M.R.O. 1—77,006—8-6-37.

(1) Number of pages 32

(2) Date of repair 10. 7. 39

(3) Initials of the Referencer

MADRAS RECORD OFFICE.

Government of Madras.

Finance DEPARTMENT.

G.O. No. 586. Press Mis.

35-37.

Dated 9-9- 1863.

35-37 16/17

Not to be folded or roughly handled

10-7-39

Proceedings of the Madras Government, Financial Department,
9th September 1863.

Read the following papers :—

No. 35. From Messrs. ARBUTHNOT & Co., Madras ; to the Chief Secretary to Government, Fort Saint George, dated Madras, 29th August 1863.

1. We have the honor to acknowledge the receipt of Proceedings of the Madras Government, Financial Department, with Order thereon, 15th August 1863, No. 519.

2. Not having been furnished with a copy of the Acting Accountant General's letter therein referred to, we are ignorant of the arguments which he may have advanced, and are consequently unable to meet and answer them.

3. The principle involved is, however, in our opinion of so much importance that we deem it needful to request that you will once more bring the subject under the consideration of the Government, and we make the request in the belief that the Government may not have had antecedent facts fully and clearly before them at the time when their last order was passed.

4. We must premise by observing that the issue of Bills on the Mofussil Treasuries is a subject which has very frequently in by-gone years, as the records of your office and of the Accountant General's will show, been referred to the Chamber of Commerce for its opinion as to points whereon it might naturally be expected to be in a position to offer useful suggestions.

5. Former Accountant Generals have often times sought information from the same body, and from individual members of it, with a view both to financial economy in the time and mode of removal of the Mofussil Treasury balances to the Presidency, and with a view also to the convenience of Merchants and others having occasion to remit funds to the Districts in the interior.

6. Many salutary reforms in connection with the issue of supply Bills have thus from time to time been introduced, and the Mercantile body have at all times been fully sensible of the accommodation afforded to them in their commercial transactions while the interests of the State, have also been both directly and indirectly promoted.

7. Formerly, when Sir Vansittart Stonhouse was Accountant General, Bills were issued on the Mofussil Treasuries, if funds were available, to all applicants at par, but subject to a small fee.

8. This system subsequently gave place to a bi-weekly notice in the Fort Saint George Gazette of the amounts available in each District, for the Accountant General to draw against, and where the aggregate amount applied for exceeded that advertised, the latter was divided rateably.

9. This system was at first found to work satisfactorily, but subsequently great inconvenience was experienced in consequence of a practice which grew up amongst the Shroffs and Sowkars of sending in a great multitude of applications in different names, each one for the full amount advertised on any District upon which Bills might happen to be in demand for commercial purposes, and then selling the Bills so obtained to Merchants having occasion to make remittances to that District.

10. To remedy this evil the system, now in force for some considerable time, of receiving sealed tenders twice a week to be opened at a fixed hour, was introduced, and we believe it to be the general opinion that it has worked well and satisfactorily for all parties.

11. This system has moreover the distinct sanction of an order of Government based upon the recommendation of the Accountant General—vide Proceedings of Government, Financial Department, with Order thereon, 15th February 1862, No. 142. That order clearly defines the mode in which the issue of supply Bills was thenceforward to be conducted. Their issue, it is true, is no longer in the hands of a separate "official in charge of the Resource Department," the duty having been resumed by the Accountant General himself, but we apprehend that that circumstance will not in any way affect the substantial validity of the Government Order to which we have referred.

12. We come now to the point upon which we regret to find ourselves at issue with the Acting Accountant General at this place, inasmuch as the latter proclaims both in words and by his every-day practice that the issue of supply Bills, or rather we should say the acceptance or rejection of the applications, sent in, (the amounts available be it observed, having been first duly advertised in the Gazette) is a matter subject wholly to his arbitrement and discretion,

instead of, as heretofore, being regulated by and subject to the wholesome restraints of the public tender system, and to the rights of the public, as springing therefrom.

