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MADRAS RECORD OFFICE.

Government of Madras.

Financial DEPARTMENT.

G.O. No. 156	Press Mis.
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FINANCIAL DEPARTMENT.

No. 156.

FROM

THE HONORABLE R. S. ELLIS, C. B.,
Chief Secretary to the Government of Fort Saint George,

To

THE SECRETARY TO THE GOVERNMENT OF INDIA,
FINANCIAL DEPARTMENT.

SIR,

In forwarding the accompanying letter from the Accountant General, Madras, with reference to the letter of the Government of India, No. 3110, dated the 28th of October last, I am directed to state that the Madras Government are statisfied that the orders of the Government of India, marginally noted, regarding the working of the public expenditure with the smallest possible cash balance, have been carefully observed in this Presidency.

Dated 24th February 1864, Circular No. 1017.

2. I am also to request the attention of the Government of India to paragraph 6 of the Accountant General's letter, in which that Officer raises the question whether the copper slips, forming the greater part of the Mint balance and valued at 11 lacs, should continue as at present to form part of the cash balance report. As observed by Mr. Lushington, the copper slips will not for years, with the present glut of copper in the market, be coined, and are not to be viewed in the same light as silver bullion brought to the Mint for immediate conversion into coin.

3. Mr. Lushington thinks these slips, which appear as Mint balance and go to swell the cash balances, should be excluded and treated as Mint stores, as they do not represent an available asset of Government, and, in this opinion, I am to state the Right Honorable the Governor in Council concurs.

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

FORT SAINT GEORGE,
24th March 1869.

Chief Secretary.

From F. LUSHINGTON, Esq., Accountant General, Madras, to the Chief Secretary to Government, Fort Saint George; dated Fort Saint George, 23rd February 1869, No. 235.

Budget and Resource Department.

With reference to the letter from the Financial Secretary to the Government of India, dated 28th October last, communicated to me in Proceedings of the Madras Government, dated 14th November, No. 513, I have the honor to submit the following report on the state of the cash balances of this Presidency, as therein directed.

2. The first point, which I propose briefly to notice, is the statement made by the Financial Secretary in the first and second paragraphs of his letter to the effect, that on review of the latest return of the cash balances throughout the several Presidencies, it was found that "there "are several treasuries in the interior of the country where the cash balances are apparently "in excess of their requirements"

3. I am not aware, whether, when making this remark, the Financial Secretary had in his view the state of any of the treasuries in the Madras Presidency; but I think I can satisfactorily demonstrate, that not only were our treasuries in October and November last drained to the very lowest point consistent with safety, but that, had it not been for the accidental and unforeseen delay which has occurred in the payment to His Highness Prince Azeem Jah of the twelve lacs sanctioned by the Government of India in their Order, dated 31st October last, No. 3392, we must of necessity have applied to Calcutta for assistance, as there were not sufficient funds either in our own treasuries, or in the Bank of Mrdras to meet that claim.

4. In proof of this statement, I need only advert to the state of our general cash balance on the 31st October last, (as shown in the margin,) on which date it will be seen there were but 95½ lacs of whole Rupees in all our Treasuries, and even from this sum must be deducted the following amounts which were not available for payment in the Civil Department, viz., (1) seven and a half lacs which it was necessary to retain in the Bank to prevent the Government balance therefrom falling below the prescribed minimum as per margin ; (2) Rupees 6,61,673 held in deposit by, and on account of, the Public Works Department; and (3) four and a half lacs on account of outstanding bills, drawn by the Accountant General on the Provincial Treasuries during the latter end of the month, the amounts of which had been paid into the Madras Bank, and formed part of the above balance of 95½ lacs, but which had not been discharged at the close of the month by the treasury drawn upon, the said bills being at that time in course of transmission, and their amounts consequently a liability to be met out of the above balance. The whole Rupee balance, therefore, available on 31st October to meet November's disbursements was somewhat under 77 lacs of Rupees.

	Rs.
Whole	95,61,584
Currency Notes	14,62,220
Small silver and copper	24,12,212
Uncurrent silver	1,57,712
Do. copper	11,13,331
Gold and Post Bills	5,296
Remittances in transit	2,69,500
Total...	1,49,81,885

	Rs.
Small silver held by the Bank on account of Government	4,45,000
Copper do. do.	7,86,420
Whole do. do.	7,68,580
Total...	20,00,000

5. It will be observed that in calculating our available assets, I have not taken into account either the Note, small silver and copper, or the Mint balances, which have been excluded on the following grounds : (1) that Notes being almost exclusively used in this Presidency for remittances, and very rarely, if ever, in payment of claims, are of no avail in meeting the current expenditure ; (2), that the monthly demand by the public for small silver and copper coins is so small, as I shall hereafter have occasion to show, as to be altogether unappreciable ; and (3), that of the Mint balance which is set down in our Cash Balance Report at upwards of 11½ lacs, eleven lacs represent the value of copper slips, or sheets, sent out from England for the copper coinage.

