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MADRAS RECORD OFFICE.

Government of Madras.

Financial **DEPARTMENT.**

G.O. No. 750 — Press / Mis.

68-69

Dated 24-11- 1863.

17/18

68-69

Not to be folded or roughly handled

Proceedings of the Madras Government, Financial Department,
24th November 1863.

Read the following papers :—

No. 66. From the Honorable W. R. ARBUTHNOT, Vice Chairman, Chamber of Commerce; to the Honorable A. J. ARBUTHNOT, Chief Secretary to Government, Fort Saint George, dated Madras, 28th October 1863.

I have the honor to acknowledge the receipt of Proceedings of Government in the Financial Department, with Order thereon, 9th October 1863, No. 657.

With reference to paragraphs 4 and 5, I am requested by the Chamber to point out that the effect of the system introduced by Mr. Lodwick, is to place in the hands of any one individual the power of regulating the rate at which Bills on the Mofussil Treasuries shall be issued, or else of compelling the issue of them to stand over for five days, at the expiration of which period the business of tendering must commence *de novo*. The Chamber will suppose the case of Bills being advertised as available on any one Treasury to the extent of two lacs of Rupees. An individual, A, having occasion to purchase a Bill for Rupees 100, tenders for the same at 1 per cent. premium. Another individual, B, tenders for a lac of Rupees at a lower rate of premium, or possibly at par. The Chamber submits that it is neither in the true interest of the State, nor fair to B that he shall be compelled to pay the rate of premium at which A may chance to have tendered, with the only alternative to B of foregoing altogether the object he may have had in view for a period of at least five days.

In paragraph 5, the Governor in Council is pleased to state that as there is no difficulty in obtaining tenders, consequent on the practice introduced by Mr. Lodwick, it would clearly be in opposition to the interests of the Government that it should be altered. The Chamber would point out in opposition to these views, that it frequently happens that the option of taking Bills at higher rates than those named by the party tendering is not availed of, and that Bills are subsequently tendered for and issued at rates less favorable to the Government than those named in the original and rejected applications. Mr. Lodwick's statement that the cash balances in the Mofussil Treasuries have never been lower than at the present time may be correct; but the inference which he draws from this circumstance, viz., that the operations of his Department are in no way hindered by the course adopted is denied. The statement opens up a question much too large to be entered into with advantage in the present communication.

I had written thus far with the approval of the Chamber when the Accountant General's Notification of the 23rd instant, appeared in the Fort Saint George Gazette.

I am now requested to add that by the proposed new system other elements of doubt and uncertainty are introduced. Mr. Lodwick's illustration of the manner of its working is either very incomplete, or else very much is left in reserve for the exercise of the discretion of the Accountant General. He supposes a case in which only the exact amount advertised is applied for. It appears necessary to provide, however, for cases in which three or ten times the amount advertised may be applied for. The highest tender, A's, being for an inconsiderable amount, and the next highest B's, for a large amount, the question arises as to whether B is to be allowed the option of receiving in full of his tender at the rate of A, or whether he is only to share in rateable proportion with lower priced tenderers, say C, D and E. Possibly it may not suit B to take up the Bill at the rate proposed for his acceptance, viz., the rate at which A has tendered; but as he is not bound to declare for five days the matter remains for that period in abeyance, to the great and manifest inconvenience of other applicants, and very probably to the prejudice ultimately (instances might be adduced if necessary) of the public service.

I would in conclusion point out that every inconvenience and disturbance of this nature was prevented by the system heretofore in use, viz., the acceptance of the tenders of the highest bidders, a system which commended itself to the judgment of several of the most distinguished financial Officers of the Government, and which met with the acceptance and approval of the community generally. I am desired to request that the Government will be pleased to re-consider the subject, and it is hoped that such re-consideration will induce them to issue orders for the re-establishment of the former system.

Referred to the Acting Accountant General for his remarks, with special reference to the statement that it frequently happens that the option of taking Bills at higher rates than those named by the party tendering is not availed of, and that Bills are subsequently tendered for and issued at rates less favorable to the Government, than those named in the original and rejected applications.

FORT SAINT GEORGE,
5th November 1863.

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

No. 67. From R. W. LODWICK, Esq., Acting Deputy Auditor and Accountant General; to the Chief Secretary to the Government of Madras, dated Fort Saint George, 11th November 1863, No. 251.

I have the honor with reference to Government endorsement, dated 5th instant, to state that the assertion made by the Vice Chairman of the Chamber of Commerce in the 3rd paragraph of his letter now returned is, in the sense he makes it, incorrect. The *rule*, as will be seen from the accompaniment marked A, is for the rates of premium to *rise* each Bill day owing to the market rate being maintained by the system I have introduced. Occasionally, but very seldom, owing to a sudden demand for money arising in the interim on a neighbouring Treasury or some other cause, the rates may fall a little, and then Bills must of course be given at a slightly worse rate on the succeeding Bill day than that which was previously rejected on account of being less at the time than the rate then accepted. This is a contingency to which all transactions in the market are subject; but it is quite unfair to bring it forward as evidence of the falseness of my system. Every mercantile man ought to know perfectly well that fluctuations cannot be guarded against by the seller *altogether*, and I respectfully submit that it is quite unworthy of a body like the Chamber of Commerce to endeavour to support their case by arguments of the weakness of which they must be fully aware. Take for instance the Bombay market. Bills were the other day obtainable at unheard of rates of discount. Say then a buyer had gone to a merchant at that time and offered to purchase a large amount at 1 Rupee, the real rate being 1-8 per cent. Of course the offer would have been rejected at once, and very properly; but three days afterwards the rate might, owing to some unforeseen occurrence, fall to 12 Annas. Would it be fair or reasonable to blame the merchant because he did not take the offer of 1 Rupee when made him? This is precisely the case with me. My object is to *keep up* the rates, and it is perfectly clear that the only way to do so is not to take small offers. Once let it get about that I have accepted a lower tender, and no one will be likely to offer more next Bill day than the low rate accepted previously.