13. We do not for a moment attribute to Mr. Lodwick any other motive than zeal for the interests of the State and a conscientious desire to do his duty to the best of his ability, but we submit with all deference that it is not desirable or in the interests of the public service that the change of practice introduced by him should be perpetuated.

14. For the better information of the Government as to Mr. Lodwick's views on the subject, and in order to prove that we have not exaggerated them, we append hereto a copy of a demi-official communication from him, under date 19th instant, in which these views are distinctly set forth.

15. One instance of the exercise of the prerogative which Mr. Lodwick has claimed, we have already had the honor of submitting to the notice of the Government.

16. We should have no difficulty in adducing others if necessary, for the return of rejected applications with a Memorandum that they will be complied with if such and such premium be paid, or in those cases where the applicant has already tendered at a premium, if such and such an *additional* premium be paid, is now of daily occurrence, as is well known to the whole of the mercantile community here.

17. We are of course unable to say by what rules Mr. Lodwick is guided in fixing the rate of premiumr equired by him in each instance, but we submit that the system of competition by tender publicly invited and with the usual understanding that no Bills will be issued below par is the best that can be devised, and against which no person can entertain any reasonable objection.

18. Some Treasuries are exceptionally situated, as for instance those of Ootacamund and Pooree, to which funds have, we believe, to be forwarded from other quarters at some expense to the State. Upon those Treasuries therefore it has been customary to require a premium of at one time one quarter, at the present time one half, per cent., and the fact of such premium being the minimum rate at which Bills would be granted has been duly notified in the advertisements in the Fort Saint George Gazette.

19. The more immediate question that was referred by us to the Government in our communication, dated 4th August, was the right exercised by the Accountant General of declining to entertain tenders for Bills by the same parties on any one Treasury, if at different rates of premium, and the Government ruled upon that occasion that the practice if prohibited at all must be prohibited generally, Mr. Lodwick having shown that in some instances inconvenience and abuse had resulted from the practice.

20. This question appearing to us to merge in the more general and comprehensive one which forms the subject of this representation, it is perhaps unnecessary for us again to refer to it.

21. We have never before heard of the practice being objected to, and in the case of the Council of India's Bills it is of constant occurrence. Those Bills as the Government are aware, are sold by tender to the highest bidder above the minimum rate, fixed before-hand, and every person is free to tender at as many different rates as may seem good to him.

22. We would also point out that an applicant for supply Bills may be acting in the capacity of Agent for two or more parties under instructions making it imperative for him to tender at different rates. Furthermore it is open to parties so disposed to send in tenders in different names, and so to defeat the object the Accountant General has in imposing the restriction.

We would submit with all deference that it is not desirable for that Officer in dealing with applications for Bills to recognize the individuality of the applicant if it may by any means be avoided.

P. S.—We append also Extract from the Order of Government, dated 15th February 1862, No. 142, which has been referred to above.

(Signed) ARBUTHNOT & Co.

Proceedings of the Madras Government, Financial Department,
9th September 1863.

Extract from a letter from R. W. LODWICK, Esq., dated A. G.'s Office, Fort, 19th August 1863.

"You must excuse my saying that I cannot give my reasons for refusing Bills at par. I "have good reason for doing so and being entrusted with the public money, I am bound to make "use of it to the best advantage, I am at perfect liberty to demand premium when I think proper. "Should you not wish to pay it you need not take up the Bill. The mere fact of a certain sum "being advertised in the Gazette as available at a certain place does not oblige me to give it to "all who tender. I merely say I have so much available, but I do not thereby bind myself to "give you or any one else any portion of that sum at par, and I never heard before of tenderers "putting forward a positive *demand* for money on their own terms."

(A true Extract.)

(Signed) ARBUTHNOT & Co.

EXTRACT.

FINANCIAL DEPARTMENT.

PROCEEDINGS OF THE MADRAS GOVERNMENT.

Read again letter from the Accountant General, dated 7th February 1862, No. 304, and recorded in the Proceedings of the same date, No 112.