6. What particular advantage is supposed to be gained by thus exhibiting the value of this copper in our general Cash Balance Report, I am not aware ; but as no portion of it will, in all probability, be converted into coin for many years to come, it cannot, I submit, be held to represent money, and it seems to me, therefore, that it should not be viewed in the same light as silver bullion received into the Mint for immediate coinage, but that it should rather be treated in account as any other of the Mint Stores. The inclusion of the value of this copper in our Cash Balance Reports, as well as the amounts of our outstanding bills, must, to some extent, defeat the object of their publication, which is, I presume, to give the public a correct view of the available assets of Government.

7. The average monthly expenditure of the entire Presidency may be set down in round numbers at 73 lacs, nearly the whole of which, it is proper to remark, falls within the first ten days of the month, and as our land revenue and other collections are not usually received until quite the latter end of the month, it is necessary that each treasury, at the commencement of the month, should hold an amount at least equal to that month's expenditure.

8. To meet the disbursements of November, we had, as I have above stated, a little less than 77 lacs of whole Rupees, and assuming the expenditure of that month to have been at the average rate of 73 lacs, it is clear that between the second and fourth week of November, the entire reserve in whole Rupees in all our treasuries could not have been much above ten lacs. It may then, I think, be reasonably inferred that the silver balance, held by our treasuries during October and November, could, in no instance, have been excessive even for our ordinary expenditure, and it certainly was not sufficient to meet the extraordinary claim of 12 lacs then impending.

9. The Madras Presidency is not favorably circumstanced for working with a very low cash balance, both from the fact, before stated, that the current month's expenditure cannot be met from the current month's receipts, and also from the large number of our outlying treasuries, each of which necessarily absorbs a portion of our cash balance, it being of course impracticable to estimate their receipts and disbursements so closely as to leave them with no balance at all at the close of the month. The number of these treasuries is 167, and at many of them the receipts and disbursements do not fall far short of those of the principal or Huzoor Treasury. In this respect the Madras Presidency differs very materially from Bengal, where, from the fact of there being but one treasury in each district, the allotment of the amounts necessary to be retained in cash is comparatively easy.

10. In this Presidency, indeed, it would be difficult, if not impracticable, to fix any definite amount as the working balance to be reserved in each treasury throughout the year, as that amount will necessarily vary with the season of the year. From November to the beginning of May, the receipts are always in excess of the charges, and in those months, therefore, a sum equal to one month's disbursements, with perhaps a small reserve to meet any unforeseen expenditure, would no doubt be found sufficient ; but from July to November the charges exceed the receipts, and it is necessary, therefore, that the treasuries should be supplied, at the commencement of the dry season, with funds sufficient to cover that excess, in addition to the average monthly expenditure. This excess, for the whole Presidency, amounts, in round numbers, to upwards of 81 lacs.

11. Nor does it seem to me that any practical advantage would be gained by arbitrarily fixing these balances, even were it possible to do so, as the Accountant General must always be allowed to exercise a certain amount of discretion in clearing his treasuries of their surplus funds, according to the opportunities which may offer of doing so on favorable terms, specie remittances being only resorted to for that purpose, when no prospects exist of clearing the treasury more economically by bills or other means. For instance, from the commencement of the present official year to the close of last month, the surplus collections, drawn down from the Provincial Treasuries to Madras, amounted to Rupees 165 lacs. This amount was brought down by bills, and a considerable portion of it remitted to Calcutta, namely, ninety lacs, not only without any charge to Government for cost of conveyance, but with a net profit of Rupees 16,000, which must, I think, be deemed satisfactory. It is quite possible that I might have cleared my treasuries more expeditiously by ordering down specie remittances as the surplus collections came in, but I could not have done so without incurring considerable expense, nor could I have increased the amount of my remittances to Calcutta, ninety lacs being all that we could spare.