2. The statement marked A does, as I have said, show that the rates usually rise and that with great steadiness, and of itself might suffice to prove Mr. Arbuthnot wrong; but that there may be no doubt of the improved working of the Bill and Resource Department, since I have held my present position I have had a further statement marked B drawn up to which I request reference. It will be seen from this that I remitted to Bombay *direct from the Mofussil* more

Proceedings of the Madras Government, Financial Department,
24th November 1863.

than three times the amount sent by my predecessors in the same number of months, viz., 37 lacs against 12 lacs, and that although in consequence my actual amount of Bills drawn is less by 10,65,197. I have made an increased profit of no less than 1440 Rupees in premia. Or in other words 88,46,655 Rupees made only 18,704 Rupees; whereas 77,81,458 Rupees cleared 20,145 Rupees. Can anything be more clear then, than that my system is a great success? and when it is considered that though I have taken five months as the period to test my system by, that system was not in operation the whole time; and further that if it had not been necessary to send off so much Treasure *direct* to Bombay by sea, the profits must have been very much greater, I feel confident that His Excellency in Council will admit that I have acted wisely in maintaining my ground against the European mercantile community, and that I am not deserving of the abuse and censure which have been so liberally heaped upon me by the Chamber of Commerce and individual members of that body.

3. Were it necessary I might multiply proofs of the truth of what I have stated; but two instances of late occurrence will, I think, suffice. The first is a case in which Messrs. Arbuthnot & Co. tendered on Godavery at a rate considerably less than another party, and were as usual given the option of increasing their tender or being rejected. They did not take up the Bill, and the money was available next Bill day. The rush of tenders on this day was most extraodinary. I could have disposed of much more than I had to give at the increased rate, and as it was I got rid of my whole balance on these favorable terms. Here then it is clear that I was perfectly right in supposing that money at Godavery was worth as much as the individual whose tender I accepted on the first day offered for it, and that had I according to the old system given a Bill to Messrs. Arbuthnot & Co., Government would have been a loser to a considerable extent, and that without any object being gained for the money was just as well in the Godavery Treasury as at Madras during the few days it lay there, owing to Messrs. Arbuthnot & Co. not having taken up their tender. The second case is equally telling in my favor. A local Bank tendered for a whole lac on Cochin at five Annas, and another party made a tender for a similar amount at four Annas. There were only 1,60,000 Rupees available in all, and under the old system this other tender would have been accepted to the extent of 60,000 Rupees. I followed my own plan. I was anxious to get the money as it happened to the Bank, but I permitted myself to exhibit no anxiety and accepted the 60,000 at five Annas. The offer was closed with, and I thus managed not only to do all I wanted in the way of removing the money, but I netted a profit which my predecessors would have lost; and what is of much more importance, I kept up the rate and expect to clear off three lacs which I have ordered with all haste to Malabar from Madura where they have been lying useless, at a handsome profit.

4. Referring to other parts of Mr. Arbuthnot's letter, I would beg in the first place respectfully to point out how completely the instance given in that gentleman's 2nd paragraph tells against himself when considered attentively. Why should B merely because he has had an object in view for five days get from Government a whole lac of Rupees at par for which, if the Accountant General be not too eager, a Rupee per cent. will be obtained? The object of B may be, doubtless is, in his own opinion of paramount importance, but it is of no consequence to Government who have also an object in view, viz., to make the lac B asks for pay for its own cost in the way of conveyance to the Huzoor from the Districts, guards, &c. Is Government therefore to lose 1000 Rupees (the profit on 1 lac at 1 Rupee per cent.) merely because B has an idea that he can do great things with the said lac if he get it exactly at a certain time? Surely not; yet this is precisely what the Chamber of Commerce recommend.

5. So again the case put in the last paragraph but one of Mr. Arbuthnot's letter does not bear looking into. The merchants assume that it is of the utmost importance that every Rupee advertised as available for Bills should find its way *immediately* to the Treasury at the Presidency, and that therefore any money left in the Mofussil *must* be so left *to the injury*

of Government. Nothing can surely be more erroneous than this supposition, for I would ask what possible advantage can be derived from bringing money hastily to the Bank which is not required for immediate use. If there be enough at the Presidency to meet all demands, and a large surplus over, and the Accountant General anticipates no sudden call upon him, the money may just as well be in the Mofussil as here, and its removal, as I trust I have clearly shown, may positively entail a loss to the State. Bearing this in mind then all that has been said by Mr. Arbuthnot in the paragraph under notice regarding "prejudice to the public service" becomes of no force. Neither is there any *real* hardship entailed on any one in the case cited for the conditions of tender are known to all, viz., that the highest rate is to be accepted and the other tenders are liable to rejection or to an optional increase granted *as a matter of grace.* If then through the obstinacy of B; C, D and E lose their chance of getting Bills on that day they have no just cause of complaint, for being tenderers at rates below that which has been accepted (A's), the Accountant General would in any case, have been justified in *rejecting their tenders altogether;* and the only person to blame is B, who would in future be looked upon with suspicion by this Department; C, D and E being given the chance of getting Bills in preference to him when their tenders were on a par with his.

