M.R.O. 1—77,006—8-6-37.

(1) Number of pages 72.

(2) Date of repair 10-8-37.

(3) Initials of the Referencer

MADRAS RECORD OFFICE.

Government of Madras.

Finance DEPARTMENT.

G.O. No. 48-53.	~~778~~ 311	Press ~~Mis.~~
Dated 23-6-	1865.	

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Not to be folded or roughly handled

1865

Proceedings of the Madras Government, Financial Department,
23rd June 1865.

Read the following papers:—

No. 48. From F. LUSHINGTON, Esq., Deputy Auditor and Accountant General, to the Honorable A. J. ARBUTHNOT, Chief Secretary to Government, Fort Saint George; dated 24th November 1864, No. 159.

I have the honor to submit, for the consideration and orders of Government, copies of four letters from the Financial Secretary, numbers and dates as per margin, communicating the orders of the Government of India, on review of the cash balances in the several Treasuries of this Presidency.

Letter dated 28th July 1864, No. 1588,—vide page 12 of accompanying printed correspondence.
Letter dated 13th August 1864, No. 1861, paragraph 4,—vide page 7 of same correspondence.
Letter dated 13th August 1864, No. 1861, paragraph 7,—vide page 7 of same correspondence.

2. The points referred to in the above letters upon which I am directed to communicate with this Government are, 1st, relative to a general reduction of the balances in the several Subordinate District Treasuries; 2nd, to a reduction of the present large balances of small silver and copper coins in the Treasuries; 3rd, to a reduction of the Currency Notes held by them in deposit; and 4th, as to the necessity of maintaining separate Treasuries for the Collector of Sea Customs* at the Custom House, and for the Collector of Madras† at Saidapett.

* Letter dated 13th August 1864, No. 1861, paragraph 8—vide page 7 of accompanying printed correspondence.
† Letter dated 9th September 1864, No. 2311,—vide copy in manuscript.

3. Though fully satisfied that the rules in force in this Presidency, if duly observed, were sufficient to prevent the undue accumulation of funds, in the Subordinate Treasuries, I thought it right, on receiving the above communication from the Financial Secretary, to call upon the Collectors for full explanation in the case of each Taluq Treasury, in which the balance was seemingly high. Out of 156 Taluqs, I accordingly selected 132 for explanation, and, as I anticipated, the retention of the apparently large balance was in each case sufficiently justified.

4. In this Presidency, as the Government are aware, no discretion is given to the Taluq authorities, as to the amount to be retained by them in their Treasuries. On the 25th of each month the Tahsildar forwards to the Collector of his District an estimate of his probable requirements during the ensuing month. This estimate is carefully checked in the Collectors office, and after comparison of the probable disbursements with the expected receipts, it is returned to the Tahsildar, with a specific order, notifying the amounts to be retained in the Taluq, and the sum to be remitted to the Huzur Treasury. This remittance is usually made from the Taluqs about the 5th of the following month, and the balances, shown in the monthly cash balance reports, represent, therefore, the state of the Subordinate Treasuries before their monthly remittances to the Huzur have been made, which circumstance may possibly have led to the supposition that the Taluq balances are unnecessarily high.

5. In the months of June, July August, and part of September, the amounts retained in the Subordinate Treasuries are unusually large, as the collections at that period of the year are very small, and it is necessary, therefore, either to retain sufficient money in those Treasuries to meet the expenditure of those months, or to send monthly remittances to them from the Huzur; and considering the great distance of many of the Taluqs from the Huzur, and the consequent risk and expense attending such remittances, this latter course does not seem to me advisable.

6. The above system of regulating the amounts to be retained in the Taluqs upon estimate, if properly carried out, has very obvious advantages, and is, in my opinion, far preferable to that of assigning a fixed amount for each Treasury. In this Presidency indeed it would be scarcely possible to place a fixed limit on the amount to be retained in each Taluq, as very large disbursements are made by the Tahsildars, on account of the Railway and Irrigation Companies, and the Department of Public Works, which vary in their amounts from month to month, and the Collector, who is on the spot, and thoroughly conversant with all the wants of his District, must necessarily be better able to determine the requisite amount to be retained in his subordinate Treasuries, than the Financial officer at the Presidency town unacquainted with such details. Nor do I conceive that so minute a supervision of the balances in the subordinate Treasuries will be found requisite, for, if the general balance of the District, as shewn in the monthly estimate and cash balance Report, be narrowly watched, and kept down to the lowest point consistent

with the requirements of the public service, due care will be taken by the Collector that his Taluq Treasuries contribute their fair share towards the general expenditure.

Small Silver and Copper Coins.

7. From the tenor of the Order of Government of the 10th ultimo, No. 515, I am led to infer that the Right Honorable the Governor in Council apprehends that the District Treasuries of this Presidency are insufficiently supplied with small silver and copper coin. It can, I think, be satisfactorily shown not only that no grounds exist for such apprehension, but that, on the contrary, the stock of small silver and copper in the several treasuries is greatly in excess of the wants of the Districts, and may safely be reduced.

8. In order that the Government be enabled to judge for themselves to what extent such a reduction may conveniently be effected, with reference to the present system of annual Indents, I beg to annex two tables A and B, columns 2 and 3 of which show the amount of small silver and copper in the District Treasuries on the 31st August 1863 and 1st September 1864, respectively; columns 4 and 5, the amounts remitted to, and by each District during the year; columns 6 and 7, the excess of disbursements or receipts during the same period; and column 8, the amounts which I propose to retain in each treasury.

9. It will be seen that in seven of the Districts the receipts of small silver and copper into the Huzur and Taluq treasuries actually exceed the disbursements from them; and in the case of those Districts, I accordingly beg to suggest that the balance of small silver be at once reduced to 10,000 Rupees. In regard to the other Districts, under the present system of submitting annual Indents, a year's consumption might be taken as the standard amount to be retained in each treasury. To avoid, however, the slightest risk of a short supply, I have added 10 per cent. to that amount, and I would further recommend that the present system of allowing an Indent to be submitted at one period of the year only be abandoned, and that, in lieu thereof, each Collector be required, at the commencement of the year, to send an estimate of his probable requirements of small silver and copper during the year, and that his Indent for the same be submitted at the time when the necessity for a further supply of small coin actually occurs. I have ascertained from the Mint Master that this arrangement will be far more convenient for him than the present one, which requires the whole of the Collectors' Indents for small coins to be submitted and complied with at one stated period of the year, and which may very possibly be the least convenient time for the coinage of them at the Mint.

10. It is stated by the Collectors that every possible facility is now given to the public to obtain small silver in such quantities as they may desire, and that, where the instructions laid down in the Circular issued by this office, under date the 31st May 1860, are not duly observed, it is because the demand for small coins is so small as to render the observance of those instructions unnecessary. To reduce the present balances of small silver in the several treasuries to the amounts I have proposed for them, I would suggest that the Collectors be required to issue to the several Public Departments a certain percentage of their salaries every month in small silver, which, while reducing the balance will have the effect of throwing into circulation at the same time a large amount of small coin now uselessly locked up in the several Huzur treasuries.

Copper.

11. The only Districts in which the consumption of copper has been at all high are Coimbatore, Kurnool, and South Arcot; and in each of those Districts, the large expenditure appears to be solely due to the fact of the Copper having been issued at a discount of 6 Pies in the Rupee, under the orders of Government of India, noted in the margin. In the other Districts, the Collectors generally report copper to be a drug in the market for which there is no demand, and in some of the Districts it is even stated that the Shroffs grant a premium to persons bringing silver to be exchanged for copper. In order to reduce the present balances of copper to the amounts which I have assigned for each District, and with the view, at the same time, of retaining the coin in the District where it is now lodged, I beg to recommend that all the Collectors

Financial Department, No. 1577, dated 28th February 1862.

be authorized to issue copper at the above stated discount of 6 Pies per Rupee, until the necessary reduction has been effected, when the discount would cease.

Currency notes.

12. The balance of Currency Notes held in the several treasuries has been reduced from Rupees 29,88,450 in May 1863, to Rupees 7,79,420 in September 1864, and as the Note circulation of this Presidency is steadily, though slowly, increasing, at the rate of about 11 lacs a year, I do not consider that the last mentioned balance can conveniently be further reduced. The value of Notes re-issued to the public from the Collectors' treasuries during September last was Rupees 5,83,080.

Customs House Treasury.

13. With regard to the observation that "it is not understood why it should be necessary "to have any separate Treasury for the Sea "Customs at Madras," I beg to point out that in 1862, when officiating Accountant General, I recommended to Government the entire abolition of the Sea Customs Treasury, and that the duty of receiving and making payments on account of the Customs should be discharged by the Bank of Madras. The Government were pleased to approve of my recommendation, but, before their order directing the abolition of the treasury could be carried out, a very strong protest against that measure was made by the Chamber of Commerce, on the grounds of unnecessary trouble and delay in the clearance of goods, and further that the insisting on payment of duties elsewhere than at the Customs House would be opposed to the spirit of the Customs Act. The letter from the Chamber having been referred to me by Government for report, I pointed out that the Statements therein made were, in my opinion, greatly exaggerated, but that if it were deemed inexpedient, in the face of that protest, to carry out the resolution of Government, the Collector of Customs might still be allowed to receive and make payments at the Customs House, but that his collections should at the close of the day be remitted to the Bank of Madras. The Government having approved of my suggestion, that arrangement continues in force at the present time, and there is virtually, therefore, no treasury attached to the Customs House, but simply a cash chest. It is proper to mention, however, that on the last day of the month, the Collector retains his collections of that day, for the purpose of paying his establishment on the following day, and a small cash balance is consequently shown on account of the Customs House in the Report submitted to the Financial Secretary, showing the state of the several treasuries on the 1st of each month.

Paragraph 8 of letter 13th August 1864,—vide page 7 of accompanying printed correspondence.

Madras and Saidapett Treasuries.

14. The question of abolishing the Madras and Saidapett treasuries was also raised in 1860, and the matter was very fully discussed by the Government and the Board of Revenue, in the Proceedings* noted in the margin. I am now unable to adduce any further arguments in support of the views I then expressed in respect to the abolition of those treasuries, and as the Government decided, after very mature consideration, that their retention was necessary, I beg to suggest that the grounds on which that opinion was based be laid before the Government of India.

* Of Government, No. 476, R. D., 28th March 1860.
Do. „ 1195, „ 19th July „
Do. „ 1466, „ 29th August „
Do. „ 2195, „ 21st Nov. „

15. Referring to the 9th paragraph of the letter of the Financial Secretary, dated 18th August last, I have the honor to state that the system, therein advocated of advertising the amounts for which this office is ready to receive tenders for the sale of bills, was introduced by me into this Presidency, with the sanction of Government, in the early part of 1862, and has since been continously acted upon. The amount drawn down to the Presidency by means of bills, from the commencement of the present official year to the end of September last, exceeds 74 lacs, and the premium obtained thereon, namely twenty-two thousand and odd Rupees, more than covers the cost of the cash remittances made during the same period, and which amount to about 50 lacs. It will thus be seen that the whole of surplus funds available in the Provinces have been brought to the Presidency, not only without any extra charge, but with profit to Government.

