General proceedings in this case — In consequence of what has it is shown, resulted from the same parties bidding for Bills at different rates, & although this would not happen with a firm like that of Messrs Arbuthnot & Co, yet as remarked by the Act Acct Genl in Pg of his letter, no course must be pursued towards all — other Firms tender at a single rate only, & I see nothing exceptionable in this course being laid down — Ellt

I also would not interfere with

Financial 1863 Nos 516 520 519

From

Messrs Arbuthnot & Co

Madras

Dated 4th & 7th August 1863

No 519.

Recd 14th August 1863

Ans 16th do

No 620

627

One —

No 516

Bringing to notice the conduct of the Bank of Madras in refusing to grant Bills on Bombay & Calcutta to the amount of their Capital & Reserve Funds, & requesting to be informed whether they are to consider the Bank as having ceased to exist.

No 520

Bringing to notice the conduct of the Bank of Madras in refusing to grant Bills on Bombay & Calcutta to the amount of their Capital & Reserve Funds, & requesting to be informed whether they are to consider the Bank as having ceased to exist.

Referred for Orders

Secretary to Govt

Financial Department

Fort St George

6th August 1863

Chief Secretary

To the Govt of India

and Bombay & Bengal

with an Ext:

Sup & dispd 7/8/63

Mr.

DA & AG.G
Recd 7
Ansd 8 1863

35-34

Re: proceedings after Act and fault in
this matter. If it should suit Mrs Arcos
wish to buy R 5000 of this or receive a
Cheque. it must be worth their while
to stand over that they will attribute that delay
for we do not intend to hold long in
hesitating for more convenient Purchasers. Now is their opportunity
they should not sell this bill to the best
advantage as offered. If objection-
-able conditions be the terms dis-
-tinctly mentioned to us.

(13)

No. 1141 FORT SAINT GEORGE,

DEPUTY AUDITOR AND ACCOUNTANT GENERAL'S OFFICE,

7th August 7th 1863.

From THE ACTING DEPUTY AUDITOR AND ACCOUNTANT GENERAL,
*Madras.*

To THE Chief SECRETARY TO THE GOVERNMENT OF *Madras.*

SIR,

I have the honor with reference to Government ~~Order~~ Endorsement No. 4 dated 6th instant ~~1st~~, to report as follows-

2. On taking charge of this Department I discovered that a system of tendering for bills at different rates was in force & that several most objectionable practices existed in connection therewith natives making a kind of gambling transaction of govt tenders by sending in tenders at different rates on the same treasury & selling the bills when accepted in the bazaar to higher bidders thus clearing a profit to the loss of Govt - 3- I found also that the better to deceive me tenders were sent in by the same person under half a dozen or more different names & at different rates so that if deceived by the apparent number of tenderers I accepted those bills the real tenderer had only to take up the lowest tender & throw over the others thus upsetting the calculations of my dept with regard to the funds brought into the Residency Treasury by the proceedings of any given bill day -

4- I resolved accordingly for these & other reasons to be alluded to immediately to enforce the rule of accepting bills only at the maximum tender & I think that looking at the matter in a financial point of view the system I have adopted is the only true one for the interests of Govt whose servant I am & for whom I am bound to work the Funds entrusted to my care to the best possible advantage -

5- The strong language in which Mess^rs Arbuthnot &

& Co have thought proper to indulge in their 4th para: with regard to my proceedings with I feel sure be noticed as it deserves by His Excellency in Council but I hope to show that it is as unjust as it will I think be considered unbecoming -

6- In the first place I would beg respectfully to observe that in para 3 of their letter Messrs Arbuthnot & Co appear quite to lose sight of the fact that I am working not for their interests but for those of Govt, that the heavy responsibility rests upon me of making the most I can of Govt funds & of so husbanding my resources that I may be able to convey treasure from place to place at the least possible cost to the state & to make the gains in one place pay for the unavoidable loss in another - I cannot therefore be expected to indulge them in their experiments as to the demand for money in certain districts by accepting their low tenders in preference to higher ones or when I think that by accepting low tenders I shall spoil my chance of getting higher rates hereafter