6. In order to stop persons from suffering inconvenience through the obstinacy of fellow tenderers, I have the honor to recommend the following plan for adoption. The number of days now given tenderers to take Bills up in is absurdly large and enables persons to prevent others from giving this Department the fair rate it demands, though perfectly willing to do so. I advise that for the future it be made incumbent on tenderers to take up their tenders *by the evening of the day succeeding Bill day,* and that in the event of an accepted tender not being taken up by that time, other parties be permitted to have the amount so remaining available. For example, take a case similar to that put by Mr. Arbuthnot in his last paragraph but one; 50,000 Rupees are advertised as available at Cuddapah, but the aggregate of the tenders sent in is 1,00,000 Rupees. A tenders at eight Annas for 30,000 Rupees. B at six Annas for 25,000. C at five Annas for 10,000. D at four Annas for 10,000, and the rest of the lac is made up of smaller tenders at say par.

The course at present is for A's tender to be accepted, and for B to be told that he can have 20,000 Rupees at eight Annas if he chooses, the others being rejected.

The course I recommend is for A's tender to be accepted. B's tender to be likewise accepted at eight Annas up to 20,000 Rupees; and for the following words to be written on the other tenders. "Refused as the full amount has been accepted at eight Annas, but may be presented again on ———— morning on the chance of getting the amount of any tender not taken up at eight Annas."

This plan will effectually prevent persons succeeding in their endeavours to embarrass the operations of this Department and will put a stop to every thing in the way of complaint on the part of tenderers.

7. In conclusion, with reference to what Mr. Arbuthnot has remarked, at the close of his letter, I can only say that although I am perfectly willing to admit that many of my predecessors have been Officers of more ability than I can lay claim to, I must do myself the justice of asserting that no one of them can have been more earnestly desirous than myself of doing every thing in his power to serve the interests of Government or have paid more attention to the question at issue. I trust, therefore, I shall continue to possess the confidence of His Excellency in Council, and be rewarded for all the trouble I have taken by receiving the approbation of Government.

Proceedings of the Madras Government, Financial Department,
24th November 1863.

A.

	1863.	RS.	A.	P.				RS.	A.	P.	
Ganjam. ...	July 25th...	0	6	0	Rose.	Tinnevelly..	Aug. 22nd.	0	8	0	
Do. ...	,, 29th ...	1	0	0		Do. ...	,, 26th ...	.....	...	...	
Do. ...	Oct. 3rd....	0	8	3		Do. ...	Sept. 9th ...	0	10	0	Rose.
Do. ...	,, 7th ...	0	9	3	Rose again.	Do. ...	,, 16th ...	0	13	0	
Do. ...	,, 10th ...	0	8	0		Do. ...	,, 23rd ...	0	5	0	
Do. ..	,, 14th ...	0	6	0		Do. ...	Oct. 10th...	1	2	0	Do.
Do. ...	,, 31st ...	0	8	0	Rose.	Do. ...	,, 14th...	1	0	0	
						Do. ...	,, 17th...	0	4	1	
						Do. ...	,, 21st...	0	9	0	Do.
						Do. ...	,, 28th...	0	12	0	
Godavery...	Aug. 6th...	0	4	0		Do. ...	,, 31st....	0	3	0	
Do. ...	,, 8th...	0	5	0							
Do. ...	,, 12th...	0	8	0		Malabar. ...	Aug. 4th...	0	1	6	
Do. ...	,, 15th...	0	8	0	Rose regularly.	Do. ...	,, 5th...	0	2	0	
Do. ...	,, 24th...	1	4	0		Do. ...	,, 17th...	.....	...	...	Rose.
Do. ...	,, 28th...	1	8	0		Do. ...	Sept. 2nd to Oct. 17th	0	4	0	
						Do. ...	Sept. 21st...	0	5	0	
Kistna ...	Sept. 19th.	0	9	2							
Do. ...	,, 23rd...	0	10	3		Madura. ...	Sept. 19th...	0	2	0	
Do. ...	,, 26th..	0	14	0		Do. ...	,, 30th...	0	1	0	
Do. ...	,, 30th...	0	15	9	Do.	Do. ...	Oct. 10th...	0	9	6	Rose.
Do. ...	Oct. 10th..	1	5	7		Do. ...	,, 14th...	0	9	0	
Do. ...	,, 14th...	1	7	1		Do. ...	,, 21st...	.....	...	...	
Do. ...	,, 17th...	1	4	0							
Do. ...	,, 21st ...	1	6	11	Rose again.	Nellore. ...	Aug. 1st...	0	6	0	
Do. ...	,, 28th...	0	10	0		Do. ...	,, 5th...	0	2	0	
						Do. ...	,, 8th..	0	5	0	Rose.
						Do. ...	,, 12th...	0	1	6	
						Do. ..	Sept. 2nd...	0	4	0	Rose.
						Do. ...	,, 5th & 12th ..	.....	...	...	
Bellary ...	Sept. 2nd...	0	2	0							
Do. ...	,, 19th...	0	4	0		Do. ...	Oct. 3rd...	0	11	0	Rose.
Do. ...	,, 21st..	0	8	0	Rose steadily or remained firm.	Do. ...	,, 7th...	0	10	0	
Do. ...	,, 23rd to 30th ..	0	8	0		Do. ...	,, 16th...	0	8	0	
		0	8	0		Do. ...	,, 31st ...	0	6	0	
Do. ..	Oct. 7th ..	1	8	0							
Do. ...	,, 10th...					South Arcot	Sept. 12th.	0	3	0	
						Do. ...	,, 16th..	0	1	0	
						Do. ...	,, 19th...	0	4	0	
						Do. ...	,, 23rd...	0	5	0	Rose.
Cuddapah..	Sep. 16th, 19th & 26th...	0	2	0		Do. ...	,, 26th...	0	5	0	
						Do. ...	Oct. 7th...	0	2	0	
	,, 30th...	0	9	0	Do.	Do. ...	,, 10th...	.....	...	...	
Do. ...	Oct. 3rd...	0	8	0		Do. ...	,, 31st...	0	1	0	Rose.

