M.E.O. 1—77,000—8-6-37.

(1) Number of pages 26

(2) Date of repair 25-10-38

(3) Initials of the Referencer

# MADRAS RECORD OFFICE.

## Government of Madras.

Financial DEPARTMENT.

| | | |
|---|---|---|
| G.O. No. | 186 | Press / Mis. |
| 3-4. | | |
| Dated | 4-8- | 1870. |

3-4 13/13

***Not to be folded or roughly handled***

F 10-37

*Proceedings of the Madras Government, Financial Department,*

*4th May* 1870.

No. 3. Read the following letter from F. LUSHINGTON, Esq., Accountant-General, to the Chief Secretary to Government, Fort Saint George, dated Fort Saint George, 21st March 1870, No. 399.

Resource Department.]

I have the honour to forward, for the information of Government, copy of my letter to the Comptroller-General of Calcutta, on the minimum balances required to be kept on the 1st of each month at the Presidency and District Treasuries of the Madras Government, together with a set of tables which accompanied the same—*vide* G. O., No. 547, dated 12th November last, Financial Department.

---

From F. LUSHINGTON, Esq., Accountant-General, Madras, to the Comptroller-General of Accounts, Calcutta, dated Fort Saint George, 11th March 1870, No. 7547.

As directed in the Order of the Government of India in the Financial Department, dated the 13th October last, No. 3382, I have the honour to submit a series of tables showing the receipts and disbursements of the several District Treasuries of this Presidency for the past ten years, together with a separate statement showing the amount which I propose to retain as a minimum working balance in each Treasury on the 1st of each month.

2. In fixing these amounts, I have conformed, as closely as possible, to the rule laid down by the Government of India that the balance of cash in each Treasury on the 1st of the month shall not exceed one month's full expenditure. I have, however, grave doubts whether it will be found always practicable to restrict the balances within that limit. If we had to deal with but one Treasury in each District, as is the case in Bengal, there would be no difficulty whatever in working with the balances, but instead of one Treasury we have on an average eight or nine disbursing Treasuries in each District, in many of which the expenditure is almost as large as in the Hoozoor Treasury, and it must be evident, therefore, that it will be a very difficult task, indeed, to estimate the payments to be made from the whole of these Treasuries, 167 in number, so exactly as to provide only just sufficient funds to cover their expenditure during the month, and to leave no balance whatever.

3. I would observe, moreover, that very heavy expenses on account of remittance charges will be entailed upon Government in clearing the Treasuries at the close of each month, and what will be a far greater evil, a large number of Policemen will be withdrawn from all the districts every month for escort duty. In some of our districts, which are neither on the seaboard nor on the line of railway, the withdrawal of these men for escort duty will be equivalent to the reduction of the force maintained in those districts by so many men, for no sooner will one party have returned from Madras than another will be on the eve of starting.

4. Another effect of the monthly clearing of the Treasuries will be the almost complete stoppage of the issue of supply bills as the Accountant-General will not be able to rely with certainty that, at the time his drafts are presented for payment, the Treasury drawn upon will be in a condition to discharge them, the non-presentation of supply bills for several weeks after their issue being of common occurrence. In like manner the monthly clearing will act very prejudicially on the transfer of funds which are now made at the Branch Banks, as it will frequently happen that the Head Office from the state of its cash balance will not be in a position to accept the transfer at the particular time required, whereas by allowing a little delay the Bank would possibly arrange for taking over the whole of the available surplus at its Branch, and that this is not an insignificant matter, will be apparent when I mention that during the past year the amount drawn down from the Provinces to Madras, free from all charge, by means of supply bills and transfer, was upwards of 223,50,000, while the specie remittances during the same period amounted to only 70,00,000.

5. On the above grounds I cannot but deprecate the apparent intention of the Government of India to fix them arbitrarily, the District balances, in the management of which I am of opinion considerable discretion should be allowed to the local Accountants-General, who are highly-paid Officers of the State, and certainly ought to be competent to the duty of working those balances with due regard both to efficiency and economy, while any neglect on their part in this respect would at once become apparent to the Government of India on looking to the state of the general Cash balance of each Presidency at the time when its funds had arrived at the lowest point, for if at that time the efficient balance is found to be much in excess of one month's full expenditure, it must be obvious that the local Accountant-General has not utilised the whole of his available resources.