Vide page 7 of accompanying correspondence.

TABLE A.

Small Silver.

1	2	3	4	5	6	7	8
	Amount of small Silver coins on 31st August 1863.	Amount of small Silver coins on 1st September 1864.	Amount received during the year from the Bank of Madras.	Amount remitted by Collectors to other District.	Excess of Disbursements.	Excess of Receipts.	Amount proposed to be retained.
Ganjam	18,274	19,794	.....	.....	.....	1,520	10,000
Vizagapatam	62,538	59,633	10,000	From Godavery.	12,905	.....	15,000
Godavery District	85,322	85,191	.....	10,000 remitted to Vizagapatam.	.....	9,869	10,000
Kistna do.	97,106	52,439	.....	.....	44,667	.....	50,000
Nellore	51,902	63,497	.....	.....	.....	11,595	10,000
Madras	11,172	29,273	.....	.....	.....	18,101	10,000
Sea Customs	1	1	.....	.....	.....	.....	.....
North Arcot	79,181	71,319	.....	.....	7,862	.....	10,000
South Arcot	81,300	1,00,072	.....	.....	.....	18,772	10,000
Tanjore	2,53,478	1,43,270	.....	1,60,000 remitted to Madura and Malabar.	.....	49,792	10,000
Trichinopoly	92,656	1,05,395	.....	.....	.....	12,739	10,000
Madura	32,635	16,642	25,000	From Tanjore.	40,993	.....	45,000
Tinnevelly	59,546	44,806	.....	.....	14,740	.....	17,000
Malabar	1,00,005	2,37,138	1,55,000	.....	1,52,867	.....	1,80,000
South Canara	28,453	48,288	1,35,000 45,000	From Tanjore.	25,170	.....	28,000
Coimbatore	60,995	1,25,401	1,50,000	.....	85,594	.....	95,000
Salem	50,404	14,051	.....	.....	36,353	.....	40,000
Cuddapah	27,449	46,284	55,000	.....	36,165	.....	40,000
Bellary	41,259	17,588	16,000	.....	39,671	.....	44,000
Kurnool	9,144	3,284	.....	.....	5,860	.....	10,000

FORT SAINT GEORGE,
ACCOUNTANT GENERAL'S OFFICE,
24th November 1864.

(Signed) F. LUSHINGTON,
Dy. Auditor and Accountant General.

TABLE B.

Copper Coins.

1	2	3	4	5	6	7	8
	Amount of Copper coins on 31st August 1863.	Amount of Copper coins on 1st September 1864.	Amount received during the year from the Bank of Madras or other Treasuries.	Amount remitted by Collectors to other Districts.	Excess of Disbursements.	Excess of Receipts.	Amount proposed to be retained.
Ganjam	68,155	43,795	.....	.....	24,360	.....	30,000
Vizagapatam	29,291	29,452	.....	.....	.....	161	10,000
Godavery District	23,971	33,570	.....	.....	.....	9,599	10,000
Kistna do.	21,659	16,649	1,000	.....	6,010	.....	10,000
Nellore	13,738	18,201	.....	.....	.....	4,463	10,000
Madras	45,200	24,155	.....	.....	21,045	.....	25,000
Sea Customs	.....	.....	.....	.....	.....	.....	.....
North Arcot	23,382	22,574	200	.....	1,008	.....	10,000
South Arcot	2,635	66,853	50,000	.....	40,782	.....	30,000
Tanjore	61,673	24,854	55,000	From Tanjore. 55,000 to South Arcot.	.....	18,181	10,000
Trichinopoly	29,137	39,694	.....	.....	.....	10,557	10,000
Madura	10,352	8,508	10,000	.....	11,844	.....	15,000
Tinnevelly	8,472	26,415	30,000	.....	12,057	.....	15,000
Malabar	56,959	36,141	.....	17,000 to South Canara.	3,818	.....	10,000
South Canara	15,961	56,691	30,000	.....	6,270	.....	10,000
Coimbatore	41,327	14,912	17,000 2,20 000	From S. Canara.	2,46,415	.....	30,000
Salem	15,317	14,091	13,400	.....	14,726	.....	20,000
Cuddapah	2,209	6,950	8,000	.....	3,259	.....	10,000
Bellary	17,097	24,157	9,000	.....	1,940	.....	10,000
Kurnool	67,481	1,44,654	1,50,000	.....	72,827	.....	30,000

FORT SAINT GEORGE,
ACCOUNTANT GENERAL'S OFFICE,
24th November 1864.

(Signed) F. LUSHINGTON,
Dy. Auditor and Accountant General.

Instructions relating to the revision of the Cash Balances.

Circular from E. H. LUSHINGTON, Esq., Secretary to the Government of India, Financial Department; to all Deputy Auditors and Accountants General—(No. 1017, dated the 24th February 1864.)

It is the desire of the Governor General in Council that existing arrangements should be scrutinized and revised, so as to work the public expenditure with the smallest possible Cash Balance.

2. For this purpose the Treasuries should be divided into three classes:—

1st.—"General" Treasuries, that is, the Treasuries of the Presidency Cities of Calcutta, Madras, and Bombay.

2nd.—"Receiving" Treasuries, such as Meerut, Bangalore, and Poonah, where a considerable expenditure has to be provided for, in excess of the revenue of the District; and

3rd.—"Transmitting" Treasuries, where the revenue is in excess of the local requirements and ought to be forwarded, as soon as practicable, to one or other of the preceding Treasuries.

3. Bearing this distinction in mind, you will carefully consider the receipts and expenditure of all the Treasuries within your province, and report what is the lowest amount which it is absolutely necessary to retain in the two last mentioned classes of Treasuries, and what is the difference between this amount and that which has heretofore been kept in such Treasuries.

4. The Governor General in Council is aware that these conditions must be, to some extent, modified by the periods of the year at which the principal instalments of the revenue are received, by the facilities for making remittances, and by other local causes; but he confidently relies upon the object he has in view, *of keeping the balances in the Provincial Treasuries as low as possible, and promptly remitting all surplus funds to the General Treasuries, in order to their being utilized for the public service,* being carefully worked up to according to the circumstances of each province.

From E. H. LUSHINGTON, Esq., Secretary to the Government of India, Financial Department; to E. F. HARRISON, Esq., Deputy Auditor and Accountant General for British Burmah—(No. 1794, dated Simla, the 10th August 1864.)

With reference to that part of your report upon the Cash Balances, dated the 10th May last, made by you as Deputy Auditor and Accountant General for Bengal, which relates to British Burmah, I am directed to communicate to you the following observations and instructions.

2. In the 18th paragraph you state that the ordinary Cash Balances of British Burmah amount to about Rupees 30,00,000; but that you are of opinion that, if carefully watched by a financial officer, on the spot, the balances might be kept down to an average of about half that amount and a maximum of Rupees 18,00,000.

3. But in the 25th paragraph you give a table of the actual balances in the Treasuries when the general balance is low, compared with the balances, which, after consideration of the expenditure at each Treasury, appeared to you, with the existing means of effecting remittances, the lowest with which the public service could be carried on. In this table the *actual* balance in the Treasuries of British Burmah is stated at Rupees 32,00,000, and the *necessary* balance at Rupees 10,50,000.

4. The Governor General in Council desires that you will, as soon as possible after your arrival at Rangoon, carefully revise the Cash Balances in the different Treasuries of your province, and fix a maximum amount for each with reference to the local receipts and disbursements of each Treasury, and that you will arrange for the surplus being remitted at the end of each month to the General Treasury at Calcutta.

5. The surplus of the Treasuries in the interior of Pegu, will, as observed in the 18th paragraph of your report, have to be sent, in the first instance, to Rangoon; but it is presumed that the surplus in the Treasuries of the Maritime towns (Maulmain, Mergui, Tavoy, Bassein, Bangoon and Akyab) may be remitted direct to Calcutta.

6. This may be done by transfer in account to the General Treasury at Calcutta, wherever there is a branch bank of the Bank of Bengal.

7. Where there is no such branch bank, the remittance should be effected by monthly sales in Calcutta of bills upon the several Treasuries. These sales should be made by the Accountant General upon monthly advices received from you of the amounts available at each Treasury, of which due public notice should be given by advertisement, and the full market rate of exchange of the time should be obtained by inviting sealed tenders and by accepting the most favorable.

8. After your arrival at Rangoon, you will make a preliminary report of the amount you have been immediately able to transfer to the General Treasury at Calcutta, and afterwards you will report in detail the permanent arrangements made by you.

9. The Governor General in Council also desires that you will inquire and report whether it will be practicable to consolidate any of the District Treasuries, and to reduce the number of Treasuries subordinate to the District Treasuries; also, how far it is practicable to reduce the balances in those subordinate Treasuries which must be retained, and to reduce the number and amount of outstanding Cash Balances by requiring that receivers of revenue should pay in their receipts at shorter intervals.

10. A copy of this letter will be sent to the Accountant General, with whom you will communicate on every necessary point previously to your leaving Calcutta.

Ordered that a copy of the above letter be forwarded to the Accountant General to the Government of India, for his information and guidance.

From E. H. LUSHINGTON, Esq., Secretary to the Government of India, Financial Department; to T. W. BISS, Esq., Deputy Auditor and Accountant General, Central Provinces, Nagpore—(No. 1795, dated Simla, the 10th August 1864).

I am directed to state, in reply to your letter of the 22nd of April last, in answer to my Circular of the 24th of February, on the subject of the revision of the Cash Balances, that the Governor General in Council is satisfied with the general view you have taken of the subject.

2. You propose that the Cash Balances in the Central Provinces should be reduced from their then average of Rupees 44,71,000 to Rupees 34,00,000.

3. But I am directed to observe that several circumstances lead to the conclusion that the average balance may be reduced below the lastmentioned limit.

4. Jubbulpore, Nagpore and Saugor, are shown by you in "circles," without any specification of the District Treasuries; and it is hoped that, by confining the balances in the District Treasuries to the sums required for meeting the local disbursements, say for two months, and concentrating the balances in the principal Treasuries, the aggregate amount may be much reduced.

5. And you have proposed to the Chief Commissioner that the Nursingpore Treasury should be consolidated with the adjoining Treasuries; and directions have been given for the consolidation of the Customs Treasuries with the District Treasuries, and for carefully revising the Tahsil Treasuries with a view to the reduction of their number, and to keeping at a minimum the balances in those which it may be necessary to retain.

6. As soon as you are able to estimate the effect of these further measures, you will make a final report upon the balances which it will be necessary to retain in the several Treasuries in your province.