NOTE.—The markets placed on the left are, it will be seen, more manageable than the three placed to the right, but clearly the tendency of maintaining rates has, as a rule, been to cause a rise. The fluctuations cannot be helped. No plan which could be devised would prevent an occasional fall, and the plan with very variable markets is to remove funds to places where money is more steadily in demand as has been done in the case of Madura.—Vide letter, paragraph 3.

11th November 1863.

B.

Remittances sent to Bombay.

1863.			RS.	A.	P.
In February...	From	Salem...	5,00,000	0	0
In March.....	,,	Malabar...	1,50,000	0	0
In ,,	,,	South Canara	5,50,000	0	0
			12,00,000	0	0
In July...	From	Tanjore...	15,00,000	0	0
In ,,	,,	Tinnevelly..	12,00,000	0	0
In ,,	,,	Madura...	10,00,000	0	0
			37,00,000	0	0

11th November 1863.

Memorandum of premia realized.

1863.	Bills drawn. Rs.	A.	P.	Premium. Rs.	A.	P.
January..	18,87,250	5	5	2039	5	0
February...	17,74,429	2	5	3957	14	11
March...	19,68,990	2	5	4588	2	4
April...	11,74,163	1	4	2611	4	0
May...	20,41,822	12	11	5508	2	7
	88,46,655	8	6	18,701	12	10
June...	15,96,359	10	10	4072	15	8
July	14,09,901	2	11	2371	13	4
August...	14,47,125	5	0	2194	0	3
September...	17,55,678	6	8	4337	6	5
October...	15,72,393	15	4	6868	12	11
	77,81,458	8	9	20,145	0	7

11*th November* 1863.

No. 68. From R. W. LODWICK, Esq., Acting Deputy Auditor and Accountant General, Madras; to the Chief Secretary to the Government of Madras, dated 13th November 1863, No. 258.

I have the honor, with reference to my letter, No. 251, dated 11th instant, to bring to your notice, for the information of His Excellency in Council, the following case which has just occurred, and which appears to me remarkably well adapted to prove the soundness of my views regarding the necessity of keeping up rates on Mofussil Treasuries by declining to take less than the highest tender for the time being.

2. The Mercantile Bank on the 7th instant applied for Rupees 18,000 on the Godavery Treasury, and the tender was accepted at 1 Rupee the rate obtained. They did not take up the Bill, and again tendered for the same amount on the 11th instant, at Annas 8. Having obtained 10 Annas, I declined to comply with this tender except at the increased rate, and though at first the Bank made a feint of not taking up the Bill by striking out the amount from the other sums tendered for in the same document, it will be seen* that they have at last given the premium demanded, thus showing that money at Godavery is worth 10 Annas, and that any vacillation on the part of this Department would have been injurious to the interests of Government.

*Vide reverse.

3. On the 11th, there were ten tenders on Godavery, many of them at *par*, and out of these only one at 10 Annas. The enhanced rate has been given by many of those whose tenders were altered, thus, as I submit, clearly showing that the worth of money at Godavery was represented by the single tender and that under the old system Government would have lost heavily.

From ROBERT C. WALKER, Agent Chartered Mercantile Bank of India, London and China; to the Accountant General, Fort Saint George, dated Madras, 13th November 1863.

With reference to my tender of 11th instant, for an Order on the Godavery Treasury for *Rupees* 18,000 in favor of Messrs. Cholet & Co., at 8 Annas premium, and which was accepted by you at 10 Annas premium, I shall feel much obliged if you will now grant the draft, as our Constituents telegraph their willingness to pay 10 Annas premium.

Premium Rupees 112-8

The Cheque on the Bank of Madras is enclosed.

(True Copy.)

(Signed) J. MACKEY,
Ag. 1st Assistant Accountant General.

Proceedings of the Madras Government, Financial Department,
24th November 1863.

No. 69. ORDER THEREON, 24th November 1863, No. 750.

On full consideration of the arguments urged by the Chamber of Commerce in their Vice Chairman's letter of the 28th ultimo, and of the explanation furnished by the Accountant General, the Governor in Council sees no sufficient reason for altering the system followed by that Officer in dealing with tenders on the Mofussil Treasuries, further than by limiting the number of days now allowed to tenderers for taking up their tenders after they have been accepted, as suggested by Mr. Lodwick in the 6th paragraph of his letter. The Government approve of Mr. Lodwick's proposal that for the future tenderers shall be required to take up their tenders *by the evening of the day succeeding Bill day*, and that in the event of an accepted tender not being taken up by that time other parties shall be permitted to have the amount remaining available. Mr. Lodwick will issue a Notification to this effect.

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

Exd. T. McMootry.

No. 258

FORT SAINT GEORGE,

DEPUTY AUDITOR AND ACCOUNTANT GENERAL'S OFFICE,

November 13th 1863.

To

THE ACTING DEPUTY AUDITOR AND ACCOUNTANT GENERAL,

Madras.