12. The main object, therefore, I submit, and one which should ever be kept most carefully in view, is the state of the general cash balance of the whole Presidency, and not that of each individual treasury, for if the former be kept as low as is consistent with the actual requirements of the public service, there can be no fear of the subordinate treasuries being allowed to hold, for any length of time, a balance much in excess of its actual wants. I propose, therefore, to show, in the first place, the average monthly expenditure in the provinces, including the treasury at Bangalore, and the amount which should be held in reserve in the several treasuries at the commencement of the month to meet the expenditure of that month ; secondly, the average monthly expenditure at the General Treasury and the necessary reserve ; and thirdly, the amount available for remittances to other Presidencies out of our surplus collections, after deducting the balance to be retained in our treasuries on account of current expenditure.

13. The average monthly disbursements in the provinces amount to about forty-six lacs, and this sum, together with a small reserve of, say, one-fourth of the average monthly expenditure, to meet unforeseen contingencies, or in all fifty-seven lacs, would be found, in my opinion, amply sufficient as an ordinary working balance for all our Provincial Treasuries. In the months from July to November, however, there are, as before stated, many treasuries in which the charges considerably exceed the receipts, the total deficiency amounting to about forty-seven lacs, and at the commencement of the dry season, therefore, our District Treasuries should hold that amount in addition to the ordinary working balance.

14. The above principle might, if it were considered desirable, be adopted in determining the maximum and ordinary working balance for each district and treasury throughout the Presidency, as I have before me a statement showing in detail the receipts and expenditure of each district, month by month throughout the year, and which now, indeed, forms the basis of my operations in withdrawing their surplus collections ; but for the reasons given in paragraph 10 of this report, it does not seem to me that any practical advantage would be gained by this measure ; nor is it advisable to establish a rule which it would so frequently be found necessary to set aside.

15. With regard to the expenditure of the General Treasury it is almost impossible to form an approximate estimate even from month to month. This difficulty is partly due to the varying nature of the charges at the seat of Government, but principally from the uncertainty which exists regarding the amounts of the Secretary of State's drafts on the treasury. They may be only two or three lacs, while, on the other hand, they may be twelve, as, indeed, they were last month ; but whatever their amounts may be the Government balance at the Bank of Madras must be in a condition to meet them ; and I am of opinion, therefore, that the reserve of quarter of the average monthly expenditure does not afford a sufficient margin in the case of the General Treasury. Both in Bengal and Bombay the Banks are in a position to afford assistance to Government when the Treasury balance may be insufficient to meet the expenditure ; but such is not the case with the Bank of Madras, which has barely sufficient capital to supply all its branches, the amount retained by the Head Office being very rarely in excess of its own wants, and the withdrawal, therefore, of any portion of that amount on account of the Government would inevitably occasion serious embarrassment and inconvenience both to the Bank and to the public. At the present moment, I may remark, the Bank balances at the Head Office is only twenty-six and half lacs, and of this nearly thirteen lacs is in small silver and copper which is held by the Bank on account of Government. It is obvious, therefore, that the Government could place no dependence on the Bank for assistance in case of any emergency ; and I am of opinion that the reserve in silver in the General Treasury, at the commencement of the month, should not be less than twelve lacs in excess of the average monthly expenditure, which is about twenty-six lacs.

16. The total amount, then, which I would propose to retain in our treasuries, as the ordinary working balance, is as follows :—

Provincial Treasuries.....	57	lacs.
General do.	38	,,
Total...	95	,,

exclusive of whatever sum it may be necessary to retain in the Madras Bank to prevent the Government balance from falling below the prescribed minimum.

17. It may, and no doubt often will happen, that, while the General Treasury balance is somewhat less than I have named, the amount in the Provincial Treasuries will be proportionately higher, as under the arrangement which, with the sanction of the Madras Government, I have entered into with the Bank of Madras, the surplus collections of the districts noted in the margin, are made over to the Branch Banks in those districts, and their amounts transferred at par to the Government balance at the General Treasury. This arrangement is advantageous both to the Bank and to Government, but especially to the latter, as it enables the Government to transfer from the Provincial Treasuries to the General Treasury, free of all cost, upwards of one crore and twenty lacs during the year, and at such times and in such amounts as may be most convenient to Government, whereas the former labors under the disadvantage of having frequently to take over at its Branches large sums on account of the surplus collections, when they do not need the money, and to transfer their amounts to the General Treasury, when the balance at the Head Office may be perhaps already reduced too low. It is consequently necessary in carrying out the arrangement to treat the Bank with consideration, and in directing the transfers I always consult its convenience, so far as is consistent with the interests of Government.