7. Meanwhile you will transmit to the Mint at Calcutta, with the least practicable delay, any amount of uncurrent coin there may be in the Treasuries of your province.

Ordered that a copy of the above letter be sent to the Accountant General to the Government of India, for his information and guidance.

From E. H. LUSHINGTON, Esq., Secretary to the Government of India, Financial Department; to L. C. PROBYN, Esq., Deputy Auditor and Accountant General, Punjab—(No. 1805, dated Simla, the 11th August 1864.)

I am directed to acknowledge the receipt of your letter, dated the 26th of March last, with two statements, in reply to my Circular of the 24th of February, respecting the revision of the Cash Balances.

2. You state that, in calculating the balance to be retained in each Treasury, you have allowed, "as the minimum Cash Balance, an amount equal to the average excess of the disbursements over the receipts for two months, *exclusive of land revenue, customs and salt collections, and cash received on account of supply bills sold on Calcutta.*"

3. As the balance which must be retained in each Treasury depends upon a comparison of the whole of the local receipts with the whole of the local disbursements, the object of the arrangement above described is not understood. The effect of it apparently would be to retain, in each Treasury, a larger sum than is required for local purposes.

4. It also does not appear why it is necessary to keep so large a sum as Rupees 3,00,000 in the Umritsur Treasury, although the large Treasury of Lahore is within easy access by rail, or why so large a Cash Balance as Rupees 4,00,000 is retained at Simla.

5. The arrangement reported in the 7th paragraph of your letter for saving time and guards, in making remittances, whereby it is stated a considerable reduction will be made in the Cash Balance, has been observed by the Governor General in Council with much satisfaction.

6. Since the report under acknowledgment was made, the balances in the Tahsil Treasuries have been regulated and reduced.

7. Under all these circumstances, the aggregate Cash Balance in the Lieutenant Government of the Punjab may safely be reduced below the amount reported in your letter of the 26th of March, and it is requested that you will again carefully re-consider the subject and report the result.

Ordered that a copy of the above letter be forwarded to the Accountant General to the Government of India, for his information and guidance.

From E. H. LUSHINGTON, Esq., Secretary to the Government of India in the Financial Department; to L. C. PROBYN, Esq., Deputy Auditor and Accountant General, Punjab—(No. 1807, dated Simla, the 11th August 1864.)

In reply to your letter, dated the 23rd ultimo, No. 766, I am desired to request that you will remit to the Mint at Calcutta, *with the least possible delay*, any amount of clipped or otherwise uncurrent coin which may now be in the Treasuries of the Punjab.

2. As regards the remittances which you request may be made to re-place the coin so sent, I am desired to refer you to my separate letter of this date, No. 1806, in which attention is called to the reduced aggregate balance which may be retained under the circumstances therein adverted to, and to request that you will re-consider your application for remittances to the Punjab.

Ordered that a copy of the above letter be sent to the Accountant General to the Government of India, for his information and guidance.

From the Secretary to the Government of India, Financial Department; to W. E. GORDON, Esq., Deputy Auditor and Accountant General, Hyderabad and the Assigned Districts—(No. 1820, dated Simla, the 12th August 1864.)

I am directed to acknowledge the receipt of your report, dated 5th May last, in reply to my Circular of the 24th February, relative to the revision of the Cash Balances.

2. You express your opinion that five lakhs of Rupees may be assumed as a safe cash balance with which to close the operations of each month at the Hyderabad Treasury. As this Treasury has to make large payments at the commencement of each month, and is gradually replenished during the course of the month, five lakhs of Rupees may, for the present, be considered the *maximum* balance at the end of each month.

3. The Hyderabad Treasury is supplied by bills drawn upon Calcutta, Benares, Bombay, and the Assigned Districts; and, as the Hyderabad rate of exchange with Calcutta is more favorable than with the Assigned Districts, while the commercial relations between Bombay and those Districts make the negotiation of bills upon them from Bombay very advantageous, you recommend that the Hyderabad Treasury should be entirely supplied by bills drawn upon other quarters, so as to leave Bombay free to negotiate bills upon the Assigned Districts to the full extent of their surplus.

4. As the Bombay Treasury has no surplus of its own, bills should be drawn upon it only in case of necessity; but it will be open to the Resident to draw upon Calcutta, Benares, Madras, and *within certain limits*, if the exchange be favorable, upon Masulipatam.

5. You state that the surplus revenue of the Assigned Districts, after providing for the civil charges and the cost of public works, is about Rupees 30,00,000 a year; that, as the bulk of the collections are on account of land revenue, the expenditure exceeds the receipts from May to November, and it will, therefore, be necessary to begin that period with a balance of Rupees 4,00,000 in each of the two Treasuries; that the surplus of each District should be drawn off from January to April, and the Deputy Commissioners should communicate to the Deputy Auditor and Accountant General at Bombay, on the first of each of those months, by Telegraph, the amount that will be available for his supply bill negotiations during the month. You also observe that, under bills drawn by Bombay, you include bills to be drawn by Treasuries, such as Indore, where the excess of expenditure over receipts has to be provided by foreign supplies.

6. The Governor General in Council approves of these proposals, and the Deputy Auditor and Accountant General of Bombay will give effect to them, in concert with the Deputy Commissioners in charge of the Assigned Districts. It will be his duty to transfer the surplus revenue of the Assigned Districts to the Treasuries where it is most required, and to take care that the full market rate of exchange is realized upon the bills by which it is drawn off, for which purpose tenders should be invited by public advertisement, and the most favorable should be accepted. On the part of the Deputy Commissioners care should be taken that the collections are sent to the two principal Treasuries, with the least possible delay, and that the sums retained at the Tahsils are limited to what is actually necessary for defraying local charges.

7. No decision is at present required upon the question raised by you as to the proportions in which the gain by exchange at Bombay, or the loss at Hyderabad, should be adjusted to the Assigned Districts. It is sufficient that accurate accounts are kept of all these transactions, so that full information may be available whenever a separate account of the revenue and expenditure of the Assigned Districts shall be made up.

Ordered that a copy of the above letter be forwarded to the Resident at Hyderabad, to whom Mr. Gordon has already furnished a copy of his report; and to the Accountant General to the Government of India, and also to the Deputy Auditors and Accountants General at Bombay and Madras, for their information and guidance.

From E. H. LUSHINGTON, Esq., Secretary to the Government of India, Financial Department; to J. L. LUSHINGTON, Esq., Deputy Auditor and Accountant General, Bengal—(No. 1825, dated Simla, the 12th August 1864.)

I am directed to reply to those parts of Mr. E. F. Harrison's interesting report of May 10th last, on the revision of the cash balances, which relate to the Lieutenant Government of Bengal.

2. According to the classified table, in paragraph 25, of the actual balances held by the provincial Treasuries in Bengal at a time when the general balance was low, and of the balances considered by Mr. Harrison to be necessary, the minimum balance might be reduced from Rupees 1,62,60,000 to Rupees 1,20,00,000, being a reduction of Rupees 42,60,000.

3. The Governor General in Council desires that you will take proper steps, without loss of time, to reduce the aggregate provincial balance to the above extent, and thereby to strengthen the Reserve balance at the General Treasury at Calcutta.

4. Mr. Harrison further states that, after all allowances, he believes that the Bengal balances might be less than they actually are by Rupees 50,00,000, if the Government possessed banking facilities for effecting remittances from all quarters.

5. The first indispensable requisite for concentrating the public balances at the places where they are required, is to ascertain the sum actually necessary for carrying on the local expenditure at each of the transmitting Treasuries, and to take care that means are adopted for promptly remitting any excess that may accrue above that minimum amount to the Treasuries where it is wanted.

6. The safest and most regular mode of making such remittances from the interior to Calcutta is by the sale of bills upon the several Treasuries, for which purpose you should be kept constantly informed of the balances in the different Treasuries, and should constantly advertize the amount for which you are ready to receive tenders for the purchase of bills, of which the most favorable should be accepted.

7. Mr. Harrison truly observes that, by this course of proceeding, the cash balances are augmented during the interval of the purchase of the bill at Calcutta and its payment in the interior; but this is an advantage to the public; and is no loss to the individual, because he receives, at the market rate of exchange, the full value of what he pays. The vitiation of any estimate that may be made of the growth of the revenue from a comparison of the cash balances is of no consequence, because the management of the balances rests upon entirely different principles from that of the annual revenue and charge, and the state of the balances furnishes no criterion of the state of the revenue.

8. Mr. Harrison observes, in paragraph 26 of his letter, that the ordinary amount of currency notes held by the Bengal Treasuries is about Rupees 12,00,000, the greater part of which is available for local payments; but he has thought it right to put down about one-fourth as the amount which cannot be used immediately or indifferently with silver, and must be held in addition to the amount required for local disbursements.

9. Upon this, I am directed to observe that the use of currency notes ought to diminish, instead of increasing the public balances, by furnishing additional facilities for remittance. For this purpose they should be held in the different Treasuries only in the proportion in which they are required for local circulation, so that perfect reliance may be placed on their being available for currency indifferently with specie. The stock of notes in the Gowahatty Treasury is an exception to this rule, because the arrangement there is the same in principle as that of a separate Paper Currency Circle.

10. In the concluding part of his letter, Mr. Harrison suggests that it would be mutually beneficial to the Government and the Bank of Bengal if the Treasury business at the branch bank at Dacca were carried on without any balance, by the daily Government receipts over payments being transferred to the credit of the bank at Dacca (where money is in demand for paying for produce, &c.,) and of the Government at Calcutta. Under the agreement with the Bank of Bengal, the Government is bound to pay interest if its balance at Dacca is reduced below a certain amount; but, if the arrangement suggested, which is the same as that which prevails between the Government and the Bank of England in reference to the provincial branches of the latter, be for the advantage of the Bank of Bengal, the Directors will probably waive their rights under the agreement to this extent, and consent to the adoption of the arrangement proposed by Mr. Harrison.

11. You are requested to take immediate steps for sending to the Mint all the uncurrent coin in the Treasuries in your province, in order that it may be re-coined.

Ordered that a copy of the above letter be forwarded to the Accountant General to the Government of India, for his information and guidance.

From E. H. LUSHINGTON, Esq., Secretary to the Government of India, Financial Department; to S. D. BIRCH, Esq., Deputy Auditor and Accountant General, Bombay—(No. 1838, dated Simla, the 12th August 1864.)

I am directed to state, in reply to your letters of the 14th of March and 13th of July last, on the revision of the Cash Balances in the Bombay Presidency, that the Governor General in Council is quite satisfied with the care and judgment you have bestowed on this important part of your duties.

2. The first indispensable requisite for concentrating the public balances at the places where they are required, is to ascertain the sum actually necessary for carrying on the local expenditure at each of the Transmitting Treasuries, and to take care that means are adopted for promptly remitting any excess that may accrue above that minimum amount to the Treasuries where it is wanted.