Chief

THE SECRETARY TO THE GOVERNMENT OF Madras

I have the honor with reference to ~~Government Order~~ my letter No. 251 dated 11th instant ~~180~~, to bring to your notice for the information of His Excellency in Council the following case which has just occurred & which appears to me remarkably well adapted to prove the soundness of my views regarding the necessity of keeping up rates on Municipal Treasuries by declining to take less than the highest tender for the time being —

2.- The Mercantile Bank on the 7th inst. applied for Rs. 18.000 on the Godavery Treasury & the tender was accepted at 1 Rupee the rate obtained They did not take up the bill & again tendered for the same amount on the 11th inst at as. 8. - Having obtained as. 8. I declined to comply with this tender except at the increased rate & though at first the Bank made a point of not taking up the bill by striking out the amount from the other sums tendered for in the same document it will be seen that they have at last given the premium demanded thus showing that money at Godavery is worth 10 as & that any facilitation on the part of this Dept would have been injurious to the interests of Government —

- On the 11th there were 10. tenders on Godavery many of them at par & out of these only one at 10 as:- The enhanced rate has been given by many of those whose tenders were altered thus as I submit clearly showing that the worth of money at Godavery was represented by the single tender & that under the old system Govt would have lost heavily —

I have the honor to be.

Sir,

Your most obedient Servant,

Rhodwick

Ag. Dy. Audr. and Acct. General.

vide reverse

Chartered Mercantile Bank of India
London and China
Madras 13th November 1863.

To The Accountant General
Fort Saint George

Sir

With reference to my tender of 11th Instant for an Order on the Godavery Treasury for Rupees 18000 in favor of Messrs Cholet & Co. at 8 annas Premium, and which was accepted by you at 10 annas Premium, I shall feel much obliged if you will now grant the Draft as our Constituents telegraph their willingness to pay 10 annas Premium.—

I remain &c
(Signed) R. C. Watts
Agent

The Cheque on the Bank of Madras is enclosed.

/ True Copy /

Agt. Asst. Accl. Genl.

Rec. 20th Oct. 1863.

Financial 1863 Oct. 15
From
The Accountant General
To
The Chief Secretary to Govt.
No 2552

20 Rupees 760

Dated 13th
Rec'd 14th Novr 1863
No 760

Soldiers are forbidden to enter Native houses in search of thieves, or for any other purpose, without the express permission of the Officer commanding the Station, & checking to take the Thief to the Police Station for the Trial to be held

Chamber of Commerce
Madras 28th Dec. 1863

From
The Honble. A. D. Arbuthnot Esqre
Vice Chairman
Chamber of Commerce
To The Honble. A. J. Arbuthnot Esqre
Chief Secretary to Govt
Fort St George

Sir,

I have the honor to acknowledge the receipt of Proceedings of Govt in the Financial Department, under date 9th October 1863, No 857.

With reference to paras 4 & 5, I am requested by the Chamber to point out that the effect of the system introduced by Mr Lodwick is to place in the hands of any one individual the power of regulating the rate at which Bills on the Presidential Treasuries shall be issued, or else of compelling for the issue of them to stand over for five days at the expiration of which period the business of tendering must commence de novo. The Chamber will suppose the case of Bills being advertised to be sold on any one Treasury to the extent of two Lakhs of Rupees. An individual, having occasion to purchase a bill for Rs 100

Secretary

November 1863

tenders for the same at 1 per cent premium. Another individual, B, tenders for a lakh of Rupees at a lower rate of Premium, or possibly at par. The Chamber submits that it is neither in the true interest of the State, nor fair to B that he shall be compelled to pay the rate of premium at which A may chance to have tendered, with the only alternative to B of foregoing altogether the object he may have had in view for a period of at least five days.

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I had written thus far with the approval of the Chamber when the Accountant General's Notification of the 23rd instant appeared in the Fort St George Gazette.

I am now requested to add that by the proposed new system other elements of doubt and uncertainty are introduced. Mr Lodwick's illustration of the manner of its working is either very incomplete, or else very much is left in reserve for the exercise of the discretion of the Accountant General. He supposes a case in which only the exact amount advertised is applied for. It appears necessary to provide however for cases in which three or ten times the amount advertised may be applied for. The highest tender, A's, being for an inconsiderable amount, and the next highest B's for a large amount the question arises

arises as to whether B is to be allowed the option of receiving in full of his tender at the rate of A, or whether he is only to share in saleable proportion with lower priced tenderers, say C. D & E. Possibly it may not suit B to take up the Bill at the rate proposed for his acceptance, viz. the rate at which A has tendered, but as he is not bound to declare for five days the matter remains for that period in abeyance, to the great and manifest inconvenience of other applicants, and very probably to the prejudice ultimately (unless parties be allowed to withdraw their tenders) of the Public Service.

I would in conclusion point out that every inconvenience and disturbance of this nature was prevented by the system heretofore in use viz. the acceptance of the tenders of the highest bidders, a system which commended itself to the judgment of several of the most distinguished financial officers of the Government, and which met with the acceptance and approval of the Community generally. I am desired to request that the Government will be pleased to reconsider the subject, and it is hoped that such reconsideration will induce them to issue orders for the re-establishment of the former system.