ORDER THEREON, 15th February 1862, No. 142.

* * * * * *

"Para. 4. In paragraph 2 of his letter the Accountant General suggests, in lieu of the prac-"tice hitherto observed with respect to the issue of supply Bills, that the amounts available in "each District should, as now, be advertised in the Official Gazette by the Officer in charge of "the Resource Department, and parties invited to tender for such amounts as they may require; "that a day be fixed for opening such tenders by the Officer in charge of the Resource Depart-"ment and the highest tenders accepted; and that on the authority of the Officer in charge of "the Resource Department, the supply Bills be issued by the Bank of Madras. The Govern-"ment authorize this mode of procedure being adopted."

(A true Extract.)

(Signed) ARBUTHNOT & Co.

No. 36. From W. H. CRAKE, Esq., Chairman, Chamber of Commerce, Madras; to the Honorable A. J. ARBUTHNOT, Chief Secretary to Government, Fort Saint George, dated Madras, 7th September 1863.

The unusual tenor of the Memorandum by the Acting Accountant General in reply to the letter of the Chamber of Commerce, dated the 31st ultimo, requesting him to pursue the same method in granting Bills on Mofussil Treasuries, as has been customary hitherto, has rendered it necessary that I should lay before you copies of the correspondence, and in soliciting the attention of Government to the question at issue, I am desired by the Chamber to state that the Merchants of this Presidency have never *demanded* the acceptance of their tenders on their own terms, and further that the orders of the Madras Government—as for example the Proceedings of the Madras Government in the Financial Department, 15th February 1862, No. 142, paragraph 4—are both recent and explicit as to the manner in which the tenders should be disposed of, and that until the appointment of the present Acting Accountant General these orders have been fairly acted upon.

I need scarcely remark that anything that is calculated to diminish the value of the Treasury drafts in public estimation, directly affects the interests of Government, as well as of the community at large, and that a premium imposed upon these drafts adds to the cost of produce and acts precisely in the same way that a direct tax to the same extent would do. To employ the words of the Honorable Mr. Pycroft, then Chief Secretary to Government, in his letter to the Chamber, dated the 20th January 1857, "it must clearly be the desire of Government to

be saved the risk, expense, and inconvenience of bringing specie remittances from distant stations to the Presidency, and they cannot but be fully aware that every thing which tends to subserve the requirements of the trader and agriculturist, to promote the extension of cultivation and general improvement of the country, must have a direct effect in increasing the public revenue." In the opinion of the Chamber the imposition of a premium on Mofussil Treasury drafts detracts from the object the Government has in view in granting them, and is also an interference with the exchange operations of Bankers and Shroffs. Instances have been brought to the Chamber's notice of merchants having tendered for Bills at par, and been refused such orders except at a premium, although the Treasury on which they were drawn were advertised in the "Gazette" as about to be cleared and was actually cleared immediately afterwards, and notwithstanding that the Accountant Generals who preceded Mr. Lodwick were authorized by Government to accept the highest tenders, without making an additional charge. The treatment that applications for Bills have recently received at the hands of the Acting Accountant General directly hinders tenders being made, and causes inconvenience to the mercantile body, and a loss to Government.

The Chamber of Commerce has not the least desire to arrogate to itself the right of interfering in the measures taken by public Officers for the good of Government; but it would be failing in its duty to all parties interested did it not when necessary point out any course of action which in its opinion is contrary to the orders of Government, and injurious to public interests, and I respectfully express the hope of the Chamber that the Government will direct that the method laid down in the Proceedings of Government in the Financial Department, dated 15th February 1862, No. 142, and adopted by his immediate predecessors shall be pursued by the Acting Accountant General in granting drafts in Mofussil Treasuries.

From W. H. CRAKE, Esq., Chairman, Chamber of Commerce; to R. W. LODWICK, Esq., Acting Accountant General, Fort Saint George, dated Madras, 31st August 1863.