Godavery.
Bellary.
Tanjore.
Tinnevelly.
Malabar.

18. In order to arrive at an approximate estimate of the amount available for remittance to other Presidencies, it is necessary to consider by how much the receipts are likely to exceed our disbursements, for if the general cash balance was not in excess of our actual requirements on the 31st October last, and I think I have conclusively shown that it was not, then the difference between the two amounts would, under ordinary circumstances, be the full sum available for remittance.

19. The yearly expenditure and receipts calculated on the results of the past year are Rupees 7,49,27,000* and Rupees 8,74,07,000, respectively, and the difference† between these two sums would, as before stated, form the

* Exclusive of Secretary of State's bills.
† Rupees 1,24,80,000.

balance available for remittance to other Presidencies and to meet the Secretary of State's bills between 31st October last and the same period this year. But during the present year we have an extraordinary payment of 27 lacs to make to His Highness Prince Azeem Jah's creditors, which will reduce the amount to Rupees 97 lacs, of which 30 lacs has been already remitted to Calcutta and Bombay. It does not appear to me that we can possibly remit more than 67 lacs before the commencement of November, and, judging from the unfavorable character of the season in many parts of the Presidency, it seems very doubtful whether we shall be able to spare as much.

20. In the 5th paragraph of this report I had occasion to remark that the small silver and copper balances ought not, in my opinion, to be taken into account, when calculating the assets available for meeting our expenditure, as the demand by the public for those coins was too small to be appreciable, a fact which will, I think, be patent on reference to the results shown in the marginal statement.

	Small silver.	Copper.
	Rs.	Rs.
Balance 1st April 1867...	9,46,002	3,68,803
Do. do. 1868...	10,93,219	3,02,506

21. The receipts and issues of small silver vary somewhat remarkably in different districts, for instance, in the Tanjore District, the receipts exceeded the issues, in 1867-68, by Rupees 1,51,450 ; whereas, on the other hand, in the Malabar District, the issues exceeded the receipts by Rupees 1,96,300. The presence of two or three regiments in the latter district may partly account for the great demand for small silver ; but as the consumption is far larger than at Bangalore, where there are double the number of troops, there must be some other cause which the Collector is unable to explain.

22. Within the last two or three months a considerable demand for small silver seems to have sprung up in many of the districts, and as the balance is rapidly falling, I have reason to hope that, in a few months, our treasuries will hold no more than is actually necessary. But in respect to the copper balance I cannot entertain this hope, as there seems to be a glut of this coin throughout the Empire, and it will be seen, from the statement in the margin, that out of the sales which were effected during the year at a discount of half an Anna in the Rupee, at least two lacs must have been paid back into our treasuries at par. I fear, therefore, that many years will elapse before the copper balance is brought down to its proper limits.

	Rs.
Copper balance 31st March 1867...	16,51,000
Deduct sales.....	5,51,500
	10,99,500
Balance 31st March 1868.....	13,01,300
Difference being the amount paid back into the treasuries...	2,01,800

Exd. J. Wright.

1869.
FINANCIAL DEPARTMENT.

From

To

The Chief Secretary to Government,
Fort Saint George.

The Secretary to the Govt. of India,
Financial Department.

Dated 24th March 1869.

Read.

No. 156,
Enclosure.

MARCH.
Nos. 79-80.

Forwarding, with remarks, letter from the
Accountant General reporting on the state of the
cash balances of this Presidency.

Budget and Resources
~~Public~~ DEPARTMENT.

No. 235

Fort Saint George,
Accountant General's Office,
23 February 1869.

FROM The ACCOUNTANT GENERAL,
TO THE GOVERNMENT OF MADRAS.

TO THE Chief Secretary
to Government -
Fort Saint George -

SIR,

With reference to the letter from the Financial Secretary to the Government of India dated 28th October last communicated to me in Proceedings of the Madras Government dated 4th November No. 513, I have the honor to submit the following report on the State of the Cash balances of this Presidency, as therein directed -

2. The first point, which I propose briefly to notice, is the Statement made by the Financial Secretary in the first and second paras: of his letter to the effect, that on review of the latest return of the Cash balances throughout the several Presidencies, it was found that "there "are several treasuries in the interior of the "Country where the Cash balances are apparently "in excess of their requirements" -

