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MADRAS RECORD OFFICE.

Government of Madras.

Revenue DEPARTMENT.

G.O. No. 6 Press / Mis.

Dated 4-11-1884 18 84.

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Not to be folded or roughly handled

Archives 5.

2
ANNEXURE.

Serial number. (1)	Date of issue. (2)	Particulars of records furnished. (3)	Purpose for which furnished. (4)	To whom furnished. (5)	Remarks. (6)

Proceedings of the Madras Government, Financial Department, 4th January 1864.

Read the following papers:—

No. 10. From W. H. CRAKE, Esq., Chairman, Chamber of Commerce; to the Honorable A. J. ARBUTHNOT, Chief Secretary to Government, Fort Saint George, dated Madras, 18th December 1863.

I have the honor to acknowledge receipt of Proceedings of Government in the Financial Department, and Order thereon, 21th November 1863, No. 750, from which the Chamber learns with regret, that His Excellency the Governor in Council sees no sufficient reason for altering the system followed by Mr. Lodwick, the Acting Auditor and Accountant General, in granting Bills on the Mofussil Treasuries.

In his letter of 11th November stress is laid by Mr. Lodwick upon the amount of premium he has been able to realize by the disposal of the Government drafts upon the Mofussil Treasuries, and this he claims as unanswerable proof of the success of his recent innovations.

It is at once admitted, that the Government are in the position of sellers of drafts, which the Mercantile community are willing to purchase, and the Chamber is quite aware, that the value of these drafts is regulated by the same laws of supply and demand that adjust the price of all other commodities, and that the Government is justified in obtaining by a well regulated system of tenders the market price of the day for its drafts.

What the Chamber does complain of is, that the Financial Officer of Government, while he invites tenders for these drafts, makes use of the information conveyed in them, not to distribute the sums available amongst the highest tenders, but to manipulate the local exchanges of the Presidency by the means so placed at his disposal, and by adopting as the minimum, the highest rate tendered, to force the rates of premium to the disadvantage of the Mercantile and producing classes, and to a very doubtful advantage to the Government itself.

All the Chamber asks is, that the Government should direct their Financial Officer to advertise in the Gazette the true amount (not as the Chamber have reason to believe is often the case at present, a far smaller sum) that is available for Accountant General's drafts.

That the highest tenders not below par should be satisfied to the extent of funds advertised.

The Chamber's request is in accordance with the practice that obtains in London in the disposal of the Council of India's drafts on India, and indeed all other systems of tender where the subject is understood and properly carried out.

I am desired now to hand you copies of all the correspondence that has passed between the Chamber, Mr. Lodwick, and Government on the point at issue, and to request that, if the Madras Government is not disposed to interfere in the matter, that the whole subject be referred to the Financial Department of the Supreme Government.

With reference to the charge made by Mr. Lodwick at the conclusion of the 2nd paragraph of his letter, dated 11th November, I am directed to refer you to the copies of the above correspondence, from which you will observe that the only letter addressed by the Chamber to Mr. Lodwick was that dated 1st September 1863, to this communication the sole answer the Chamber received was a Memorandum of which the following is a copy.

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.

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 on 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,
Ag. Depy. Auditor and Accountant General.

Since the receipt of the above the Chamber has had no correspondence with Mr. Lodwick.

(Signed) W. H. CRAKE,
Chairman.

Copies of correspondence referred to in the Chamber's letter to the Chief Secretary to Government, dated 18th December.

Read letter 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.

Memorandum from the Acting Deputy Auditor and Accountant General to the Government of Madras, dated the 1st September 1863.

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.

From W. H. CRAKE, Esq., Chairman, Chamber of Commerce; to the Honorable A. J. ARBUTHNOT, Chief Secretary to Government, Fort Saint George, dated 9th 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 1863, 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 any thing 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 on Mofussil Treasuries.

No. 11. From R. W. LODWICK, Esq., Acting Deputy Auditor and Accountant General, Madras; to the Chief Secretary to the Government of Madras, dated Fort Saint George, 23rd December 1863, No. 306.

I have the honor, with reference to a letter from the Chamber of Commerce, dated 18th instant, which appears published in the local papers, to point out that the system of not publishing the whole amount available at each Treasury is not an innovation of mine, but a practice of very old standing.

2. The merchants, I would further beg to point out, very naturally try to get this wise course done away with, because they know that if the general public were put in possession of the exact amounts available throughout the Presidency, the rates of premium would, as a matter of course, not range at anything like the height they do at present, for parties would, when they saw large balances, at once know that there was no necessity to offer large premia. There would, therefore, be little or no competition, and the merchants would benefit to the prejudice of Government.

3. I have thought it right at once to point this out, as my tenancy of my present office is very shortly to come to a close, and I naturally feel anxious that a matter in which I have borne so leading a part should go before the Supreme Government, with every argument of my opponents answered and refuted.

No. 12. ORDER THEREON, 4th January 1864, No. 6.

The Governor in Council is not prepared to re-open the general question as to the course to be observed by the Accountant General in granting Bills on the Mofussil Treasuries, nor does he see any necessity for making a reference to the Government of India, as suggested by the Chamber of Commerce.

2. He does not, however, understand the statement made in Mr. Lodwick's letter of the 23rd ultimo, that "the system of not publishing the whole amount available at each Treasury is

Proceedings of the Madras Government, Financial Department,
4th January 1864.

not an innovation." It was distinctly ordered in the G. O. of the 15th February 1862, paragraph 4, that the amounts available in each District (meaning, of course, the entire amounts so available) should be advertised in the Official Gazette; and, in the opinion of the Government, this is clearly, the proper course. The present Acting Accountant General will be requested to state exactly after communicating with Mr. Lodwick, what the practice is on this point.