I have the honor to inform you that at a Meeting of the Madras Chamber of Commerce on the 20th instant, it was resolved to address you pointing out "that the present practice of advertising smaller amounts in the "Gazette" than are actually available in the up-country Treasuries, and in many instances of imposing a premium upon Treasury Bills is opposed to the spirit of this Government's previous instructions, and that it is quite as prejudicial to the interests of Government as it is to the interests of the applicants for Treasury Bills. In communicating this Resolution, I wish to explain that by smaller sums being advertised than are actually available, the public is misled, and undue competition is induced. It has been the practice for many years for the Accountant General to announce in the "Gazette" the actual sums available in the District Treasuries, and as the object of granting Bills is to save the Government the risk, expense, and inconvenience of bringing specie remittance from the Mofussil to the Presidency, as well as to facilitate Commerce, the Chamber trusts that you will do your utmost to prevent any interruption to this mutually beneficial arrangement. Your practice of imposing a premium on Bills when no notification thereof is made in the "Gazette," is also calculated to cause disappointment and delay, and the Chamber considers that by granting Bills to the highest bidders in proportion to the amount of their tenders, and the premium they *offer*, the interests of all parties will be better served than by the plan you have introduced.

(True Copy.)

(Signed) CHARLES A. LAWSON,
Secretary, Chamber of Commerce.

From R. W. LODWICK, Esq., Acting Deputy Auditor and Accountant General to the Government of Madras; to the Chairman of the Chamber of Commerce, Madras, dated Madras, the 1st September 1863, No. 239.

Resource Department.

Your letter without number, dated 31st ultimo, states that he cannot admit the right of the Chamber of Commerce to interfere in the measures taken by him for the good of Government, and that he entirely denies that the interests of Government are in any way injured or their

instructions militated against by such measures. Observes further that the opinion which most of the Merchants of this Presidency would seem to hold respecting their right to demand acceptance of their tenders on their own terms though doubtless most advantageous to themselves is not so to Government and is no where supported by rule or authority.

(True Copy.)

(Signed) CHARLES A. LAWSON,
Secretary, Madras Chamber of Commerce.

No. 37. ORDER THEREON, 9th September 1863, No. 586.

The Governor in Council requests that the Acting Accountant General will explain the precise meaning of the letter addressed by him to Messrs. Arbuthnot & Co., under date the 19th ultimo, of which an extract is appended to the foregoing letter. If, as it would appear, Mr. Lodwick means that after he has advertised a certain sum as available for Bills (say at Nellore) and the highest tender is at par, he is authorized to exercise a discretion in rejecting that tender, the Government take a different view. In the opinion of the Governor in Council the Accountant General is bound under the present rules to accept the highest rate offered if not below par, as otherwise the advertisement would be calculated to mislead parties tendering. Should the amount tendered for at the highest rate be insufficient to dispose of the whole amount available, the Accountant General has a discretion in accepting the next highest rate according as the public interests demand.

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

Exd. T. McMootry.

- Hesps Barthwt & Co's letter does not shew sufficient cause in my opinion for altering the Order passed by Govt on 15 ulto - Hesps B. & Co shew in Pg that under the old system abuses prevailed in obtaining Bills, to prevent which the new system was introduced in Feby/62 The principle of that system is to advertize the sums avail- -able in respective Treasuries & invite Tenders for Bills, the highest of which are accepted - But again various Irregu- -larities in Bills have sprung up, & led to abuse in consequence of parties tendering at different rates & then only taking up the Bills which were given at the lowest rate - The Govt Order was passed to stop this, but did not overrule the System established in Feb/62, since Tenders were still to be in- -vited as before, and the Asst General was to accept the highest tender made for each Treasury, provided it was not below par -

But a new point has now sprung up - See Extract from Mr Lodwicks letter of 19 Sept appended to Hesps & Co's letter - Explanation should be called for on this point, for if Mr L. means that advertising a certain sum as available for Bills (say at Bellary) & the highest offer is at par, he is authorised to exercise a discretion in rejecting that offer & differ from him - He is bound, I think, to accept the highest rate offered, if not below par, as otherwise the advertisement would become a mockery - Should the highest rate offered not dispose of the whole amount available, the Asst Govt has a discretion, I think, in accepting the next highest rate according as the public interest best

Yr opn

do.