3. I am not aware, whether, whe n making this remark, the Financial Secretary had in his view the State of any of the treasuries

in

in the Madras Presidency, but I think I can safely demonstrate, that not only were our treasuries in October and November last drained to the very lowest point consistent with safety, but that had it not been for the accidental and unforeseen delay which has occurred in the payment to His Highness Prince Azeem Jah of the twelve lacs sanctioned by the Government of India in their Order dated 31 October last No 3392, we must of necessity have applied to Calcutta for assistance, as there were not sufficient funds either in our own treasuries, or in the Bank of Madras to meet that claim -

4 In proof of this Statement, I need only advert to the state of our general cash balance on the 31 October last, (as shewn in the margin) on which date it will be seen there were but 95½ lacs of whole rupees in all our treasuries, and even from this sum must be deducted the following amounts which were not available for payment in the Civil Department - viz (1) Seven and a half lacs which it was necessary to retain in the Bank to prevent the Government balance therefrom falling below the prescribed minimum as per margin - (2) Rs 6,61,673 held in deposit by and on account of the Public Works Department - and (3) four and a half lacs on account of outstanding bills, drawn by the Accountant General on the Provincial treasuries during the latter end of the

month,

Whole Rupees — 95,11,224
Sterling & Silver — 14,95,220
Unassorted Silver — 24,00,000
Gold and Bullion — 2,43,000
Remittances in transit — 3,50,000
Small Silver — 1,50,000
Copper — 1,50,000
1,46,99,886

Small Silver held by the Bank on account of Govt. 4,45,000.
Copper do do 1,86,490.
Whole Rupees do do 1,68,550.
10,00,000.

month the amounts of which had been paid into the Madras bank, and formed part of the above balance of 95½ lacs, but which had not been discharged at the close of the month by the treasury drawn upon, the said bills being at that time in course of transmission, and their amounts consequently a liability to be met out of the above balance - The whole rupee balance therefore available on 31 October to meet November's disbursements was somewhat under 77 lacs of rupees

5. It will be observed that in calculating our available assets, I have not taken into account either the Note, Small silver and Copper or the Mint balances, which have been excluded on the following grounds (1) that Notes being almost exclusively used in this Presidency for remittances, and very rarely, if ever, in payment of claims, are of no avail in meeting the current expenditure (2) that the monthly demand by the public for small silver and copper coins is so small, as I shall hereafter have occasion to shew as to be altogether unappreciable - and (3) that of the Mint balance which is set down in our Cash balance Report at upwards of 11½ lacs, eleven lacs represent the value of copper slips or sheets, sent out from England for the copper coinage -

6. What particular advantage is supposed to be gained by thus exhibiting the value of the

Copper

copper in our general Cash Balance Report. I am not aware, but as no portion of it will in all probability be converted into coin for many years to come, it cannot, I submit, be held to represent money, and it seems to me therefore that it should not be viewed in the same light as Silver bullion received into the Mint for immediate coinage, but that it should rather be treated in account as any other of the Mint Stores - The inclusion of the value of this Copper in our Cash Balance Reports as well as the amounts of our outstanding bills must to some extent defeat the object of their publication, which is, I presume, to give the public a correct view of the available assets of Government -

7. The average monthly expenditure of the entire Presidency may be set down in round numbers at 73 lacs, nearly the whole of which, it is proper to remark, falls within the first ten days of the month, and as our Land revenue and other collections are not usually received until quite the latter end of the month, it is necessary that each treasury at the commencement of the month should hold an amount at least equal to that month's expenditure.

8. To meet the disbursements of November we had as I have above stated, a little less than 77 lacs of whole rupees, and assuming the expenditure of that month to have been at the

average

average rate of 73 lacs, it is clear that between the second and fourth week of November the entire reserve in whole rupees in all our treasuries could not have been much above ten lacs - It may then I think be reasonably inferred that the Silver balance held by our treasuries during October and November could in no instance have been excessive even for our ordinary expenditure, and it certainly was not sufficient to meet the extraordinary claim of 12 lacs then impending -

9. The Madras Presidency is not favorably circumstanced for working with a very low Cash balance, both from the fact before stated, that the current month's expenditure cannot be met from the current month's receipts, and also from the large number of our outlying treasuries, each of which necessarily absorbs a portion of our Cash balance, it being of course impracticable to estimate their receipts and disbursements so closely as to leave them with no balance at all at the close of the month - The number of these treasuries is 167, and at many of them the receipts and disbursements do not fall far short of those of the principal or Huzur Treasury - In this respect the Madras Presidency differs very materially from Bengal, where, from the fact of there being but one Treasury in each district, the allotment of the amounts necessary to be retained in each is comparatively easy -