3. After reserving such amounts as may be required for the supply of Receiving Treasuries, such as Poona and Indore, the safest and most regular mode of making the remittances from the interior to Bombay is by the sale of bills upon the several Treasuries, for which purpose, you should be kept constantly informed of the balances in the different Treasuries, and should constantly advertize the amount for which you are ready to receive tenders for the purchase of bills, of which the most favorable should be accepted.

4. These operations may be postponed at your discretion during the season while the Bombay General Treasury is sufficiently supplied, until the period arrives when it becomes important to strengthen the balance at Bombay, and when the mercantile demand re-commences for bills on the interior.

5. You are requested to take immediate steps for sending to the Mint all the uncurrent coin in the Treasuries in your province, in order that it may be re-coined.

Ordered that a copy be forwarded to the Accountant General to the Government of India, for his information and guidance.

From E. H. LUSHINGTON, Esq, Secretary to the Government of India, Financial Department; to the Deputy Auditor and Accountant General, Madras—(No. 1861, dated Simla, the 12th August 1864.)

I am directed to acknowledge the receipt of Mr. J. L. Lushington's letter dated the 8th April last, in reply to my Circular of 24th of February, on the revision of the Cash Balances.

2. The only other Treasury, besides the General Treasury at Madras, at which the expenditure exceeds the receipts, is the Bangalore, and that only by 4½ lakhs of Rupees a year.

3. Mr. Lushington proposed that the balance in each of the District Treasuries should, for the present, be fixed at a sum equal to two months of the local expenditure; but he adds that "had it not been necessary to keep a reserve of notes and small coins, one month's charges "would probably have been a sufficient reserve."

4. There are considerable sums in small silver and in copper coins in deposit in most of the Treasuries, which are either in excess of local demands, or no effectual steps have been taken to get them into circulation. You are desired to give your early attention to this subject, and, after ascertaining the views and wishes of the Madras Government, to report separately upon it. If, after making any arrangements that may seem proper to get these coins into circulation, there should still be a surplus, the aggregate amount of each denomination available should be reported, in order that it may be sent to any part of India where it may be required.

5. Mr. Lushington also stated that it was necessary to keep a reserve on account of notes. Upon this, I am directed to remark that the use of currency notes ought to diminish, instead of increasing the public balances, by promoting additional facilities for remittance. For this purpose the notes should be held in the different Treasuries, only in the proportion in which they are required for local circulation, so that reliance may be placed upon their being available for currency indifferently with specie.

6. It will be seen from the annexed abstract of the statements relating to each Treasury which accompanied Mr. Lushington's letter, that in May 1863, the currency notes in deposit in the Treasuries amounted to Rupees 28,88,450, and that in April of the following year, they had only been reduced to Rupees 24,25,872. The unproductive balances in the Treasuries were, therefore, swelled by this large amount; and, besides this, three-quarter per cent. had to be paid upon it to the Bank of Madras as Agent for the issue of the paper currency, that is, upon more than one-third of the so-called note circulation at the time of the Madras Presidency.

7. It will be your duty to take proper steps, in communication with the Madras Government, for reducing the currency notes in the different Treasuries to the amounts really required for circulation in the different Districts.

8. It is not understood why it should be necessary to have any separate Treasury for the Sea Customs at Madras. The receipts may be paid to the credit of the Custom's revenue at the bank *as they accrue*, and the sums required to meet the charge of the department may in like manner be drawn from the Bank. You will communicate with the Madras Government on this subject and report the result.

9. In the last paragraph of his letter, Mr. Lushington adverted to the question as to when and how the surplus of the District Treasuries should be remitted. Upon this, I am directed to state that the safest and most regular mode of making such remittances from the interior to Madras is by the sale of bills upon the several Treasuries, for which purpose you should be kept constantly informed of the balances in the different Treasuries, and should constantly advertize the amounts for which you are ready to receive tenders for the sale of bills, of which the most favorable should be accepted.

10. During the months from May to November, while the receipts are small and the demand for bills slack, there will be less occasion for making these remittances, than in the months from November to April, when the land revenue instalments become due, and there is a great demand for bills to pay for produce.

11. The Accountant General will be instructed to report upon the Coorg Treasury.

12. You are requested to take immediate steps for forwarding to the Mint any uncurrent coins there may be in the different Treasuries, in order that they may be re-coined.

Ordered that a copy of the above letter, together with a copy of the abstract Statement referred to in paragraph 5, be forwarded to the Accountant General to the Government of India, for his information and guidance.

Currency Notes in deposit in the Madras Treasuries.

	May 1863.	April 1864.
	Rs.	Rs.
Ganjam...	1,29,300	95,890
Vizagapatam...	1,00,210	1,33,010
Godavery District...	94,270	1,29,035
Kistna do.	87,030	82,516
Nellore	1,28,840	1,54,730
Madras	32,760	30,350
Madras (Sea Customs)	3,870	7,195
North Arcot	58,830	49,039
South Arcot	74,100	42,043
Bellary...	1,99,000	1,95,190
Kurnool...	48,120	63,580
Cuddapah..	89,550	82,061
Coimbatore...	3,99,760	2,96,786
Salem..	4,08,340	2,05,460
Tanjore...	7,53,150	5,35,920
Trichinopoly..	24,900	16,245
Madura...	4,910	39,357
Tinnevelly.	42,390	15,210
Malabar...	2,25,130	1,68,995
South Canara.	40,880	31,418
Travancore..	40,610	33,160
Mysore...	2,500	18,680
Total.....	29,88,450	24,25,872

From E. H LUSHINGTON, Esq., Secretary to Government of India, Financial Department; to J. M. ERSKINE, Esq., Deputy Auditor and Accountant General, North-Western Provinces—(No. 1874, dated Simla, the 16th August 1864.)

I am desired to acknowledge the receipt of your letter, dated the 30th of June, in reply to my Circular of the 24th of February last, on the subject of the revision of the Cash Balances, and to inform you that the Governor General in Council is satisfied with the attention you have given to this important subject.

2. The minimum amount estimated by you to be retained in thirteen Receiving Treasuries, in the North-Western Provinces and Oudh, is Rupees 1,08,50,000, being Rupees 35,30,000 less than the former average annual balance.

3. The minimum amount proposed to be retained in thirty-one Transmitting Treasuries is Rupees 55,45,000, or Rupees 46,95,000 less than at present.

4. The total minimum amount proposed to be retained is, therefore, Rupees 1,63,95,000, or Rupees 82,25,000 less than the previous average annual balance.

5. Upon this I am directed to observe—

6. As the following Transmitting Treasuries are connected by rail with neighbouring large Receiving Treasuries, there is no apparent reason why such amounts should be retained :—

	Proposed amount in Rupees.
Allygurh	2,00,000
Boolundshuhur	1,20,000
Mutra	2,00,000
Futtehpore	1,50,000
Mirzapore	5,00,000
Total...	11,70,000

7. Seven lakhs of Rupees for Goruckpore and five for Fyzabad appear to be larger sums than are necessary, especially as Fyzabad could on occasion be supplied from Lucknow, and Goruckpore from Benares.

8. You observe, in reference to Treasuries managed by the Bank of Bengal, that you have added to the Bank's reserve 10 per cent. of the annual disbursements which you had previously stated as the lowest amount to be retained.

9. As regards Mirzapore, the Government is, under the existing agreement with the Bank, bound to pay interest when the monthly average Cash Balance falls below Rupees 2,83,739; and in reference to Benares, the Government is under a similar obligation when the Cash Balance falls below Rupees 3,00,000. Subject to these limitations, the Government balances at these branch Banks, should be regulated precisely in the same manner as the balances in the Treasuries managed by the officers of the Government.

10. As regards the remaining branch Banks, there is no such restriction, and it is open to the Government to retain any balance that may be thought proper.

11. Paragraphs 10 to 14 of your letter contain observations upon an accompanying Revised Estimate of Cash Requirements for the North-Western Provinces for 1864-65, and you state that you will review this estimate thoroughly after the actuals for the past six months come to hand.

12. No orders will be given on this subject, until this final estimate shall be received, and it is particularly desired that you will make the final revision after full consideration of the remarks contained in this letter, and of the further information you may be able to obtain regarding the requirements of the opium and other departments.

13. You are desired to transmit, with the least possible delay, to the Mint at Calcutta, all the uncurrent coin in the Treasuries of your province.

14. You justly remark that the difficulty of utilizing quickly and advantageously the available balances at our disposal arises from their distribution among such an enormous number of Treasuries, and you express your opinion that it is not only desirable but feasible to dispense with a number of the smaller Treasuries.

15. You are requested to report on this subject without delay *to the extent of the information at present possessed by you*, and you will point out what Treasuries might, in your opinion, be soonest and with the greatest public advantage consolidated with others, and in what manner you would propose that the distribution of the business should be made. After receiving this preliminary report, a communication will be made to the Lieutenant Governor if there shall appear to be primâ facie grounds for further action.

16. A separate communication has been made to you on the subject of the consolidation of the Customs Treasuries with the District Treasuries, and the regulation and reduction of the balances in the Tahsil Treasuries, to which objects your earliest and best attention should be given.

Ordered that a copy of the above letter be forwarded to the Accountant General to the Government of India, for his information and guidance.

From L. C. PROBYN, Esq., Deputy Auditor and Accountant General, Punjaub; to the Secretary to the Government of India, Financial Department, Simla—(No. 716, dated Lahore, the 18th July 1864.)

I have the honor to forward, for the approval of the Government of India in the Financial Department, the annexed draft of a Circular, which it is proposed to issue to Deputy Commissioners in the Punjab.

2. It has been found that in some Districts unnecessarily large sums have been left in balance in the Tahsil Treasuries, and the object of this Circular is to prevent this occurring in future.

3. My original draft Circular was submitted for the approval of the Financial Commissioner, and, while suggesting some slight additions (which have been made), he says, "I entirely concur "in the expediency of issuing the Circular you propose, in regard to Tahsil Cash Balances, and "anticipate from it beneficial results."

Circular from L. C. PROBYN, Esq., Deputy Auditor and Accountant General, Punjab; to all Deputy Commissioners—(No. , dated Lahore, the July 1864.)

I have the honor to request that you will be careful not to keep more money in your Tahsil Treasuries than is sufficient for their actual requirements.

2. The instructions contained on this subject, in paragraph 2, page 17, of the Hand Book, do not, as has been supposed by some officers, warrant the retention, under all circumstances, of cash, until it reaches Rupees 10,000. Whenever there is no probability of that sum being speedily available, and the balance at the Tahsil Treasury is more than sufficient for its actual requirements, a remittance should be made to the Sudder.

