M.R.O. 1—77,006—8-6-37.

(1) Number of pages 14

(2) Date of repair 16-8-38

(3) Initials of the Referencer

MADRAS RECORD OFFICE.

Government of Madras.

PUBLIC DEPARTMENT.

G.O. No. 1	Press / Mis.
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Dated 4-1-	18 [illegible].

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Not to be folded or roughly handled

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Proceedings of the Madras Government, Financial Department, 4th January 1865.

No. 1. Read the following letter from E. H. LUSHINGTON, Esq., Secretary to the Government of India, Financial Department, to the Honorable A. J. ARBUTHNOT, Chief Secretary to Government, Fort Saint George; dated Fort William, 15th December 1864, No. 3954.

With reference to the Despatches from the Secretary of State, dated the 16th of September 1862, No. 185, the 10th of June 1863, No. 103, and the 4th of January 1864, No. 1, copies of which have been furnished to the Government of Madras, I am directed to request that you will move the Governor in Council to inform the Bank of Madras that the Governor General in Council is prepared to recommend to the Secretary of State a revision of the existing Agreement, based on the following conditions :—

I. That the agency of the Bank of Madras for the issue of the Government Paper Currency under the existing Agreement, shall cease.

II. That the annual sum of Rupees 48,750 (being $\frac{3}{4}$ per cent. on Rupees 65,00,000) shall be paid to the Bank of Madras, until the 1st of March 1867, as compensation for the loss of such agency.

III. That the Bank shall act as Bankers to the Government at Madras, on the understanding that an average annual balance shall be kept of fifteen lakhs of Rupees, which shall be shown in the Bank Accounts as Government balance; and, if the Government balance should, at any time, fall below ten lakhs, interest will be paid on the difference between the amount of the actual balance and the sum of ten lakhs, the interest being calculated at the average rate of interest paid by the public on fixed loans during the month. The Government Cash Balance will be understood not to include Copper money packed for remittance, nor any separate accounts of Public Officers, apart from the account of the Government.

IV. That the Bank shall act in the same capacity at places in the Madras Presidency where Branch Banks may be established by it, with the sanction of the Government; and the Bank will be at liberty to employ for its own benefit the Government balances deposited at the Branch Banks, on the understanding that they are shown in the Bank Accounts as Government Balance, and that the Bank will, at all times, be ready to meet the drafts of the Government.

V. That the Bank shall not draw, or purchase at its own risk, Bills of Exchange or Letters of Credit payable out of India.

VI. That the present payment of Rupees 12,000, for Establishment, shall be continued during the terms of the new Agreement.

VII. That the Bank shall undertake the duties connected with the management of the Registered Public Debt at Madras, now performed under the superintendence of the Deputy Auditor and Accountant General, including the payment of interest, and shall be responsible for any losses which may occur in reference to such management, in consideration of which the Bank will be paid Rupees 4000 per crore of Rupees of that portion of the Debt, the interest of which is paid in the Madras Presidency.

VIII. That the Agreement to be entered into on these terms shall take effect as soon as it can be prepared in detail, and be duly executed after the receipt of the approval of the Secretary of State, and shall last for seven years from the 1st March 1867.

2. The Governor General in Council requests to be informed whether the Directors of the Bank of Madras are willing to enter into a new Agreement, on the above-mentioned terms.

No. 2. ORDER THEREON, 4th January 1865, No. 1.

The Directors of the Madras Bank are requested to state whether they are willing to enter into a new Agreement with the Government of Madras, on the terms specified in the foregoing letter.

(True Extract).

A. J. ARBUTHNOT,
Chief Secretary.

To the Directors of the Bank of Madras.
„ Accountant General.

Exd. J. H. Burns.

No. 3954.

FROM E. H. LUSHINGTON, ESQUIRE,

SECRETARY TO THE GOVERNMENT OF INDIA,

FINANCIAL DEPARTMENT;

TO THE CHIEF SECRETARY TO THE GOVERNMENT OF MADRAS.

Fort William, the 15th December 1864.

Financial Department.

SIR,

With reference to the despatches from the Secretary of State, dated the 16th of September 1862, No. 185, the 10th of June 1863, No. 103, and the 4th of January 1864, No. 1, copies of which have been furnished to the Government of Madras, I am directed to request that you will move the Governor in Council to inform the Bank of Madras that the Governor General in Council is prepared to recommend to the Secretary of State a revision of the existing Agreement, based on the following conditions :—

I. That the agency of the Bank of Madras for the issue of the Government Paper Currency under the existing Agreement shall cease.

II. That the annual sum of Rupees 48,750 (being $\frac{3}{4}$ per cent. on Rupees 65,00,000) shall be paid to the Bank of Madras, until the 1st of March 1867, as compensation for the loss of such agency.

III. That the Bank shall act as Bankers to the Government at Madras, on the understanding that an average annual balance shall be kept of fifteen lakhs of Rupees, which shall be shown in the Bank Accounts as Government balance ; and if the Government balance should, at any time, fall below ten lakhs, interest will be paid on the difference between the amount of the actual balance [illegible] sum of ten lakhs, [illegible] being calculated at the average rate of interest paid by the public on fixed loans during the month. The Government Cash Balance will be understood not to include Copper money, packed for remittance, nor any separate accounts of Public Officers, apart from the account of the Government.

IV. That the Bank shall act in the same capacity at places in the Madras Presidency where Branch Banks may be established by it with the sanction of the Government ; and the Bank will be at liberty to employ for its own benefit the Government Balances deposited at the Branch Banks, on the understanding that they are shown in the Bank Accounts as Government Balance, and that the Bank will, at all times, be ready to meet the Drafts of the Government.

V. That the Bank shall not draw or purchase at its own risk Bills of Exchange or Letters of Credit payable out of India.

VI. That the present payment of Rs. 12,000 for Establishment shall be continued during the term of the new Agreement.

VII. That the Bank shall undertake the duties connected with the management of the Registered Public Debt at Madras now performed under the superintendence of the Deputy Auditor and Accountant General, including the payment of interest, and shall be responsible for any losses which may occur in reference to such [illegible] in consideration of which the Bank will be paid Rs. 4,000 per crore of Rupees of that portion of the Debt, the interest of which is paid in the Madras Presidency.

VIII. That the Agreement to be entered into on these terms shall take effect as soon as it can be prepared in detail, and be duly executed after the receipt of the approval of the Secretary of State, and shall last for seven years from the 1st March 1867.

2. The Governor General in Council requests to be informed whether the Directors of the Bank of Madras are willing to enter into a new Agreement on the above-mentioned terms.

I have the honor to be,

SIR,

Your most obedient servant,

Ed. H. Lushington

Secretary to the Govt. of India.

[Exd. H. D. Bysack.]
142. 15-12-64.