In

10. In this Presidency indeed it would be difficult, if not impracticable, to fix any definite amount as the working balance to be reserved in each treasury throughout the year, as that amount will necessarily vary with the season of the year. From November to the beginning of May the receipts are always in excess of the charges, and in those months therefore, a sum equal to one months disbursements, with perhaps a small reserve to meet any unforeseen expenditure, would no doubt be found sufficient; but from July to November the charges exceed the receipts, and it is necessary therefore that the treasuries should be supplied at the commencement of the dry season with funds sufficient to cover that excess, in addition to the average monthly expenditure. This excess for the whole Presidency amounts in round numbers to upwards of eighty one lacs.

11. Nor does it seem to me that any practical advantage would be gained by arbitrarily fixing these balances, even were it possible to do so, as the Accountant General must always be allowed to exercise a certain amount of discretion in clearing his treasuries of their surplus funds, according to the opportunities which may offer of doing so on favorable terms, Special remittances being only resorted to for that purpose, when no prospects exist of clearing the treasury more economically by bills

bills or other means. For instance from the commencement of the present Official year to the close of last month the surplus collections drawn down from the Provincial treasuries to Madras amounted to Rs. 165 lacs. This amount was brought down by bills and a considerable portion of it remitted to Calcutta namely 90 lacs, not only without any charge to Government for cost of conveyance but with a net profit of Rs. 16,000 which must I think be deemed satisfactory. It is quite possible that I might have cleared my treasuries more expeditiously by ordering down Special Remittances as the surplus collections came in, but I could not have done so without incurring considerable expense, nor could I have increased the amount of my remittances to Calcutta, 90 lacs being all that we could spare.

12. The main object therefore, I submit, and one which should ever be kept most carefully in view, is the state of the general Cash balance of the whole Presidency, and not that of each individual treasury, for if the former be kept as low as is consistant with the actual requirements of the public service, there can be no fear of the Subordinate treasuries being allowed to hold for any length of time a balance much in excess of its actual wants. I propose therefore to show in the first place the average monthly expenditure in the Provinces,

including

including the Treasury at Bangalore, and the amount which should be held in reserve in the several treasuries at the commencement of the month to meet the expenditure of that month - Secondly, the average monthly expenditure at the General Treasury and the necessary reserve, and thirdly, the amount available for remittances to other Presidencies out of our surplus collections, after deducting the balances to be retained in our treasuries on account of current expenditure -

13. The average monthly disbursements in the Provinces amount to about 46 lacs, and this sum, together with a small reserve of say one fourth of the average monthly expenditure, to meet unforeseen contingencies, or in all 57 lacs, would be found in my opinion amply sufficient as an ordinary working balance for all our Provincial treasuries - In the months from July to November, however, there are, as before stated, many treasuries in which the charges considerably exceed the receipts, the total deficiency amounting to about 47 lacs, and at the commencement of the dry season, therefore, our District treasuries should hold that amount in addition to the ordinary working balance

14. The above principle might, if it were considered desirable, be adopted in determining the maximum and ordinary working balance for each District and treasury throughout the Presidency

Presidency, as I have before me a Statement shewing in detail the receipts and expenditure of each District, month by month throughout the year, and which now indeed forms the basis of my operations in withdrawing their surplus collections, but for the reasons given in para 10. of this Report it does not seem to me that any practical advantage would be gained by this measure, nor is it advisable to establish a rule which it would so frequently be found necessary to set aside -

15. With regard to the expenditure of the General Treasury, it is almost impossible to form an approximate Estimate even from month to month - This difficulty is partly due to the varying nature of the charges at the Seat of Government, but principally from the uncertainty which exists regarding the amounts of the Secretary of State's drafts on the Treasury. They may be only 2 or 3 lacs, while on the other hand they may be 12, as indeed they were last month, but whatever their amounts may be the Government balance at the Bank of Madras must be in a condition to meet them, and I am of opinion, therefore, that the reserve of ¼ of the average monthly expenditure does not afford a sufficient margin in the case of the General Treasury - Both in Bengal and Bombay the Banks are in a position to afford assistance

to

to Government when the Treasury balance may be insufficient to meet the expenditure but such is not the case with the Bank of Madras, which has barely sufficient capital to supply all its branches, the amount retained by the head office being very rarely in excess of its own vaults, and the withdrawal therefore of any portion of that amount on account of the Government would inevitably occasion serious embarrassment and inconvenience both to the Bank and to the public. At the present moment, I may remark, the Bank balances at the Head Office is only 26½ lacs, and of this nearly 13 lacs is in small silver and copper which is held by the Bank on account of Government. It is obvious therefore that the Government could place no dependence on the Bank for assistance in case of any emergency, and I am of opinion that the reserve in silver in the General treasury at the commencement of the month should not be less than 12 lacs in excess of the average monthly expenditure, which is about 26 lacs.