3. In Districts where the collections from Abkari and other miscellaneous sources are small, it may sometimes be found necessary, after the close of the last Rabbi and Kharrif Kists, respectively, (especially where executive or other officers bank with the Tuhseeldar), to retain comparatively large sums in hand. It will be necessary, therefore, that you should exercise a sound discretion in the matter, bearing in mind that, though it is desirable to reduce the Cash Balances as low as possible, at the same time care should be taken lest, at any time, the Tahsils be left out of funds, and unable to meet the demands upon them without sending to the Sudder for remittances.

4. The stations noted in the margin, at which European Officers are stationed in charge of the civil duties, clearly fall under a different category from ordinary Tahsils; so also do Rajunpore and Tonk, at which there is very considerable Military expenditure; Pind Dadun Khan, very large remittances from which are periodically made to Rawulpindee; and Kulloo, which, besides being the head quarters of an Assistant Commissioner, is very remote and inaccessible from Kangra.

Dalhousie.
Attock.
Murree.
Kussowlie.

5. Whenever the Tahsil balances* of your District, at the close of the month, exceed, in the aggregate, the sum noted in the margin, an explanatory note of the cause should be affixed to the Cash Balance Report submitted to this Department.

* See separate list.

6. These instructions are issued with the approval of the Financial Commissioner.

Statement showing the amounts to be entered in margin of paragraph 5 of draft Circular.

	Districts.		Districts.
5,000	Bunnoo.	20,000	Kangra.
30,000	Dera Ghazee Khan.	2,000	Kohat.
20,000	Dera Ishmael Khan.	2,000	Kurnal.
2,000	Delhi.	2,000	Lahore.
2,000	Ferozepore.	2,000	Loodiana.
2,000	Googaira.	2,000	Mooltan.
2,000	Goojranwalla.	2,000	Moozuffergurh.
2,000	Goojrat.	2,000	Peshawur.
20,000	Goordaspore.	50,000	Rawulpindee.
2,000	Goorgaon.	2,000	Rohtuck.
2,000	Hissar.	2,000	Sealkote.
2,000	Hoshyarpore.	2,000	Shahpore.
2,000	Huzara.	1,00,000	Simla.
2,000	Jhelum.	2,000	Sirsa.
2,000	Jhung.	5,000	Umballa.
2,000	Jullundur.	2,000	Umritsur.

(Signed) L. C. PROBYN,
Dy. Auditor and Acct. General, Punjab.

From the Secretary to the Government of India, Financial Department; to L. C. PROBYN, Esq., Deputy Auditor and Accountant General, Punjab—(No. 1587, dated Simla, the 28th July 1864.)

I am directed to acknowledge the receipt of your letter, No. 716, dated the 18th instant, with the annexed draft of a Circular which you propose to issue to Deputy Commissioners in the Punjab, for the purpose of confining the balances of public money, kept in the Tahsil Treasuries, within the narrowest practicable limit—the draft having been approved of by the Financial Commissioner.

2. In reply, I am directed to inform you that the Governor General in Council sanctions the issue of the draft, and regards with approbation the evidence which this proceeding affords of the intelligent interest you take in the public duties confided to you.

3. You are requested to report, after you have had some experience of the new arrangement, what effect it has had in allowing of a reduction of the aggregate public balance in the Punjab, by concentrating it at the points at which it is required for meeting the public expenditure.

4. You are also desired to furnish with your report a list of the Tahsil Treasuries in each District, with the cash balance at each, at a given date.

Circular from the Secretary to the Government of India, Financial Department; to all Deputy Auditors and Accountants General—(No. 1588, dated Simla, the 28th July 1864.)

I am directed to transmit, for your information, a copy of a letter* and its enclosures, from the Deputy Auditor and Accountant General in the Punjab, and of the reply of this Department, relative to the reduction of the balances of public money in the subordinate District Treasuries.

* No. 716, dated 18th July 1864.

2. The Governor General in Council desires that you will carefully revise the Cash Balances in the subordinate District Treasuries in your province with a view to the same object, and will make such arrangements as may appear best suited for this purpose, reporting the result, with a list of the subordinate District Treasuries and the balances remaining in them at a given date.

3. In giving effect to these instructions, you will act in conformity with the views of the local administration whose active co-operation is confidently relied upon.

From E. H. LUSHINGTON, Esq., Secretary to the Government of India, Financial Department; to the Secretaries to the Governments of the North-Western Provinces and the Punjab—(No. 1738, dated Simla, the 5th August 1864.)

The Deputy Auditor and Accountant General, Central Provinces, having, in reporting the results of his inspection of the Treasuries under his control, recommended the abolition of the Customs Treasuries in certain Districts where Land Revenue Treasuries already exist, I am directed to request that you will move the Honorable the Lieutenant Governor to consider whether it is not feasible to effect a similar reduction in the Districts noted in the margin under his jurisdiction.

Agra.
Jhansi.
Muttra.
Ajmere.
Mhairwarra.

2. The Governor General in Council attaches much importance to this change, which will save Treasury establishments and Police Guards, besides the still greater advantage of concentrating the public balances, and thereby rendering them more secure and more available for any purpose for which they may be required.

An early reply is requested.

The same to the Secretary to the Government of the Punjab, substituting Delhi, Hansi, and Sirsa, for the Districts specified in the margin above.

From E. H. LUSHINGTON, Esq., Secretary to the Government of India, Financial Department; to the Accountant General to the Government of India—(No. 1737, dated Simla, the 5th August 1864.)

In reply to your letter, No. 94, dated 23rd June 1864, forwarding copy of a correspondence with the Deputy Auditor and Accountant General, Central Provinces, relative to the Treasuries inspected by him, I am directed to communicate to you as follows:—

1st.—The rules prescribed in respect to the grant of Privilege Remittance Receipts not having been adhered to in all the Treasuries, you are requested to enforce their observance, and to issue the necessary instructions to prevent like breaches of the rules in future.

2nd.—The omission to credit the Abkaree Receipts in gross to "Revenue" should at once be rectified.

3rd.—Mr. Biss' suggestion for abolishing the separate Treasury establishments of the Customs Department at Seonee and Saugor is entirely approved, and you are requested to make the necessary arrangements for that purpose without delay, in communication with the Chief Commissioner.

4th.—The abolition of the Nursingpore Treasury and the transfer of its business to the neighbouring Districts is also very desirable, and you will ascertain what opinion the Chief Commissioner gave on the reference which Mr. Biss expressed his intention of making to him, on the subject.

5th.—You will also submit an early report as to the reduction of establishments which should follow the reduction effected by Mr. Biss in the superfluous work heretofore done in several Treasuries.

6th.—I am to add that the Governor General in Council has noticed with approbation the pains taken by Mr. Biss to make himself acquainted with the conduct of the Treasury business in his jurisdiction, and to enforce the observance of the financial regulations, besides proposing such simplification of business and reduction of expenditure as may be practicable.

Ordered that a copy of the foregoing letter, together with the correspondence cited above be sent to the Chief Commissioner, Central Provinces, with a request that his attention may be directed to the reduction of Customs Treasuries, in connection with the Circular issued from this department for the abolition of Tehseel Treasuries; to the expediency of abolishing the Nursingpore Treasury, and distributing the work among the neighbouring Treasuries, and also to the reduction of establishments that may be effected in consequence of the diminution of superfluous work.

(True Copies.)

(Signed) J. MACKEY,
Ag. 1st Asst. Acct. Genl.

From E. H. LUSHINGTON, Secretary to the Government of India; to the Deputy Auditor and Accountant General, Madras, dated Simla, the 9th September 1864, No. 2341.

Adverting to the Statement of actual Cash Balances under the Government of Fort Saint George, on the 31st July 1864, I am directed to inquire why the Education Department has any Cash Balance, and also whether the grounds urged in paragraph 8 of my letter, No. 1861, dated 13th August 1864, for the abolition of a separate Treasury for the Sea Customs at Madras, do not apply equally to the Collector's Treasury in that District. Should you consider that they do apply, you are requested to communicate on the subject with the Government of Madras.

(True Copy.)

(Signed) J. MACKEY,
Ag. 1st Asst. Acct. Genl.

No. 49. From J. C. COOKE, Esq., Assistant Secretary to the Government of India; to the Honorable A. J. ARBUTHNOT, Chief Secretary to the Government of Fort Saint George, dated Fort William, the 18th March 1865, No. 1494.

I am directed to request that, with the permission of His Excellency the Governor in Council, you will furnish the Government of India with a copy of the orders which may have been passed on the letter of the Deputy Auditor and Accountant General, Madras, No. 159 of 24th November 1864, regarding the accumulation of Cash Balances at certain Treasuries, and the practicability of doing away with certain Treasuries.

No. 50. From F. LUSHINGTON, Esq., Deputy Auditor and Accountant General, to the Honorable A. J. ARBUTHNOT, Chief Secretary to Government, Fort Saint George; dated 10th May 1865, No. 11.

Resource Department.

With reference to the Order of Government in the Financial Department, No. 225, dated 3rd instant, I beg to draw your attention to a Report* dated the 24th November last, which I had the honor to submit to the Madras Government, under the orders of the Government of India, dated the 13th August 1864. I have as yet received no instructions from either the Supreme or Local Governments on the subjects of my Report, but I hoped that it had been conclusively shown therein that the balances of small silver and copper now retained in the several District treasuries were not only sufficient for all purposes, but in many instances far greater than are actually required. That such is the case I am quite satisfied, and it was only the day before yesterday that I received a letter from the Collector of Tanjore, one of the Districts named in the Order of Government now under reference, requesting that he might be relieved of a portion of the small silver coins in his treasury, on the ground that they were greatly in excess of the wants of his District.

* No. 159.

2. The Government are aware that the General Cash Balances of India have fallen to an unprecedentedly low figure, and it is of the last importance that no portion of them be needlessly locked up. I venture to hope, therefore, that, under these circumstances, the Government will not require any augmentation to the present small silver and copper balances in the treasuries of this Presidency, and which are already, I believe, more than sufficient for the accommodation of the public.

No. 51. Proceedings of Government in the Revenue Department, dated 11th May 1865, No. 993.

Regarding the proposed reduction of the number of Treasuries in this Presidency. } (Vide Proceedings, Revenue Department, dated 11th May 1865, Nos. 215 and 216).

No. 52. ORDER THEREON, 23rd June 1865, No. 311.

The first of the letters above recorded has been accidentally overlooked, having been transferred to the Revenue Department shortly after it was received, with reference to the question of maintaining separate treasuries for the Collector of Sea Customs, and for the Collector of Madras at Saidapett, and having only lately been returned. This particular question has been disposed of in the Proceedings of Government, Revenue Department, under date the 11th ultimo, in which it is shown that the so called treasury at the Sea Customs House is not a treasury, but simply a Receiving House. In regard to the Saidapett treasury, it has been determined, in the same Proceedings, that its retention is as necessary as that of any other treasury at the Collector's Head Quarters. A copy of these proceedings will now be sent to the Government of India.