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

Exd. J. Tulloch.

No. 306. FORT SAINT GEORGE,
DEPUTY AUDITOR AND ACCOUNTANT GENERAL'S OFFICE,
December 23d 1863.

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~~ No. dated 18th inst. a letter from the Chamber of Commerce which ~~186~~, ~~to~~ appears published in the local papers to point out that the system of not publishing the whole amount available at each Treasury is not an innovation of mine but a practice of very old standing -

2 - The merchants would further beg to point out very naturally try to get this wise course done away with because they know that if the general public were put in possession of the exact amounts available throughout the Presidency the rates of premiums would as a matter of course not range at anything like the height they do at present for parties would shew they saw large balances at once know that there was no necessity to offer large premia - There would therefore be little or no competition & the merchants would benefit to the prejudice of Government -

3 - I have thought it right at once to point this out as my tenancy of my present office is very shortly to come to a close & I naturally feel anxious that a matter in which I have borne so leading a part should go before the Supreme Govt with every argument my opponents answered & refuted -

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

R. M. Lodwick

Ag. Dy. Audr. and Acct. General.

List of 12 Enclosures.

Rec'd 1863

From

The Dy Accountant General
Fort St George.

Dated 23rd } Rec'd 24th } Dec 1863.

No 306.

S.O. No 6

12 Encls.

Fort St George 39/64

Submitting for examination with reference to a letter from the Chairman of the Madras Chamber of Commerce, in regard to the Practice followed in granting Bills on the Treasuries.

Copies of Correspondence referred to in the Chairman's letter to the Chief Secretary to Govt dated the 18th Dec

Read the following letter from the W. H. Crake Esq^re Chairman Chamber of Commerce, to K. W. Lodwick Esq^re, 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 the 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. D. Crake

Chairman

Memorandum from the Acting Deputy Auditor and Accountant General to the Government of Madras dated the 1st September 1863.

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

Ag Dy. Audr. & Acct Genl

From W. D. Crake Esqre Chairman Chamber of Commerce, to the Honorable R. J. Arbuthnot Chief Secretary to Government Fort Saint George dated 9th 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 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 faithfully acted upon.-

I need scarcely remark that any thing 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 Honble Mr Pycroft then Chief Secretary to Government in his letter to the Chamber dated the 20th January 1837 "it must clearly be the desire of Government to be saved the risk expence 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 had in view in granting them, and is also an interference with the exchange operations of Bankers and Shroffs.- Instances have been brought to the Chambers 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 General 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 offices 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 on Mofussil Treasuries.

/Signed/ W. D. Crake
Chairman

Financial Department

Proceedings of the Madras Government

Read the following letter:-

From W. D. Crake, Esqre, Chairman of the Chamber of Commerce - } Rece'd 18th Dec: 1863.
From the Dy Aud't & Acc't Gen'l. Rece'd 23d Dec: 1863. No 506

Order thereon December 1863. No

The Governor in Council is not prepared to reopen the questions which form the subject of the correspondence referred to in the foregoing letters, nor does he see any necessity for making a reference to the Government of India, as suggested by the Chamber of Commerce.-

Should any opinion be expressed on this question by the full amount drawn

- How is there doubt on this point? It was ordered by Govt on 4th Oct dated 15 Feb/62 and the course to be followed - I always understood the practice to be followed - I always understood the Treasurer in the District should annul all bills, & advertise The Chamber of Commerce in the Fort St. Gazette, & send The Dy Aud't & Acc't General. puzzled therefore at P. 1 Mr Lis present letter - On the other point I cannot in this Draft Ltr I do not know what

1863 Dec 7th

Mr Lodwick means in para 1 of his letter. I also suppose that the which amount really available — that is all he requires to meet probable local requirements — was administ- -ered — If not it would be — the object of petitioning the Secretary would be to keep back money by way of enhancing the permanent or the annual actually granted. Either ask Mr Lodwick more explanation or this Govt. I would not reopen the discussion on the 2nd Letter of Chairman's letter

JP

Mr Lodwick & the Chamber of Commerce

Financial Department

Proceedings of the Madras Government

Read the following letters

From the Chairman of the Chamber of Commerce } Here Enter 18th Dec.r/63

From the Offg Dy Auditor and Accountt General } — dr — 23d Dec.r/63. No 306.

Order thereon 4th ~~December~~ January 1864 No 6.

The Governor in Council is not prepared to reopen the general question as to the Course to be observed by the Accountant General in granting bills on the Presidential treasuries, nor does he see any necessity for making a reference to the Government of India, as suggested by the Chamber of Commerce.

2. He does not, however, understand the statement made in Mr. Lodwick's letter of the 23d ~~Instant~~ that the system of not publishing

at the whole amount
available at Each Treasury
is not An innovation." It
was distinctly ordered in
the G. O. of the 15. Febry
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District (meaning, of course,
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proper course. The present
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will be requested to state
Exactly what after com-
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what the practice is on
this point. —

To the Ag: Dy. Auditor & Accountant Genl.
" Chamber of Commerce

desp. 6th "

List of P. Jany 1864.

Final 1864 Departm
N° 6

Proceedings of Govt
Dated 4th Jany 1864

Fin. 39 of 64

The Government is not prepared to reopen the general question as to the course to be observed by the Accountant Genl in granting bills on the Mofussil Treasuries nor does he see any necessity for making a reference to the Govt of India as suggested by the Chamber of Commerce.

Lent
Govt

10@12