M.R.O. 1—77,066—6-6-37.

(1) Number of pages 6.

(2) Date of repair 1-8-38.

(3) Initials of the Referencer

MADRAS RECORD OFFICE.

Government of Madras.

Financial **DEPARTMENT.**

G.O. No. 528 Press / Mis.

50-52.

Dated 19-8- 1863.

50-52 5/5

Not to be folded or roughly handled

1.8.38.

Proceedings of the Madras Government, Financial Department, 19th August 1863.

Read the following papers :—

No. 50. From R. W. LODWICK, Esq., Acting Deputy Auditor and Accountant General to the Government of Madras; to the Chief Secretary to Government, Fort Saint George, dated Madras, the 8th July 1863, No. 56.

Resource Department.

Government agreement with the Bank of Madras published in Government Gazette, dated 11th March 1862.

The Bank has charged commission for purchasing on account of Government certain Bills for the remittance of Treasure to Bombay. A doubt has arisen, whether this commission is fairly chargeable under the terms of the above agreement, and your opinion is solicited.

No. 51. From JOHN ROBERT BOYSON, Esq., Government Solicitor, Madras; to the Honorable A. J. ARBUTHNOT, Chief Secretary to Government, Madras, dated Madras, 11th August 1863, No. 572.

I have the honor to acknowledge your Official Memorandum of the 28th ultimo, No. 183, (Financial Department) with its enclosures, regarding the right of the Bank of Madras to charge Government with commission on the purchase of Bills for remittance of Government Treasure hence to Bombay.

2. Having obtained such further information on the point in question, as I considered necessary, I thought it desirable to submit the matter for the consideration of the Acting Advocate General, and having done so, and also conferred with him on the subject, I now forward a copy of his opinion.

3. I likewise return the enclosures above referred to.

COPY—OPINION.

I have given this question the best consideration I can, and have sought to ascertain what is the practice of other Banks in this Presidency; and I think the Madras Bank is not entitled to charge the Government commission on any act necessary for the remittance of money or securities on behalf of the Government.

It is quite clear, I think, that the guiding principle of the agreement between the Government and the Bank is that the latter, in consideration of the advantages it obtains by the agreement, and very considerable they are, should do the entire Government business free of charge.

Does this then form any exception to the general rule? The Bank argues that as it incurs a pecuniary responsibility by its endorsement, it is fairly entitled to charge commission, and that no Bank would come under such liability without making such a charge.

Now it is obvious that, under ordinary circumstances, the Bank need not incur any liability. Where there is sufficient notice given, I presume that arrangements can easily be made with the Banks of other Presidencies; and that the Bank of Madras can remit money by its own drafts, even when it is compelled to purchase Bills, it is evidently open to it to purchase Bills payable to the Government Accountant General or Bearer or Order; or to a payee to be named by the Government. There can be no necessity for the Bank to buy Bills made payable to itself.

If the Bank elects to adopt a course which renders its own endorsement indispensable, I do not think it can charge the Government with commission for the act.

By the fourth clause of the agreement, the Bank is prohibited from charging any interest or commission on the Government account, and by the third clause it undertakes to do for the Government all the business that is usually transacted by bankers for their customers.

Can it be said that the purchase of Bills does not fall under this description?

Proceedings of the Madras Government, Financial Department,
19th August 1863.

There is no exception whereby the Bank is to do only such business as bankers usually do without commission, free of charge: and the entire spirit of the agreement appears to me to be opposed to the course now taken by the Bank,

MADRAS, *8th August* 1863.

(Signed) JOHN BRUCE NORTON,
Advocate General.

(True Copy.)

(Signed) J. R. BOYSON.
Government Solicitor.

No. 52

ORDER THEREON, 19th August 1863, No. 528.
Communicated to the Acting Accountant General.

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

Exd. T. McMootry.

No 572

Madras August 11th 1863

From John Robert Boyson
Government Solicitor, Madras.

To The Honorable A. J. Arbuthnot
Chief Secretary to Government, Madras.

Sir,

I have the honor to acknowledge your official Memorandum of the 28th Ultimo No 183 (Financial Department) with its enclosures, regarding the right of the Bank of Madras to charge Government with Commission on the purchase of Bills for remittance of Government Treasure hence to Bombay

2. Having obtained such further information on the point in question as I considered necessary I thought it desirable to submit the matter for the consideration of the acting Advocate General and having done so and also conferred with him the subject I now forward a copy of his opinion.

3. I likewise return the enclosures above referred to.

I have the honor to be,
Sir,
Your most obedient Servant
J. R. Boyson
Govt Solr

Revenue DEPARTMENT. No. 56

FROM
THE DEPUTY AUDITOR AND ACCOUNTANT GENERAL
TO THE GOVERNMENT OF MADRAS.

To THE Chief Secretary to Government

8th July 1863

dated Madras the

Govt agreement with the Bank of Madras pub. in G.G. dated 11th March 1862 No.

The Bank has charged commission for purchasing on account of Govt certain Bills for the remittance of Treasure to Bombay — A doubt has arisen whether this Commission is fairly chargable under the terms of the above agreement & your opinion is solicited

Rukodevish

acts Dy. Audr. & Acct. General

X 17

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Rec'd the following Letters from the Deputy Auditor & Accountant Genl. pub. dated 11th August 1863. Genl. Solicitor —

Order 19th August 1863. Rec'd 25th

Communicated to the Acctg. Accountant General.

[illegible]

To the Ag: Accountant General dispd 27

Write an Order

Recd 11th Augt
Received 12 —
Nos 2
2 Enclosures
No 532

Forwards Copy Abstract Letter
Minutes and Letters noting the rights of the
Bank of Madras to charge
Government with Commission on
Bills for remittance of
Revenue Treasure
to Bombay

Recd 9th Septr 63 Pd 10-11

Encloses Copy Letter from the
Deputy Auditor & Accountant
General of Madras dated 8th July
1863 with Enclosures
on the subject of
Commission charged
by the Bank of Madras
on Bills for remittance of
Revenue Treasure
to Bombay

Pd 52-
Recpt 52

Fwd 1863 despatch

From

The Hr. Depy Auditr
& Accts General
No 56
F.P. 581.

8th
9th } July

No. 465

Regretting the
opinion of Govt relative
to the Commission charg
by the Bank of Madras
for purchasing on accom
of Govt certain Bills for R
remittance of Treasure
to Bombay — a doubt has
arisen whether Commission
is fairly chargeable under
the terms of the Agreement
entered into in March 18

50-52

50-52