2. Turning to the other questions discussed by the Accountant General in his letter of the 24th November last, the Governor in Council considers the reasons assigned by that officer for the apparently large balances in the Taluq treasuries to be perfectly satisfactory, and concurs in his opinion as to the inexpediency of any further reduction in the amount of Currency Notes held in deposit in the several treasuries, which has been reduced to less than eight lacs.

3. The Government also agree generally in Mr. Lushington's remarks and proposals, with reference to the stock of small silver and copper coins in the several treasuries. The statement submitted by him clearly shows that there is no lack of these coins, but, on the contrary, in many Treasuries a needlessly large surplus. His proposal that in those treasuries in which the receipts of small silver and copper coins actually exceed the disbursements, the balance of small silver shall be at once reduced to Rupees 10,000, and that in other Districts a year's consumption, with an addition in each case of 10 per cent. to that amount, shall be the standard amount to be retained, is sanctioned. The Government also approve of the suggestion that each Collector shall, in future, submit an annual estimate of the probable requirements of small silver and copper during the year, that his indent shall be submitted when the necessity for a further supply actually occurs, but in sufficient time to allow of the indent being complied with before the current stock of small coin in the treasury is exhausted, and that the present plan of an annual indent be discontinued. With the view of carrying out the reduction now ordered, and at the same time throwng into circulation a large amount of small coin, the several Collectors will be directed to issue to the several Public Departments a percentage of their salaries every month in small silver, the amount of the percentage in each case to be determined by the amount of small silver in the treasury; and further, for the purpose of facilitating the circulation of copper, the authority given to certain Collectors to issue copper at a discount of six pies in the Rupee, will be extended to all. The Accountant General will report, at the close of the present year 1865-66, what has been the result of the measures now sanctioned, and what is the state of the Presidency as regards the supply of small silver and copper coin.

4. The orders now given are to be considered to supersede the orders contained in the Proceedings of Government of the 3rd ultimo, No. 225.

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

No. 53. To the Secretary to the Government of India, Financial Department, dated Fort Saint George, 23rd June 1865, No. 312.

In acknowledging the receipt of Mr. Assistant Secretary Cooke's letter, of the 18th March last, No. 1494, I am directed to send the annexed copy of the orders passed by this Government on the Deputy Auditor and Accountant General's letter of the 24th November 1864.

Proceedings of Government, 23rd June 1865, No. 311.

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

Exd. J. Tulloch.

No. 215. Read the following Proceedings of the Board of Revenue:—

Submitting Board's views on the subject of the proposed reduction of the number of Treasuries. } (Here enter 1st Dec. 1864, No. 7,733.)

No. 216. ORDER THEREON, 11th May 1865, 993.

Land Revenue.

1. The Government concur with the Board of Revenue that any further consolidation of Treasuries is impossible. By the recent revision of Establishment the number of Talook Treasuries has been reduced from 238 to 156, and the Talooks are now so large that any further amalgamation of them or reduction of Treasuries is quite out of the question. The minor Treasuries at Sub-Magistrate stations, Salt Depôts, Customs Houses, &c., are really merely receiving houses, and the services of a Shroff, the only servant allowed in any case in connection with the cash transactions, are granted only where the receipts and disbursements are large.

2. The Government of India have doubtless been misled by these petty stations being entered in the Financial Returns, as if they were real Treasuries, but this, as the Board remark, is the consequence of a more correct system of account being now pursued. Formerly, the collections at these places did not appear in the Collector's accounts until they reached his Treasury, now, however, the whole collections of each month appear in the Collector's monthly account, and the sum not actually received into his Treasury appears as a cash balance in the station. This accounts also, in some measure, for the apparent increase in the cash balances, which are further swelled in appearance by the returns being closed just before the remittance of each month's surplus receipts.

3. The only two treasuries, regarding the retention of which any special mention is necessary, are those at the Office of the Collector of Madras at Sydapett, and at the Madras Sea Customs House. The latter is not a Treasury, but simply a receiving house, the receipts are sent every evening to the Madras Bank, except on the last day of the month when enough money is retained to pay the Establishment on the following day. The Government originally withdrew even the accommodation which the receipt of Customs dues at the Office afforded; but the inconvenience to the mercantile community was so great, that the arrangement was reverted to.

4. The Sydapett Treasury is as necessary as any other Treasury at a Collector's head quarters, the expediency of abolishing it has been very carefully considered, and decided in the negative; and the reasons which led to the latter decision continue in full force.

5. In fact the thorough revision which the whole of the Revenue Establishments of the Presidency have undergone, leaves no room for further reduction.

(True Extract.)

Secretary to Government.

To the Board of Revenue.
" the Financial Dept. ✓

Exd. S. T. Augustin.

2 Copies sent

W.D. 8/18/3

Fin. Dep. 1865 Rec'd.

Proceedings of Govt.
Revenue Dept. 993
2/11
2/39 May 65.

No 2804
Encls. 2 Statements
&c &c &c

Regarding the proposed
reduction of the number
of Treasuries in this
Presidency -

No. 1494

To,

The Chief Secretary to the Government of
Fort Saint George.

Financial Department. Sir,

I am directed to request that with the permission of His Excellency the Governor in Council, you will furnish the Government of India, with a copy of the orders which may have been passed on the letter of the Deputy Auditor and Accountant General Madras, No. 159 of 24th November 1864, regarding the accumulation of Cash balances at certain Treasuries and the practicability of doing away with certain Treasuries. —

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

H. L. Corbe

Assistant Secy. to the Govt. of India.

Fort William
The 18th March 1865

D.O. 18/3

Resource Department

Fort Saint George
Off Audr & Accl Genls Office
18 May 1865

No 11

From
F. Cushington Esquire
Auditor & Accountant General

To
The Chief Secretary
to Government
Financial Department

Sir,

With reference to the order of Government in the Financial Department No 275 dated 3d instant, I beg to draw your attention to a Report dated the 24th Novr last, which I had the honor to submit to the Madras Government under the orders of the Government of India dated the 13th August 1864. I have as yet received no instructions from either the Supreme or Local Governments on the subjects of my Report, but I hoped that it had been conclusively shewn therein that the balances of small silver and copper now retained in the several District Treasuries were not only sufficient for all purposes, but in many instances far greater than are actually required. That such is the case I am quite satisfied, and it was only the

× No 159

day

day before yesterday that I received a letter from the Collector of Tanjore, one of the Districts named in the order of Government now under reference, requesting that he might be relieved of a portion of the small silver Coins in his Treasury on the ground that they were greatly in excess of the wants of his District.

2 The Government are aware that the general Cash Balances of India have fallen to an unprecedentedly low figure, and it is of the last importance that no portion of them be needlessly locked up. I venture to hope therefore that under these circumstances the Government will not require any augmentation to the present small silver and Copper balances in the Treasuries of this Presidency, and which are already I believe, more than sufficient for the accommodation of the public.

I have the honor to be

Sir

Your most Obed.t Servant

G. J.

F. Lushington

Ag.t Accd.t & Accl.t Genl

Copied

C. Nagaruthnum

Fort Saint George
Accountant Gen.ls Office
No. 159 24th November 1864

From

F. Lushington Esq.re
Deputy Aud.r & Account.t Gen.l

To The Chief Secretary
to Government
Financial Department

Sir,

I have the honor to submit for the consideration, and orders of Government Copies of four letters from the Financial Secretary, numbers and dates as per margin, communicating the orders of the Government of India on review of the Cash Balances in the several Treasuries of this Presidency.

2 The points referred to in the above letters upon which I am directed to communicate with this Government are, 1st. relative to a general reduction of the balances in the several subordinate District Treasuries, 2d. to a reduction of the present large balances of small Silver and Copper Coins in the Treasuries

Letter dated 28 July /64, No. 1588 Vide page 17 of accompanying printed Correspondence

Letter dated 13 Aug.t /64, No. 1861 para 4 Vide page 7 of same Correspondence.

Treasuries. 3d to a reduction of the Currency Notes held by them in deposit and 4i as to the necessity of maintaining separate Treasuries for the Collector of Sea Customs at the Custom House, and for the Collector of Madras at Saidapett.

Letter dated 15 Augt/4th No 1867 para 7 vide page 7 f accompanying printed Correspondence.

X Do Do para 8 Vide page 7 f same Correspondence.

o Letter dated 9th Sept/ No 3641 vide Cover in manuscript.

3 Though fully satisfied that the rules in force in this Presidency, if duly observed, were sufficient to prevent the undue accumulation of funds in the subordinate treasuries, I thought it right on receiving the above Communication from the Financial Secretary to call upon the Collectors for full explanation in the case of each Talug Treasury, in which the balance was seemingly high. Out of 156 Talugs I accordingly selected 132 for explanation, and, as I anticipated, the retention of the apparently large balance was in each case sufficiently justified.

4 In this Presidency as the Government are aware, no discretion is given to the Talug authorities as to the amount

to

to be retained by them in their Treasuries. On the 25th of each month the Tahsildar forwards to the Collector of his District an Estimate of his probable requirements during the ensuing month. This Estimate is carefully checked in the Collectors office, and after comparison of the probable disbursements with the expected receipts, it is returned to the Tahsildar with a specific order notifying the amounts to be retained in the Talug, and the sum to be remitted to the Huzur Treasury. This remittance is usually made from the Talugs about the 5th of the following month, and the balances shewn in the monthly Cash balance reports represent, therefore, the state of the subordinate Treasuries before their monthly remittances to the Huzur have been made, which circumstance may possibly have led to the supposition that the Talug balances are unnecessarily high.

5 In the months of June, July August and part of September the amounts

retained

retained in the subordinate treasuries are unusually large, as the Collections at that period of the year are very small, and it is necessary, therefore, either to retain sufficient money in those Treasuries to meet the expenditure of those months or to send monthly remittances to them from the Huzur, and considering the great distance of many of the Talugs from the Huzur, and the consequent risk and expense attending such remittances, this latter course does not seem to me advisable.

6 The above system of regulating the amounts to be retained in the Talugs upon estimate, if properly carried out, has very obvious advantages, and, is in my opinion, far preferable to that of assigning a fixed amount for each Treasury. In this Presidency indeed it would be scarcely possible to place a fixed limit on the amount to be retained in each Talug, as very large disbursements are made by the Tahsildars on account of

of the Railway and Irrigation Companies and the Department of Public Works, which vary in their amounts from month to month, and the Collector, who is on the spot, and thoroughly conversant with all the wants of his District must necessarily be better able to determine the requisite amount to be retained in his subordinate treasuries than the financial officer at the Presidency Town unacquainted with such details. Nor do I conceive that so minute a supervision of the balances in the subordinate treasuries will be found requisite, for, if the general balance of the District as shewn in the monthly Estimates and Cash balance Report be narrowly watched, and kept down to the lowest point consistent with the requirements of the public service, due care will be taken by the Collector that his Talug Treasuries contribute their fair share towards the general expenditure.