16. The total amount then which I would propose to retain in our treasuries as the ordinary working balance is as follows.

Provincial treasuries	57	lacs
General — do —	38	"
Total	95	lacs

exclusive of whatever sum it may be necessary to retain

(51)

retain in the Madras Bank to prevent the Government balance from falling below the prescribed minimum.

17. It may, and no doubt often will happen, that, while the General treasury balance is somewhat less than I have named, the amount in the Provincial treasuries will be proportionately higher, as under the arrangement which with the sanction of the Madras Government I have entered into with the Bank of Madras the surplus collections of the Districts noted in the margin are made over to the Branch banks in those Districts, and their amounts transferred as per to the Government balance at the General Treasury. This arrangement is advantageous both to the Bank and to Government, but especially to the latter, as it enables the Government to transfer from the Provincial treasuries to the General Treasury free of all cost upwards of one crore and twenty lacs during the year, and at such times and in such amounts as may be most convenient to Government, whereas the former labors under the disadvantage of having frequently to take over at its Branches large sums on account of the surplus collections, when they do not need the money, and to transfer their amounts to the General treasury, when the balance at the Head Office may be perhaps already reduced too low. It is consequently necessary in carrying out the

* Godavery
Bellary
Tanjore
Tinnevelly
Malabar

arrangement

arrangement to treat the Bank with consi-
=deration, and in directing the transfers I
always consult its convenience so far as is
consistent with the interests of Government-

18. In order to arrive at an approximate
Estimate of the amount available for remittance
to other Presidencies, it is necessary to consider
by how much the receipts are likely to exceed
our disbursements, for if the general cash
balance was not in excess of our actual require-
ments on the 31 October last and I think
I have conclusively shewn that it was not,
then the difference between the two amounts
would under ordinary circumstances be the
full sum available for remittance.

19. The yearly expenditure and receipts
calculated on the results of the past year are
Rs. 749,27,000 × and Rs. 874,07,000 respectively and
the difference between these two sums would, as
before stated form the balance available for
remittance to other Presidencies and to meet the
Secretary of State's bills between 31 October last
and the same period this year. But during the
present year we have an extraordinary payment
of 27 lacs to make to His Highness Prince
Azeem Jahs creditors, which will reduce the
amount to Rs 97 lacs of which 30 lacs has been
already remitted to Calcutta and Bombay. It
does not appear to me that we can possibly
remit more than 67 lacs before the commencement

of

× exclusive of Secretary of State's bills.

o Rs 124,80,000.

of November, and judging from the unfa-
-vorable character of the season in many
parts of the Presidency it seems very doubt-
-ful whether we shall be able to spare as
much -

20 In the 5th para of this report I had
occasion to remark that the small silver and
copper balances ought not in my opinion to
be taken into account, when calculating the
assets available for meeting our expenditure, as
the demand by the public for those coins was too
small to be appreciable, a fact, which will I
think be patent on reference to the results shown
in the marginal Statement -

Small Silver. Copper.
Balance 1st April 1867-68 Rs. 30,00,000 30,84,843
Do 1st April 1868-1869 Rs. 30,00,000 30,00,000

21 The receipts and issues of small silver
vary somewhat remarkably in different
Districts, for instance in the Tanjore District
the receipts exceed the issues in 1867/68 by
Rupees 151450 whereas on the other hand in
the Malabar District the issues exceeded the
receipts by Rs 196300 - The presence of 2 or 3
Regiments in the latter district may partly
account for the great demand for small silver,
but as the consumption is far larger than at
Bangalore, where there are double the number
of troops, there must be some other cause which
the Collector is unable to explain -

22. Within the last two or three months
a considerable demand for small silver seems
to have sprung up in many of the districts

and

and as the balance is rapidly falling I have reason to hope that in a few months our treasuries will hold no more than is actually necessary. But in respect to the copper balance I cannot entertain this hope as there seems to be a glut of this coin throughout the Empire, and it will be seen from the Statement in the margin that out of the sales which were effected during the year at a discount of half an anna in the rupee, at least two lacs must have been paid back into our treasuries at par - I fear therefore that many years will elapse before the copper balance is brought down to its proper limits.