I have the honor to be, Sir,
Your most obedient Servant

W. McKay Mitchell
Vice Chairman

A

Ganjam	1863 July	25th	Rs 6	as 0	p. 0	Rose.	Madura	Sept	19	" 2	" 0	
"	"	29	" 1	" 0	" 0		"	"	30	" 1	" 0	
"	Octr	3	" 8	" 3	" 0	Rose again	"	Octr	10	" 9	" 6	Rose
"	"	7	" 9	" 3	" 0		"	"	14	" 9	" 0	
"	"	10	" 8	" 0	" 0		"	"	21	" "	" "	
"	"	14	" 6	" 0	" 0							
"	"	31	" 8	" 0	" 0	Rose.	Nellore	Augt	1st	" 6	" 0	
Godavari	Augt	6	" 4	" 0	" 0		"	"	5	" 2	" 0	
"	"	8	" 5	" 0	" 0		"	"	8	" 5	" 0	Rose
"	"	12	" 8	" 0	" 0	Rose regularly	"	"	12	" 1	" 6	
"	"	15	" 8	" 0	" 0		"	Sept	2	" 4	" 0	Rose
"	"	24	1	4	0		"	"	5 7/12	" "	" "	
"	"	28	1	8	0		"	Octr	3	" 11	" 0	Rose
Krishna	Sept	19	" 9	" 2	" 0		"	"	7	" 10	" 0	
"	"	23	" 10	" 3	" 0		"	"	16	" 8	" 0	
"	"	26	" 14	" 0	" 0	do.	"	"	31	" 6	" 0	
"	"	30	" 15	" 9	" 0		South Arcot	Sept	12	" 3	" 0	
"	Octr	10	1	5	7		"	"	16	" 1	" 0	
"	"	14	1	7	1		"	"	19	" 4	" 0	
"	"	17	1	4	0		"	"	23	" 5	" 0	Rose
"	"	21	1	6	11	Rose again	"	"	26	" 5	" 0	
"	"	28	" 10	" 0	" 0		"	Octr	7	" 2	" 0	
Bellary	Sept	2	" 2	" 0	" 0		"	"	10	" "	" 0	
"	"	19	" 4	" 0	" 0		"	"	31	" 1	" 0	Rose
"	"	21	" 8	" 0	" 0							
"	"	23	" 8	" 0	" 0							
"	Octr	7	" 8	" 0	" 0							
"	"	10	1	8	0	Rose readily or numbers fewer.						
Cuddapah	Sept	15th & 28th	" 2	" 0	" 0							
"	"	30	" 9	" 0	" 0	do.						
"	Octr	3	" 8	" 0	" 0							
Tinnevelly	Augt	22	" 8	" 0	" 0							
"	"	26	" "	" "	" "							
"	Sept	9	" 10	" 0	" 0	Rose						
"	"	16	" 13	" 0	" 0							
"	"	23	" 5	" 0	" 0							
"	Octr	10	1	2	0	do						
"	"	14	1	" 0	" 0							
"	"	17	" 4	1	0							
"	"	21	" 9	" 0	" 0	do.						
"	"	28	" 12	" 0	" 0							
"	"	31	" 3	" 0	" 0							
Malabar	Augt	4	" 1	6	0							
"	"	5	" 2	" 0	" 0							
"	"	17	" "	" "	" "	Rose						
"	Sept & Octr	17	" 4	" 0	" 0							
"	Sept	21	" 5	" 0	" 0							

Note - The Markets placed on the left are it will be seen more manageable than the 3 placed to the right but clearly the tendency of plain-taining rates has as a rule been to cause a rise - The fluctuations cannot be helped - No plan which could be devised would prevent an occasional fall of the plan with very variable markets is to remove funds to places where money is more steadily in demand as has been done in the case of Madura vide letter para 3 -

Fmd in Sec's Dep. 1863

From Chief Secretary to Govt Fort St. Geo.
To Accountant General
Dated 25 Oct 1863
Rec'd 30 Oct 1863

No 1291

Ships Brother
Certain Statements of Rates
in the Godavari Districts
& letter from Accd Genl
& granting Allowance in Addn
to Subsidy Remitted -

Rd 30 Oct 63

Rd 2nd Oct 63-0 bdy
9th Oct 13- bdy

66-69

Fort St. Geo.
5 Nov 63

Respect the Acting Accountant General
for his remarks with special reference
to the statement that it frequently happens
that the option of taking bills at higher
rates than those named by the Govt
is not availed of and that bills are tendered
for & issued at rates less favorable
to the Govt than those named in an official circular
application

Offices
23.

B

Remittances sent to Bombay

			Rs.
1863			
1st Feby.	From	Salem	5,00,000 " "
" March	"	Malabar	1,50,000 " "
" "	"	South Canara	5,50,000 " "
			12,00,000 " "
1st July	"	Tanjore	15,00,000 " "
" "	"	Tinnevelly	12,00,000 " "
" "	"	Madura	10,00,000 " "
			37,00,000 " "

11th November 1863—

F. D.

Memo: of premia realized — 10

	Bills drawn	Premium
1863		
January	1887250 5	2039 5 a
February	1774429 2 5	3957 14 11
March	1968990 2 5	4588 2 4
April	1174163 1 4	2611 4 a
May	2041822 12 11	5508 2 7
	8846655 8 6	18704 12 10
June	1596359 10 10	4072 15 8
July	1409901 2 11	2371 13 4
August	1447125 5 a	2494 a 3
September	1755678 6 8	4337 6 5
October	1572393 15 4	6868 12 11
	7781458 8 9	20145 a 7

11th November 1863 —

G. F.

No: 257

Fort St. George
Deputy Auditor & Asst. General's Office.
11th November 1863.

From

The acting Dep.y Aud.r and Asst. General

To.