Chamber of Commerce,
Madras 7th September 1863.

From

W. H. Crake Esq
Chairman Chamber of Commerce
Madras

To

The Honble A. J. Arbuthnot Esq
Chief Secretary to Govt
Fort St. George.

Sir

The unusual tenor of the Memorandum by the Acting Accountant General in reply to the letter of the Chamber of Commerce, dated the 31st ultimo, requesting him to pursue the same method in granting Bills on Mofussil Treasuries as has been customary hitherto, has rendered it necessary that I should lay before you copies of the correspondence, and in soliciting the attention of Government to the question at issue I am desired by the Chamber to state that the Merchants of this Presidency have never demanded the

acceptance

acceptance of their tenders on their own terms, and further that the orders of the Madras Government – as for example the Proceedings of the Madras Government in the Financial Department 15th Feby 1862, No. 142 para 4 – are both recent and explicit as to the manner in which the tenders should be disposed of, and that until the appointment of the present acting Accountant General these orders have been fairly acted upon. –

I need scarcely remark that anything that is calculated to diminish the value of the Treasury Drafts in public estimation, directly affects the interests of Government, as well as of the community at large, and that a premium imposed upon these Drafts adds to the cost of Produce and acts precisely in the same way that a direct ~~Tax to the Government would do~~. To employ the words of the Honble Mr Pycroft then Chief Secretary to Govt in his letter to the Chamber dated the 20th January 1857 "it must clearly be the desire of Government to

to be saved the risk expense and inconvenience of bringing specie remittances from distant Stations to the Presidency, and they cannot but be fully aware that everything which tends to subserve the requirements of the Trader and of Agriculturist, to promote the extension of cultivation and general improvement of the country, must have a direct effect in increasing the Public Revenue." In the opinion of the Chamber the imposition of a premium on Mr Pupil Treasury Drafts detracts from the object the Government has in view in granting them, and is also an interference with the exchange operations of Bankers and Shroffs. Instances have been brought to the Chamber's notice of merchants having tendered for Bills at par, and been refused such orders except at a premium, although the Treasury in which they were drawn were advertised in the "Gazette" as about to be closed and was actually closed immediately afterwards, and notwithstanding that the Accountant Generals who preceded Mr Lodwick were authorised by Government to accept the highest tenders, without making an additional charge. The

treatment

treatment that applications for Bills have recently received at the hands of the Acting Accountant General directly hinders tenders being made, and causes inconvenience to the Mercantile body, and a loss to Government.—

The Chamber of Commerce had not the least desire to arrogate to itself the right of interfering in the measures taken by public officers for the good of Government, but it must be failing in its duty to all parties interested did it not to the necessary point out any course of action which in its opinion is contrary to the rules of Government, and injurious to public interests, and I submit fully expect the hope of the Chamber that the Govt will direct that the method laid down in the Proceedings of Govt in the Financial Department dated 15th Feby 1862, No 142 and adopted by his immediate predecessor shall be pursued by the Acting Accountant General in granting Drafts on Mofussil Treasuries.