Copper balance 31st March 1867	Rs. 16,51,000	
Deduct Sales	5,51,500	
Balance 31st March 1868	10,99,500	
	13,01,300	
Difference being the amount paid back into the treasuries	2,01,800	

I have the honor to be
Sir
Your most obedient servant

F. Cunningham
Accountant General -

Fin! Depart!

Memo. for orders.

On the 28th October last a letter was addressed by the Government of India to all the Accountants General reviewing the returns of Cash balances throughout the several Presidencies. It was stated that there are several treasuries in the interior of the country in which the cash balances are apparently in excess of their requirements.

The Government of India was of opinion that on a careful consideration not only might the cash balances in provincial treasuries be reduced but that some treasuries should

Rec'd 24th March 1865

Fin! Dep.t

Memo for Orders

Rec'd 18th April 1865

Marked in Pencil

Acc.t No. 3. Sept. 1865

No. 192.

Enclosure referred to in the letter from the Civil Accountant General dated 18th April 1865.

S.L. 156.

Enclosure in letter from the Civil Accountant General dated 18th April 1865.

Statement of the Balances of the Local Treasuries

Presidency.—

C.B. Record 1215

75

should cease to be depots for surplus cash balances and their establishments reduced.

In the accompanying letter Mr Lushington shows very clearly that no reproach can be addressed to Madras on the score of keeping any excessive Cash Balances either in the Provincial or general treasuries.

Mr Lushington's letter may, I submit, be transmitted to the Govt of India with the expression of the opinion of the Madras Govt that they are satisfied that the Accountant General has carefully observed the orders of the Govt of India communicated

Gr A.G.
No 1017

communicated in their Financial Secretary's letter - Circular No 1017 dated 24th Feby 1864 on the subject of working the public expenditure with the smallest possible cash balance.

In para 6 of his letter Mr Lushington raises the question whether the copper slips forming the greater part of the Mint balance, valued at 11 lacs should continue at present to form part of the Cash Balance Report. The copper slips will not for years with the present glut of copper in the market, be coined, and are not to be viewed in the same light as silver bullion brought to the

the Mint for immediate conversion into Coin.

Mr Lushington thinks these slips, which appear as Mint Balance and go to swell the Cash Balances, should be excluded and treated as Mint Stores, as they do not represent an available asset of Government.

The attention of the Govt of India may perhaps, with advantage, be drawn to this para of Mr Lushington's letter.

Cash balances of the several treasuries of the Madras Presidency

Memo: for orders.

(7)

Yr A.P.
N. Won

10 Jan 64

dispd

Financial Department.

No. 156-

To

The Secretary to the Government of India.
Financial Department.

Sir,

In forwarding the accompanying letter from the Accountant General, Madras, with reference to the letter of the Government of India No 2110, dated the 28th of October last, I am directed to state that the Madras Government are satisfied that the orders of the Government of India, marginally noted, regarding the working of the public expenditure with the smallest possible cash balance, have been carefully observed

d/ 24th Feby 64
Circular No 1017.

observed in this Presidency.

2. I am also to request the attention of the Government of India to paragraph 6 of the Accountant General's letter, in which that Officer raises the question whether the copper slips, forming the greater part of the Mint Balance and valued at 11 lacs, should continue as at present to form part of the Cash Balance report. The copper slips will not for years with the present glut of copper in the market, be coined, and are not to be viewed in the same light as silver bullion brought to the Mint for immediate conversion into Coin.

as observed by Mr. Cushington

Mr Cushington thinks ~~that~~ these slips, which appear as Mint Balance and go to swell the Cash Balances, should be excluded and treated as Mint stores, as they do not represent an available asset of Government, and, in this opinion, I am to state the Right Hon'ble the Governor in Council concurs.

For Secy
Mint March 69.

Copy to Accd General
" Mint Master

6

30

186 . Department

No.

To

The Secretary to the
Government of

Department

Dated 186

1869.

Financial DEPARTMENT.

From

The Chief Secretary to Government,
Fort Saint George.

To

The Secretary to the Govt. of India,
Financial Department.

Dated March 24. 1869.
Recd.

No. 156.
Enclosure.

79-80.

Forwarding, with remarks, letter from the Accountant Genl. reporting on the State of the cash balances of this Presy.