The Chief Secretary to the Govt. of Madras

Sir,

I have the honor with reference to Govt. Endorsement dated 5th inst: to state that the assertion made by the Vice Chairman of the Chamber of Commerce in the 3d para: of his letter now returned is incorrect - the rule as will be seen from the accompaniment marked A is for the rates of premium to rise each bill day owing to the market rate being maintained by the system I have introduced - Occasionally but very seldom owing to a sudden demand for money arising in the interim in a neighbouring Treasury or some other cause the rates may fall a little & then bills must of course be given at a slightly worse rate on the succeeding bill day than that which was previously rejected on account of being less at the time than the rate then accepted - This is a contingency to which all transactions in the market are subject but it is quite unfair to bring it forward as evidence of the falseness of my system - Every mercantile man ought to know perfectly well that fluctuations cannot be guarded against by the seller altogether & I respectfully submit that it is quite unworthy of a body like the Chamber of Commerce to endeavour to support their case by arguments of the weakness of which they must be fully aware - Take for instance the Bombay market - Bills were the other day obtainable at an inward rate of discount - Say then a buyer had gone to a merchant at that time & offered to purchase a large amount at 1/2 per the real rate being 1. 8. per cent - Of course the offer would have been rejected at once

& very properly but 3 days afterwards the rate might owing to some unforeseen occurrence fall to 12 as: - Would it be fair or reasonable to blame the merchant because he did not take the offer of 1. Rupee when made him? This is precisely the case with me. My object is to keep up the rates & it is perfectly clear that the only way to do so is not to take small offers - Once let it get about that I have accepted a lower tender & no one will be likely to offer more next bill day than the low rate accepted previously -

2nd - The statement marked A does as I have said show that the rates usually rise & that, with great steadiness, & of itself might suffice to prove Mr. Arbuthnot wrong but that there may be no doubt of the improved working of the Bills & Resources dept. since I have held my present position I have had a further statement marked B) drawn up to which I request reference - It will be seen from this that I remitted to Bombay direct from the Mofussil more than 3 times the amount sent by my predecessors in the same number of months viz: 37. lakhs against 12 lakhs and that although in consequence my actual amount of Bills drawn is less by 10-65-197. I have made an increased profit of no less than 1440 Rs: in premia - Or in other words 88.46.655 Rs: made only 18.704 Rs: whereas 77.81.458 Rs: cleared 20.145 Rs: — Can anything be more clear than this than that my system is a great success? & when it is considered that though I have taken 5 months as the period to test my system by that system was not in operation the whole time & further that if it had not been necessary to send off so much Treasure direct to Bombay by sea the profits must have been very much greater I feel confident that His Excellency in Council will admit that I

25

I have acted wisely in maintaining my ground against the European mercantile community & that I am not deserving of the abuse & censure which have been so liberally heaped upon me by the Chamber of Commerce & individual members of that body -

3- Were it necessary I might multiply proofs of the truth of what I have stated but two instances of late occurrence will I think suffice The first is a case in which Messrs Arbuthnot & Co tendered on Godavery at a rate considerably less than another party & were as usual given the option of increasing their tender or being rejected - They did not take up the bill & the money was available next bill day - The rush of tenders on this day was most extraordinary I could have disposed of much more than I had to give at the increased rate & as it was I got rid of my whole balance on these favourable terms - Here then it is clear that I was perfectly right in supposing that money at Godavery was lay there owing to Messrs Arbuthnot & Co not having taken up their tender - The 2d case is equally telling in my favour a local Bank tendered for a whole lakh on Cochin at 5 as: & another party made a tender for a similar amount at 4 as: - There were only 1.60.000 Rs: available in all & under the old system this other tender would have been accepted to the extent of 60.000 Rs: - I followed my own plan - I was anxious to get the money as it happened to the Bank but I permitted myself to exhibit no anxiety & accepted the 60.000 at 5 as: The offer was closed with & I thus managed

totally
to do all I wanted in the way of removing
the money but I netted a profit which
my predecessors would have lost & what
is of much more importance I kept up the
rate & expect to clear off 3 lakhs which
I have ordered, with all possible, to Malabar from Madura
where they have been lying useless, at a
handsome profit.

4- Referring to other parts of Mr. Arbuthnot's
letter I would beg in the first place
respectfully to point out how completely
the instance given in that gentleman's
2d para tells against himself when
considered attentively - Why should
B. merely because he has had an object
in view for 5 days get from Govt a
whole lakh of Rs: at par for which
if the Acct Genl be not too eager a
rupee per cent will be obtained? The
object of B maybe, doubtless is, in his
own opinion of paramount impor-
= tance but it is of no consequence to Govt
who have also an object in view viz:
to make the lakh B. asks for pay for
its own cost in the way of conveyance
to the Hugoor from the districts, guards
&c - Is Govt therefore to lose 1,000 Rs: (the
profit on 1 lakh at 1 rupee per cent) merely
because B. has an idea that he can
do great things with the said lakh
if he get it exactly at a certain time?
Surely not; yet this is precisely what
the Chamber of Commerce recommend -

5- So again the case put in the last para:
but one of Mr. Arbuthnot's letter does
not bear looking into - The Merchants
assume that it is of the utmost im-
= portance that every rupee advertised
as available for bills should find
its way immediately to the Treasury
at the Presidency & that therefore any
money left in the Mofussil must be
so left to the injury of Government -
Nothing can surely be more erroneous
than this supposition for I would ask

what possible advantage can be
derived from bringing money hastily
to the Bank which is not required
for immediate use - If there be enough
at the Presidency to meet all demands
& a large surplus over & the Acct
Genl anticipates no sudden call upon
him the money may just as well
be in the Mofussil as here & its remu-
= val as I trust I have clearly shewn
may positively entail a loss to the
State - Bearing this in mind then
all that has been said by Mr. Ar-
= buthnot in the para: under notice
regarding "prejudice to the public
Service" becomes of no force - Neither
is there any real hardship entailed
on any one in the case cited for
the conditions of tender are known
to all viz: that the highest rate
is to be accepted & the other tenders
are liable to rejection or to an additio-
= nal increase granted as a matter
of grace. If then through the obsti-
= nacy of B. C. D & E lose their chance
of getting bills on that day they
have no just cause of complaint for
being tenderers at rates below that
which has been accepted (A's) the
in any case
Acc Genl would have been justified
in rejecting their tenders altogether
& the only person to blame is B who
would in future be looked upon with
suspicion by this dept C. D & E being
the chance of getting
given bills in preference to him
when their tenders were on a par with
his -