Small Silver and Copper Coins

7 From the tenor of the Order of Government

Government of the 10th Ultimo No 515 I am led to infer that the Right Honorable the Governor in Council apprehends that the District Treasuries of this Presidency are insufficiently supplied with small silver and Copper Coin. It can, I think be satisfactorily shewn not only that no grounds exist for such apprehension but that on the contrary the stock of small silver and Copper in the several Treasuries is greatly in excess of the wants of the Districts, and may safely be reduced.

8 In order that the Government be enabled to judge for themselves to what extent such a reduction may conveniently be effected with reference to the present system of Annual Indents, I beg to annex two tables A & B, columns 2 & 3 of which show the amount of small silver and Copper in the District Treasuries on the 31st August 1863 and 1st September 1864 respectively, columns 4 & 5 the amounts remitted to and by each District during the year, columns 6 & 7 the excess of disbursements or receipts during the same period, and Column 8 the amounts which I propose to retain in each Treasury.

9 It will be seen that in seven of the Districts the receipts of small silver and Copper into the Huzur and Taluq Treasuries actually exceed the disbursements from them, and in the case of those Districts I accordingly beg to suggest that the balance of small Silver be at once reduced to 10,000 rupees. In regard to the other Districts, under the present system of submitting annual Indents, a years consumption might be taken as the standard amount to be retained in each Treasury. To avoid however the slightest risk of a short supply, I have added 10% to that amount, and I would further recommend that the present system of allowing an Indent to be submitted at one period of the year only be abandoned, and that in lieu thereof each Collector be required at the commencement of the year to send an Estimate of his probable requirements of small silver and Copper during the year and that

that his Indent for the same be submitted at the time when the necessity for a further supply of small coin actually occurs. I have ascertained from the Mint Master that this arrangement will be far more convenient for him than the present one, which requires the whole of the Collectors Indents for small coins to be submitted and complied with at one stated period, of the year, and which may very possibly be the least convenient time for the coinage of them at the Mint.

10 It is stated by the Collectors that every possible facility is now given to the public to obtain small silver in such quantities as they may desire, and that where the instructions laid down in the Circular issued by this Office under date the 31st. May 1860. are not duly observed, it is because the demand for small coins is so small as to render the observance of those instructions unnecessary. To reduce the present balances.

balances of small silver in the several Treasuries
to the amounts I have proposed for them, I
would suggest that the Collectors be required
to issue to the several Public Departments a
certain per centage of their salaries every month
in small silver, which while reducing the
balance will have the effect of throwing into
circulation at the same time a large amount
of small coin now uselessly locked up in the
several Huzoor Treasuries.

11 The only Districts in which the
Copper consumption of Copper has been at all high
are Coimbatore, Kurnool and South Arcot,
and in each of those Districts the large
expenditure appears to be solely due to the
fact of the Copper having been issued at a
discount of 6 pies in the pice under the orders
of the Government of India noted in the
margin. In the other Districts the Collectors
generally report Copper to be a drug in the
market for which there is no demand, and
in some of the Districts it is even stated
that

Financial Dept.
No. 1577 dated
28 February 1862

that the Khroffs grant a premium to persons bringing silver to be exchanged for Copper. In order to reduce the present balances of Copper to the amounts which I have assigned for each District, and with the view at the same time of retaining the coin in the District where it is now lodged, I beg to recommend that all the Collectors be authorised to issue Copper at the above stated discount of 6 pies per rupee until the necessary reduction has been effected, when the discount would cease.

12 The balance of Currency Notes held in the several Treasuries has been reduced from Rs. 29,88,450 in May 1863 to Rs. 7,79,420 in September 1864 and as the note circulation of this Presidency is steadily tho' slowly increasing at the rate of about 11 lacs a year I do not consider that the last-mentioned balance can conveniently be further reduced. The value of Notes reissued to the public from the Collectors Treasuries during September last was Rs. 5,83,080.

Currency Notes

With

(3)

13 With regard to the observation

Customs House Treasury para 8 of letter 13 August 64 vide page 7 of accompanying printed correspondence

that "it is not understood why it should be necessary to have any separate Treasury for the Sea Customs at Madras" I beg to point out that in 1862, when officiating Accountant General, I recommended to Government the entire abolition of the Sea Customs Treasury, and that the duty of receiving and making payments on account of the Customs should be discharged by the Bank of Madras. The Government were pleased to approve of my recommendation, but, before their order directing the abolition of the Treasury could be carried out, a very strong protest against that measure was made by the Chamber of Commerce on the grounds of unnecessary trouble and delay in the clearance of goods, and further that the insisting on payment of duties elsewhere than at the Custom House would be opposed to the spirit of the

the Customs act. The letter from the Chamber having been referred to me by Government for report, I pointed out that the statements therein made were in my opinion greatly exaggerated, but that if it were deemed inexpedient in the face of that protest to carry out the resolution of Government the Collector of Customs might still be allowed to receive and make payments at the Custom House, but that his collections should at the close of the day be remitted to the Bank of Madras. The Government having approved of my suggestion, that arrangement continues in force at the present time, and there is virtually therefore no Treasury attached to the Custom House, but simply a Cash Chest. It is proper to mention however that on the last day of the month the Collector retains his collections of that day for the purpose of paying his Establishment on the following day, and a small cash balance

balance is consequently shewn on account of the Customs House in the Report submitted to the Financial Secretary shewing the state of the several Treasuries on the 1st of each month.

Madras and Saidapett Treas^s.

14 The question of abolishing the Madras and Saidapett Treasuries was also raised in 1860, and the matter was very fully discussed by the Government and the Board of Revenue in the Proceedings* noted in the margin. I am now unable to adduce any further arguments in support of the views I then expressed in respect to the abolition of those Treasuries, and as the Government decided after very mature consideration that their retention was necessary I beg to suggest that the grounds on which that opinion was based be laid before the Government of India.

15 Referring to the 9th para of the letter of the Financial Secretary dated 18th Augt. last I have the honor to state that the system

Vide page 7 of accompanying Correspondence

* G^t of Madras No. 28 dated 19th July 1860
No. 1195 dated 29th Augt. 1860
No. 1466 dated 21st Sept. 1860.
No. 2195 dated 21st Nov. 1860.

system therein advocated of advertising the amounts for which this Office is ready to receive tenders for the sale of bills was introduced by me into this Presidency with the sanction of Government in the early part of 1862 and has since been continuously acted upon. The amount drawn down to the Presidency by means of Bills from the commencement of the present official year to the end of September last exceeds 74 lacs and the premium obtained thereon namely twenty two thousand and odd rupees more than covers the cost of the Cash remittances made during the same period and which amount to about 50 lacs. It will thus be seen that the whole of surplus funds available in the Provinces have been brought to the Presidency, not only without any extra charge, but with profit to Government.

I have the honor to be
Sir
Your most Obdt Servant

F. Lushington

Offg Asst Sec to Govt

Copied
Actg Asst Secretary

Table A — Small Silver

1	2	3	4	5	6	7	8
	Amount of Small silver Coins on 31st August 1864	Amount of small silver Coins on 1st September 1864	Amount received during the year from the Bank of Madras	Amount remitted by Collectors to other districts	Excess of Disbursements	Excess of Receipts	Amount proposed to be retained
Ganjam	18274	19794	"	"	"	1520	10000
Vizagapatam	62538	59633	10000	from Godaveri	12905	"	15000
Godaveri District	85322	85191	"	10000 remitted to Vizagapatam	"	9869	10000
Kistna Dt	97106	52439	"	"	44667	"	50000
Nellore	51902	63497	"	"	"	11595	10000
Madras	11172	29273	"	"	"	18101	10000
Sea Customs	1	1	"	"	"	"	
North Arcot	79181	71319	"	"	7862	"	10000
South Arcot	87300	100072	"	"	"	18772	10000
Tanjore	253478	143270	"	160000 remitted to Madura Salem Coibatore	"	49792	10000
Trichinopoly	92656	105395	"	"	"	12739	10000
Madura	32635	16642	25000	from Tanjore	40993		45000
Tinnevelly	59546	44806	"	"	14740	"	17000
Malabar	100005	237138	155000		152867	"	180000
South Canara	28458	48288	73500 45000	from Tanjore "	25170	"	28000
Coimbatore	60995	125401	150000	"	85594	"	95000
Salem	50404	14057	"	"	36353	"	40000
Cuddapah	27449	46284	55000	"	36165	"	40000
Bellary	41259	17588	16000	"	39671	"	44000
Kurnool	9144	3284	"	"	5860	"	10000

G. F.

Fort Saint George
Accountant Genls Office
24th November 1864

P. Lushington
Asst to Accountant General

43

Tabelle B

	2	3	4	5	6
	Abnahme der Felder-Ernte im Herzogthume 1846	Abnahme der Heuernte im Herzogthume 1846	Abnahme der Kartoffel-Ernte im Herzogthume 1846	Abnahme der Flachs-Ernte im Herzogthume 1846	Bezeichnung der Aemter, Landschaften und Städte, in welchen die Abnahme stattgefunden hat
Herzogthum	68153	43795	"	2430	" 30000
Lüneburg	29291	29452	"	"	" 161 10000
Fürstenthum Grubenhagen	23971	33570	"	"	" 9299 10000
Fürstenthum Hildesheim	2169	16649	1000	"	" 6910 " 10000
Calenberg	13758	18201	"	"	" " 4463 10000
Göttingen	45200	24153	"	"	" 2194 " 35000
Grafschaft Diepholz	"	"	"	"	" " "
Grafschaft Hoya	23382	22574	200	"	" 1908 " 10000
Grafschaft Spiegelberg	2635	66853	50000	"	" 40782 " 30000
Fürstenthum Osnabrück	6173	24384	53000	Im Amte Vechta 33600	" " 18181 10000
Fürstenthum Ostfriesland	29137	39694	"	"	" " " 10657 10000
Grafschaft Bentheim	10352	8508	10000	"	" 11844 " 15000
Grafschaft Lingen	8172	26435	30000	"	" 1257 " 15000
Grafschaft Meppen	3692	36442	"	Im Amte Meppen 17000	" 3318 " 10000
Grafschaft Rietberg	1596	35691	30000	"	" 6270 " 10000
Grafschaft Schaumburg	4137	11691	21600	Im Amte Stadthagen 21600	" 21625 " 30000
Grafschaft Sternberg	1537	14091	13100	"	" 1472 " 20000
Grafschaft Wittgenstein	2209	6950	8000	"	" 3259 " 10000
Fürstenthum Blankenburg	1709	2457	9000	"	" 1940 " 10000
Fürstenthum Hohnstein	6781	11465	15000	"	" 7227 " 30000

Land-Oeconomie-Collegium
24. November 1846

Fr. Hartmann
Ober-Landes-Oeconomie-Rath

Financial Department

No. 2341

47

To

The Deputy Auditor and
Accountant General
Madras

Sir,

Adverting to the Statement of Actual Cash Balances under the Government of Fort Saint George on the 31st July 1864, I am directed to inquire why the Education Department has any Cash Balance and also whether the grounds urged in para 8 of my letter No. 1861 dated 13th August 1864 for the abolition of a separate Treasury for the Sea Customs at Madras do not apply equally to the Collector's Treasury in that District; should you consider that they do apply, you are requested to communicate on the subject with the Government of Madras

I have the honor to be
Sir,
Your most Obedt Servant
(Signed) E. H. Lushington
Secretary to the Government
of India

Simla
the 9th September 1864

(True Copy)

Agt Asst Accts Genl

Financial Department.