I have the honor to be
Sir
Your most obedient Servant
W. H. Drake
Chairman

Enclosure No 1

Chamber of Commerce
Madras 31st August 1863

913

From
W. H. Drake Esqr
Chairman Chamber of Commerce

To
R. M. Lodwick Esqr
Acting Accountant General Fort St George

Sir,

I have the honor to inform you that at a Meeting of the Madras Chamber of Commerce on the 20 instant it was resolved to address you pointing out "that the present practice of advertising smaller amounts in the "Gazette" than are actually available in the up-country Treasuries, and in many instances imposing a premium upon Treasury Bills is opposed to the spirit of this Government's previous instructions, and that it is quite as prejudicial to the interests of Government as it is to the interests of the Applicants for Treasury Bills." In communicating this Resolution, I wish to explain that by smaller sums being advertised than are actually available, the public is misled, and undue competition is induced. It has been the practice for many years for the Accountant General to announce in the "Gazette" the actual sums available in the District Treasuries and as the object of granting Bills is to save the Government the risk, expence and inconvenience of bringing Specie remittance from the Mofussil to the Presidency, as well as to facilitate Commerce, the Chamber trusts that you will do your utmost to prevent any interruption to this mutually beneficial arrangement. Your practice of imposing a premium on Bills when no notification thereof is made in the "Gazette" is also calculated to cause disappointment and delay, and the Chamber considers that by granting Bills to the highest bidders in proportion to the amount of their tenders, and the premium they offer, the interests of all parties will be better served than by the plan you have introduced.

(Signed) W. H. Drake
Chairman

True Copy
Chas P Lawson
Secretary Chamber of Commerce

Enclosure No 2

1015

Revenue Department

No 239

From

The Hon'ble Deputy Auditor and Accountant General

To The Government of Madras

To

The Chairman of the

Chamber of Commerce

Madras

Dated Madras the 1st September 1865

Your letter without No dated 31st Ultimo states that he cannot admit the right of the Chamber of Commerce to interfere in the measures taken by him for the good of Government and that he entirely denies that the interests of Government are in any way injured or their instructions militated against by such measures - Observes further that the opinion which most of the Merchants of this Presidency would seem to hold respecting their right to demand acceptance of their tenders on their own terms though doubtless most advantageous to themselves is not so to Government and is no where supported by rule or authority -

(Signed) R. W. Lodwick
Hon'ble Dy Auditor & Acct General

True Copy
Chas A Lawson
Secretary
Madras Chamber of Commerce

Madras 29 August 1863.

The Chief Secretary to Government

Fort St George

Sir,

We have the honr to acknowledge the receipt of Proceedings of the Madras Government Financial Department with Order thereon 15 August 1863. No 519.

Not having been furnished with a copy of the Acting Accountant Generals letter therein referred to we are ignorant of the arguments which he may have advanced, and are consequently unable to meet and answer them.

The principle involved is however in our opinion of so much importance that we deem it needful to request that you will once more bring the subject under the consideration of the Government and we make the request in the belief that the Government may not have had antecedent facts fully and clearly before them at the time when their last order was passed.

We must premise by observing that the issue of Bills on the Mofussil Treasuries is a subject which has very frequently in bygone years, as

the

Nov. 19. Fin 62-0142

Financial Dept Mofussil Bills
Letter from Accountant General
Examined Forwarded
No 586
Aug 29 1863
No 603

the Records of your office and of the Accountant Generals will shew, been referred to the Chamber of Commerce for its opinion as to points whereon it might naturally be expected to be in a position to offer useful suggestions

Former Accountant Generals have often times sought information from the same body, and from individual Members of it, with a view both to financial economy in the time and mode of Remittal of the Mofussil Treasury Balances to the Presidency, and with a view also to the convenience of Merchants and others having occasion to remit funds to the Districts in the interior

Many salutary Reforms in connection with the issue of supply Bills have thus from time to time been introduced, and the Mercantile body have at all times been fully sensible of the accommodation afforded to them in their Commercial transactions while the interests of the State have also been both directly and indirectly promoted.

Formerly, when Sir Vansittart Stenhouse was Accountant General, Bills were issued on the Mofussil Treasuries, if funds were available, to all applicants at par, but subject to a small fee.

This system subsequently gave place to a bi-weekly notice in the Fort St. George Gazette of the amounts available in each District, for the Accountant General to draw against - and where the aggregate amount applied for exceeded that advertized, the latter was divided rateably.