It would be wasting time & unnecessarily troubling Govt were I to go into a long exposition of the various kinds of the bill market for I feel sure His Excellency in Council will understand at once that it is my object to hide as much as possible my anxiety to get bills & that the object of tenders being exactly the contrary the acceptance of a low rate of prem: is always sure to make the market close or in other words to make my next bill day an unsuccessful one I shall therefore not touch further on this subject but proceed to notice other portions of Messrs Arbuthnots letter

8. I find those gentlemen in their 4th para: laying great stress on the fact of my predecessors having acted differently to myself but I cannot think that this argument is in anyway a good one - If every incumbent of an office were to follow exactly in the steps of those who preceded him contrary to his own judgment I submit there would be no hope of any dept being improved & I would remark that Messrs Arbuthnot & Co are very ready to take advantage of any change of system which does not inconvenience themselves for I find them tendering for bills after the hour of 10 though they know that there has been up to my time a regulation restricting the receipt of tenders to that hour - As well might they object to my having done away with this absurd rule which seemed expressly made either to be broken or if enforced to injure the interests of Govt, on the score of its being an innovation as to my having adopted a plan dissimilar to that of my predecessors in the instance under notice -

9. Messrs Arbuthnot & Co are not accused by me of having acted in the manner in which natives act - I believe they would always take up their tenders when accepted but I respectfully submit that independently of the cogent reasons for my line of action which I have already given there is another which affects the question at issue viz: the necessity of acting with strict impartiality - If a rule is to be enforced it must be so strictly & were I to make any distinction even did I feel so inclined on the score of utility which I do not between Messrs Arbuthnot & Co & other tenderers these last would have just cause of complaint -

10. I have only to add that Messrs Arbuthnot & Co are the only gentlemen who ~~has~~ follow the plan of tendering at different rates & that the particular tender now returned was declined because I was getting 6 as: on Nellore pretty freely & did not wish to take up -

11- Nothing I would in conclusion very respectfully submit is more necessary than that the Accountant Genl should be unfettered in his "Resource" transactions for if he is to be expected to operate successfully on the part of Government he should be permitted freely to exercise his judgment on their behalf subject of course to censure if he fail in doing what he proposes to do - I confidently trust therefore His Excellency in Council will support me in the present instance

I have the honor to be,

Sir,

Your most obedient Servant,

Rushbrook

Ag. Dy. Audr. and Acct. General.

Financial Department

Proceedings of the Madras Government

Read the following papers.

From Messrs Arbuthnot & Co — Here enter 4th August 1863

From the Dy Depy Auditor & Accountant General — Here enter 7th August 1863

Order thereon 15th August 1863. No 519

In the first of the letters above recorded, Messrs Arbuthnot & Co complain to the Acting Accountant General having declined to grant bills at less than the maximum rate, if the tender includes a graduated rate of premium.

2. Messrs Arbuthnot & Co's letter having been referred to the Acting Accountant General, Mr Lodwick has stated his reasons for having declined to sanction the practice of the same parties tendering for bills at different rates.

Financial 15 Aug 1863 Nos 519

From

A.G. Arbuthnot & Co
Accountant General
Madras

16. 10. 519

Madras 4th Augt 1863

Received 7th Augt 1863

&c &c &c

Sir

I am desirous of drawing a Complaint to your notice against the Deputy Auditor & Accountant General for declining to grant Bills on Bengal at less than the maximum rate, if the tender includes a graduated rate of premium.

&c &c &c

35-37

3. We shows that, in some instances, inconvenience and abuse have resulted from the practice; and, although this would not be likely to happen with such a firm as that of Messrs Arbuthnot & Co, the practice, if prohibited at all, must be prohibited generally.

4. The Governor in Council does not consider sufficient cause for interfering with the Course which the Acting Accountant General has deemed it proper to adopt in this matter

To
The Messrs Arbuthnot & Co
The Actg Dy Mund. & Accts Genl

} Letters in MS.

Final 1863 Departt

№ 519.

Proceedings of Govt

Feb 5/15
" 626-27

8/15 " August 1863.

35-37