43

Accountant General's Office,

Madras, 29 May 1865

My dear Arbuthnot,

The G. O. as it stands, with the additional words in the margin, is correct - Arrears Charges of the next year will be taken from the Budget Grants of 1866/67. In like manner as the charges of last April were met from the Budget Grants of this year.

I concluded that you were [illegible] busy to have overlooked

Financial Department.

(5)

my reference regarding Smith
and on mine I thought
it better to write officially on the
subject.

I wish you would kindly
expedite the Orders on the matter
of my report on the Small Silver
Coins & Copper to be retained in
the District Treasuries - or at all
events suspend the orders which
the Board of Revenue have thought
it necessary to issue on the subject
The Govt. of India press us very
closely for remittances in aid of
the other Presidencies - and I was
obliged to send Rs 25 Lacs to
Bombay on a few days notice two
weeks before last - the Treasury
balances are unusually low.
and if we are to keep solvent, it
is essential that the large
stock of small silver & copper
now in the Districts & which is
lying idle be utilized by being
thrown into circulation - Assuredly
we do not require a larger stock
as the Government & Board

seem to imagine. I believe
I am bottled up my Report for
some months – probably until
the week home.

Yours very truly

F. Lamborn

Memorandum on the letter from the Deputy Auditor and Accountant Genl. Ld dated 24th November, 1864 - No 159.

1. Shave perused their letter with great attention and have noted, the in red pencil, the passages that call for notice. The points referred to in their letter are:

1st A general reduction of the balances in the several sub-accounts. Dentist's Department.

That is stated in para 4 of the letter sufficiently explains the circumstance which has led to the supposition that the Ir. balances are unnecessarily high. The Asst. General states, upon a review of the Collectors' explanations, that the retention of the apparently large balances may in each case sufficiently be justified. The remarks so stated in para 6, as noted in red pencil, are very just. The

Vide para 6.

Tahsildars, as observed at the commencement of para 4, have no discretion allowed them as to the amount to be retained in their Treasuries.

2.d Reduction of the present large balances of small Silver & Copper coins in the Treasuries.

The suggestions submitted by the Accountant General on this point seem to me to be very good, and may be carried out. They relate

1st To the amount proposed to be retained in each Treasury. In seven of the Districts, in which the receipts into the Treasuries exceed the disbursements from them, it is suggested that the balances of small Silver be at once reduced to 10,000 Rupees. In the other districts, it is proposed that a year's consumption, with an addition of 10 per Cent. should be

paras 7 & 11.

Note. Perhaps it is intended that the present amount should be absorbed by issues & brought down

down to the proposed standard. Vide para 10.

to be taken at the standard amount to be retained in each Treasury.

2.d To the system of submitting an Indent at one period of the year only being abandoned - and to the Collector being allowed to send in Indents during the year as the Silver & Copper currency may be required.

Note. The Instructions in this arrangement. Vide latter part of para 9.

3.d To reduce the present balances of small Silver in the several Treasuries to the amounts proposed for them, by acquiring Collectors to issue to the Public Dept.s a certain per centage of their Salaries every month in small Silver.

Note. It should not have been done at once, instead of the Public Coin being successively lodged up in the Treasuries.

4.th To reduce the present balances of Copper to the amounts assigned for each District, by authorizing Collectors to issue the Copper coin at a discount of 6 pies per Rupee. At

55

At the end of para 11 it is recommended that the Copper should be issued at the above discount until the necessary reduction has been effected, when the discount would cease.
But if it is an object to promote the circulation of Copper coin, I do not see why the discount should cease here. The poorer classes who make more use of this coin than any other would gain. Really benefit by it I would not be imposed upon by Shroffs.

2. The third point refers to it "a reduction of the Currency Notes held in deposit in the General Treasuries." This has already been done to the extent of little more than 22 Lakhs, and the balance of about 7¾ Lakhs cannot conveniently be further reduced.

3. The fourth and last point refers to the necessity of maintaining separate Treasuries for the

be [illegible]

(52)

the Collector of Sea Customs at the Custom House and for the Collector of Madras at Saidapett. The Accountant General shows in para 13 of his letter that there is virtually no Treasury attached to the Custom House, but simply a Cash Chest.

4. The question of abolishing "the Madras and Saidapett Treasuries" was fully discussed in the Revenue Dept. Vide Pro. 28th April 1860. No. 476. Currie" was fully discussed
21st June — 614.
19th July — 1195.
29th August — 1466 — ceedings of Govt noted in the margin, which are attached to-
23rd Nov — 2195. gether. In their Pro: of the 5th July 1860 No. 3044, the Board of Revenue state that the question of abolishing the Madras Treasury was partially settled when Govt ordered the amalgamation of Madras with Singleput, as of course the Treasuries could not be required in the Collectorate of such compact and small a type. Their consideration led

had the Board positively to direct the Collector to abolished at once the Madras Treasury. From the expression contained at the end of the 2nd para of the Acctd General's letter, viz: "to parcel Treasury for the Collector of Madras at Saidapett" and that at the commencement of para 14 viz: "the Madras & Saidapett Treasuries" I conclude that one is still retained at Chingleput and the other at Saidapett. the former being for the Madras District, including that of Chingleput which has amalgamated with it in 1860, and the latter for Madras proper. There is something indistinct from the Board of Revenue not adhering to one particular expression in regard to these Treasuries, & the Acctd General confused & the more by his description of them. But a reference to the Revenue Proceedings

Proceedings will show how the matter exactly stands & the necessity of retaining these Treasuries. There seems to have been a great difference of opinion among the Officers consulted on the subject, and the Accountant General appears from para 14 of his letter to have proposed the abolition of both Treasuries.

5. From what is stated in the last para, it does not seem to be at all expedient to interfere with the present system of advertising the amounts for which the Acctd General will receive tenders for the sale of Bills. The amount drawn down to the Presidency during only 5 months of the current year was more than 74 Lakhs, & the premium obtained thereon was 22,000 Rupees, which

more

more than covered the cost
of the Cash Remittances during the same period, which
amounted to about 50 Lakhs.

A. H. H.

Gov. December 1864.

Memorandum
on the letter from the
Deputy Auditor & Asst
General regarding the
Cash balances in the
Several Treasuries -
Cuddalore Salem &
Coimbatore &c &c

Financial Department.

10/63

To Revenue

PROCEEDINGS *of the* **MADRAS GOVERNMENT.**

Read the following papers:-

Letter from the Dy Auditor & Accountt Genl & Revenue Letter 24 Nov 1864 & 10th May 1865 Nos 1594 & 11)

Proceedings of Government Revenue depart & — 11 May 1865 No 993)

Order thereon 23d June 1865 No 311.

The first of the letters above recorded has been accidentally overlooked having been transferred to the Revenue Department shortly after it was received with reference to the question of maintaining separate treasuries for the Collector of Sea Customs and for the Collector of Madras

at

at Saidapett, and having only lately been returned. This particular question has been disposed of in the Proceedings of Government Revenue Department, under date the 11th ultimo, in which it is shown that the so called Treasury at the Sea Customs House is not a treasury, but simply a Receiving House. In regard to the Saidapett Treasury it has been determined in the same proceedings that its retention is as necessary as that of any other Treasury at the Collector's Head Quarters. A copy of these proceedings will now be sent to the Government of India.

2. Turning to the other questions discussed by the Accountant General in

in his letter of the 21st November last, the Governor in Council considers the reasons assigned by that officer for the apparently large balances in the Taluq Treasuries to be perfectly satisfactory, and concurs in his opinion as to the inexpediency of any further reduction in the amount of currency notes held on deposit in the several Treasuries which has been reduced to less than 8 lacs.

3. The Government also agree generally in Mr. Cushington's remarks and proposals, in reference to the stock of small silver and copper coins in the several Treasuries. The Statement

Submitted

submitted by him clearly shows that there is no lack of these coins, but the contrary in many treasuries a needlessly large surplus. His proposal that in those treasuries in which the receipts of small Silver and Copper coins actually exceed the disbursements, the balance of small Silver shall at once reduced to Rs 10,000, and that in other districts a year's consumption with an addition in each case of 10 per cent to that account shall be the standard amount to be retained, is sanctioned. The Government also approve of the suggestion that each Collector shall in future submit an annual

annual estimate of the probable requirements of small Silver and Copper during the year, and that his indent shall be submitted when the necessity for a further supply actually occurs, the present plan of an annual indent being discontinued. With the view of carrying out the reduction now ordered and at the same time throwing into circulation a large amount of small coin, the several Collectors will be directed to issue to the several public Departments a percentage of their salaries every month in small Silver, the amount of the percentage in each case to be determined by the amount of small Silver in

+ but insufficient time to allow of the indent being completed with upon the receipt of small coin in the treasury is explained and not

in the Treasury, and further for the purpose of facilitating the circulation of copper, the authority given to certain Collectors to issue copper at a discount of 6 pice in the rupee, will be extended to all. The Depts are not

4. The Orders now given are to be considered to supersede the Orders contained in the Proceedings of Govt. of the 3d instant, No. 225.

to the Acctt General
— Revenue dept.
— Board of Revenue. } desp 24/6

48 @ 87.

Financial 1865. Department.

No 311

PROCEEDINGS OF GOVERNMENT.

Dated 23 June 1865

Print & Send out Today

dcd/pd 26/6

(182)

Financial Department.

No. 312

To

The Secretary to the Government
of India,
Financial Department.

Sir,

In acknowledging the receipt of Mr Assistant Secretary Cooke's letter of the 18th March last No. 1494, I am directed to send the annexed copy of the orders passed by this Government on the Deputy Auditor and Accountant General's letter of the 24th November 1864.

Pro. Govt. 23rd June 65 No. 311

Fort St. George
23d June 1865.

Financial 1865 Department

311.
No 312

To

The Secretary to the Govt
of India

517

F/1 365
F/1 250 of 66

F/23 June 1866

Orders passed on the
proposed reduction in the
amount of currency Note
and of the stock of small
silver and copper coins
in the several Treasuries

48 R 53