This system was at first found to work satisfactorily but subsequently great inconvenience was experienced in consequence of a practice which grew up amongst the Sheriffs and Bankers of sending in a great multitude of applications in different names each one for the full amount advertized in any District upon which Bills might happen to be in demand for Commercial purposes, and then selling the Bills so obtained to Merchants having occasion to make Remittances to that District.

To remedy this evil the system now in force for some considerable time - of receiving sealed tenders twice a week to be opened at a fixed hour, was introduced, and we believe it to be the general opinion that it has worked well and satisfactorily for all parties

This System has however the distinct sanction of an order of Government based upon the Recommendation of the Accountant General - vide Proceedings of Government - Financial Department with order thereon 15 February 1862 No 152

That

That order clearly defines the mode in which the issue of Supply Bills was thenceforward to be conducted.— That issue it is true is no longer in the hands of a separate "Official in charge of the Resource Department" the duty having been assumed by the Accountant General himself, but we apprehend that that circumstance will not in any way affect the substantial validity of the Government Order to which we have referred.

We come now to the point upon which we regret to find ourselves at issue with the Acting Accountant General at this place.— Inasmuch as the latter proclaims both in words and by his every-day practice that the issue of Supply Bills, or rather we should say the acceptance or rejection of the applications sent in, (the amounts available be it observed, having been first duly advertized in the Gazette) is a matter subject wholly to his arbitrement and discretion, instead of, as heretofore, being regulated by and subject to the wholesome restraints of the Public Tender system, and to the rights of the Public as springing therefrom.

We do not for a moment attribute to Mr Lodwick any other

motive than zeal for the interests of the State and a conscientious desire to do his duty to the best of his ability, but we submit with all deference that it is not desirable or in the interests of the Public service that the change of practice introduced by him should be perpetuated.

For the better information of the Government as to Mr Lodwicks views on the subject, and in order to prove that we have not exaggerated them we append hereto a copy of a Demi-Official communication from him under date 19th instant, in which those views are distinctly set forth.

One instance of the exercise of the prerogative which Mr Lodwick has claimed we have already had the honor of submitting to the notice of the Government.

We should have no difficulty in adducing others if necessary for the return of rejected applications with a memorandum that they will be complied with if such and such Premium be paid, or in those cases where the applicant has already tendered at a Premium, if such and such an additional Premium be paid, is now

tender

of daily occurrence, as is well known to the whole of the Mercantile Community here.

We are of course unable to say by what rules Mr Lodwick is guided in fixing the rate of Premium required by him in each instance, but we submit that the system of competition by Tenders publicly invited and with the usual understanding that no Bills will be issued below par is the best that can be devised, and against which no person can entertain any reasonable objection.

Some Treasuries are exceptionally situated as for instance those of Gtacammund & Ootee. to which funds have, we believe, to be forwarded from other quarters at some expense to the State. Upon those Treasuries therefore it has been customary to require a Premium of at one time one quarter, at the present time one half- per Cent, and the fact of such Premium being the minimum rate at which Bills would be granted has been duly notified in the advertisements in the Fort St George Gazette.

19 The one immediate question that was referred by us to the government in

in our communication dated 4 August was the right exercised by the Accountant General of declining to entertain Tenders for Bills by the same parties on any one Treasury, if at different rates of Premium, and the Government ruled upon that occasion that the practice if prohibited at all must be prohibited generally. Mr Lodwick having shewn that in some instances inconvenience and abuse had resulted from the practice.

This question appearing to us to merge in the more general and comprehensive one which forms the subject of this representation it is perhaps unnecessary for us again to refer to it.

We have never before heard 21 of the practice being objected to, and in the case of the Council of India's Bills it is of constant occurrence. Those Bills as the Government are aware, are sold by tender to the highest bidder above the minimum rate, fixed before-hand, and every person is free to tender at as many different rates as may seem good to him.

We would also point out 22 that an applicant for supply Bills may

tender

may be acting in the capacity of Agent for two or more parties under instructions making it imperative for him to tender at different rates. Furthermore it is open to parties so disposed to send in tenders in different names, and so to defeat the object the Accountant General has in imposing the restriction.