6. In order to stop persons from suffering
inconvenience through the obstinacy of

fellow tenderer I have the honor to recommend the following plan for adoption. The number of days now given tenderers to take bills up in is absurdly large & enables persons to prevent others from giving this Dept. the fair rate it demands though perfectly willing to do so - I advise that for the future it be made incumbent on tenderers to take up their tenders by the evening of the day succeeding bill day & that in the event of an accepted tender not being taken up by that time that other parties be permitted to have the amounts so remaining available - For example take a case similar to that put by Mr. Arbuthnot in his last para but one - 50000 Rs: are advertised as available at Cuddapah but the aggregate of the tenders sent in is 1.00.000 Rs: - A tenders at 8 as: for 30.000 Rs: - B at 6 as: for 25.000. C at 5 as: for 10.000 - D. at 4 as: for 10.000 & the rest of the lakh is made up of smaller tenders at par -

The course at present is for A's tender to be accepted & for B to be told that he can have 20.000 Rs: at 8 as: if he chooses the others being rejected -	The course I recommend is for A's tender to be accepted - B's tender to be likewise accepted at 8 as: up to 20.000 Rs: & for the following words to be written on the other tenders - "refused as the full amount has been accepted at 8 as: but may be presented again on morning of the day chance of getting the amount of any tender not taken up, at 8 as:"

This plan will effectually prevent persons succeeding in their endeavours to embarrass the operations of this Dept. & will put a

7. 299

stop to everything in the way of complaint on the part of tenderers -

7- In conclusion with reference to what Mr. Arbuthnot has remarked at the close of his letter I can only say that although I am perfectly willing to admit that many of my predecessors have been officers of more ability than I can lay claim to I cannot do myself the justice of asserting that no one of them can have been more earnestly desirous than myself of doing every thing in his power to serve the interests of Govt. or have paid more attention to the question at issue. I trust therefore I shall continue to possess the confidence of His Excellency in Council & be rewarded for all the trouble I have taken by receiving the approbation of Government -

I have the honor to be
Sir,
Your most obed. Servt.
W. Rhodwick
Actg. Dy. Accr. Genl.

- ders &c.

Financial Department.

PROCEEDINGS of the MADRAS GOVERNMENT.

Read the following letters.

From Vice Chairman of Chamber of Commerce } (Rec.d 28th October 1863.)

From the Actg. Dy. Auditor and Accountant General } dated 13th November 1863 No. 2581

Order thereon 24th November 1863 No. 750.

On full consideration of the arguments urged by the Chamber of Commerce in their Vice Chairman's letter of the 28th Ultimo and of the explanation furnished by the Accountant General the Governor in Council sees no sufficient reason for altering the system followed by that Officer in dealing with tenders on the Provincial Treasuries.

further Minute by

WP

I think that it would be desirable to communicate to the Chairman of Chamber of Commerce the substance of the Minute recorded by Mr Lodwick on p. 64 infra.

The Dy. Auditor & Accountt. Genl. should be sanctioned. If tenders for bills are accepted at tenderers should be required to make good their tenders at once.

WP
24/11/63

To, The Dy. Auditor & Accountt. Genl.

Rec.d 26th Octr. 1863 No. 1179.

From Vice Chairman of Chamber of Commerce, dated 13th Octr. 1863.

To The Actg. Dy. Auditor & Accountt. General

Rec.d 28th Octr.

No. 2581

Rupees 10,00,750

Paid Rupees 10,00,750 Nov.r 1863.

No. 2586

Offers to purchase Government Remittances on the Presidency Treasuries from the Vice Chairman of the Chamber of Commerce, Enquiry if Offers can be received after the Tender Sale for the Week, and Intimation that Tenders will be received by Private Treaty.

C 1842.
121.

limiting the number of days now allowed for tenders for taking up these bonds after they have been accepted as suggested by the Lord Provost in the 6th paragraph of his letter. The Govt. approve of the Lord Provost's proposal that for the future tenders should be invited & taken up this under 5 days from the day appointed for receiving tenders and that no tender of an accepted tender not being taken up under this rule shall be permitted to have the amount remaining available. The Lord Provost will issue a notification to this effect.

Tenders for Bills on Provincial Treasurers

Council

Dated

186 . Department.

No.

PROCEEDINGS OF GOVERNMENT.

16

To the Hy Auditor & Actg. General
" Chairman of the Chamber of Commerce
dated 24th "

C. 18 Sept. 24 "

10,083

Finance 1863. Department.

No. 750

PROCEEDINGS OF GOVERNMENT.

Appd 8/73.

Dated 24th November 1863.

Chamber of Commerce informed that Govt see no sufficient reason for altering the system followed by the Accountant Genl in dealing with tenders on the Mofussil Treasuries further than by limiting the number of days now allowed to tenderers for taking up their ~~1008~~ tenders.

66-69