We would submit with all deference that it is not desirable for that Officer in dealing with applications for Bills to recognize the modifications of the applicant if it may by any means be avoided.

We have the honor to be
Sir
Your most Obd Servants.

P.S. We append also Extract from the order of Government dated 15 February 1862. No. 142. which has been referred to above.

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25

Extract from a letter from R. W. Ledwich Esq dated A. G. Office Fort 19 August 1863.

"You must excuse my saying that I cannot
"give my reasons for refusing Bills at par.
"I have good reason for doing so and being
"entrusted with the public money I am
"bound to make use of it to the best advantage.
"I am at perfect liberty to demand
"from me when I think proper. Should
"you not wish to pay it you need
"not take up the bill. The mere
"fact of a certain sum being advertised
"in the Gte as available at a certain
"place does not oblige me to give it to
"all who tender. I merely say I have
"so much available but I do not thereby
"bind myself to give you or any one else
"any portion of that sum at par and
"I never heard before of tenderers putting
"forward a positive demand for money
"on their own terms."

(A True Extract)

tender

Rec.d 15th Aug.t 1863 Rec.d 19

Financial Department.

Dep.t Sec.y

Ferm.

Rec.d 8th Sept.r 1863 Rep.d

Madras

No 586

F.R. 626- 627- 695

731

Rec.d 29th Aug.t 1863

Rec.d 4th Sept.r "

" 620

" 624

Rec.d 8th Sept.r "

Rec.d 9th "

No 586

Directing that the Acting Accountant General may explain to the Bank of Madras the precise meaning of the letter addressed by him to Messrs Arbuthnot & Co under date the 19th Ultimo

Extract enclosed

35-37

For Orders

PROCEEDINGS of the MADRAS GOVERNMENT.

Read the following letter from Messrs. Arbuthnot and Co. Madras-

(Here enter 29th August 1863-)

From the Chamber of Commerce — " — 7th September — "-

Order thereon 9th September 1863 No. 586

The Governor in Council requests that the Acting Accountant General will explain the precise meaning of the letter addressed by him to Messrs Arbuthnot and Co under date the 19th Ultimo of which an extract is appended to the foregoing letter- If, as it would appear, Mr. Lodwick means that after he has advertised a certain sum as available for Bills (say at Bellore) and the highest tender is at par, he is authorized to exercise a discretion in rejecting that tender

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Extract

Financial Department.

Proceedings of the Madras Government

Read again letter from the Accountant General

dated 7th February 1862. No 304 and Recorded

in the Proceedings of the same date No 112.

Order thereon 15 February 1862. No 142

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Extract. In Paragraph 29 of his letter the Accountant

" General suggest, in lieu of the practice

" hitherto observed with respect to the

" issue of Supply Bills, that the amounts

" available in each district should, as

" now, be advertised in the Official Gazette

" by the Officer in charge of the Resource De-

" partment, and parties invited to tender

" for such amounts as they may require;

" that a day be fixed for opening such

" tenders by the Officer in charge of the

" Resource Department and the highest

" tenders accepted; and that on the authority

" of the Officer in charge of the Resource

" Department the Supply Bills be

" issued by the Bank of Madras. The

" Government authorize this mode of

" procedure being adopted."

(A True Extract)

tender

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tender, the Government take a different view. In the opinion of the Governor in Council the Accountant General is bound under the present rules to accept the highest rate offered if not below par, as otherwise the advertisement ~~would~~ be calculated to mislead parties tendering. Should the amount tendered for at the highest rate be insufficient to dispose of the whole amount available, the Accountant General has a discretion in accepting the next highest rate according as the public interests demand. But he is not at liberty to reserve any portion of the sum advertised so long as he has tenders for it not below par.

Stop here. -

To The Acting Accountant General dup/s. 15

Financial 1863. Department.

No. 586

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PROCEEDINGS OF GOVERNMENT,

Dated 9th September 1863

F.P. 628 & 629 / 63

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