6. As an example of the applicability of the above test, I would beg your attention to the state of the general cash balance of this Presidency on the 1st December last, which then stood at Rupees 166,82,596. Of this amount the entire balance in whole rupees in the Bank and several Provincial Treasuries was Rupees 115,71,429, and if to this sum be added the small silver and copper balances in the Bank of Madras, amounting to Rupees 13,72,410, the total efficient balance was Rupees 129,43,839. Of this sum Rupees 7,65,029 were held on account of the Military and Public Works Departments, and our liabilities on the 1st December exclusive of the ordinary expenditure of that month were Rupees 29,72,705, viz., Rupees 14,72,705, the amount of Secretary of State and other bills advised but not cashed, and Rupees 15,00,000, which I was required to hold in reserve on account of Prince Azeem Jah's debts, and which it was then expected would be discharged in the course of that month. The efficient balance, therefore, to meet December's disbursements amounted to only Rupees 92,05,605, upwards of twenty-one lacs less than the amount shown as necessary for the opening balance of that month in Statement B., from which it may, I think, be reasonably inferred that no further remittances could have been spared from this Presidency, and that the Government balances had been utilised to the fullest extent compatible with safety. Indeed it was only from a very strong conviction that it was my duty, under the existing financial pressure, to place every available rupee at the disposal of the Supreme Government, even at some risk of our own insolvency, that I was induced to make the remittance of twelve-and-a-half lacs of rupees in the previous month.

7. In estimating the balance to be retained by the Bank at sixty lacs, I beg to observe that I have allowed thirty lacs on account of the current monthly disbursements, twenty lacs on account of the minimum balance allowed to be retained by the Bank under its agreement, and ten lacs on account of the Secretary of State's bills. In the months of January, April, July, and October I have provided an additional sum of five lacs, which is the average amount of the payments made by the Bank to the Currency Office in satisfaction of the indents for Currency Notes from the several Treasuries within the Madras Circle. The ordinary receipts by the Bank are very small indeed, and I do not, therefore, consider that it would be safe to reduce the balance to be held by it below the sum I have named, especially as the Bank has very rarely funds of its own to supplement the Government balance, should any necessity arise, and the Government must, therefore, be always in a position to meet its own liabilities whatever they may be.

8. I observe that the allotment of the amounts to be held by the several Treasuries in Notes, small silver and copper, has been left to your discretion, and that the local Accountants-General are not called upon to offer any suggestion in respect thereto. As it appears to me, however, that a local knowledge of the wants of our Treasuries might be of some service to you, I venture to remark that, while in some of our Treasuries such as Tanjore, North and South Arcot, and the Godavery, the receipts of small silver are invariably in excess of the issues, there are other Treasuries such as Mysore, Coimbatore, and Malabar in which the excess consumption of those coins is very large, amounting in the case of the latter Treasury to at least three lacs annually.

*Proceedings of the Madras Government, Financial Department,*
*4th May* 1870.

No. 4. To the Secretary to the Government of India, Financial Department, dated Fort Saint George, 4th May 1870, No. 186.

I am directed by His Excellency the Governor in Council to state, for the information of His Excellency the Governor-General in Council, that the Madras Government have had under consideration the letter* addressed by the Accountant-General of Madras, to the Comptroller-General of Accounts, on the subject of the minimum working balance to be retained on the 1st of each month in each Treasury of this Presidency.

* Dated 11th March 1870, No. 7347.

2. I am to request that a reference may be made to this Government before any changes in respect of these balances are determined, and to state that the Madras Government concur entirely in the views expressed by Mr. Lushington in his letter to the Comptroller-General. I am to request particular attention to paragraph 3 of that letter, and to state that it will not be possible for the Police, more especially now, that under the orders of the Government of India considerable reductions are being made in Force, to perform the additional escort duties involved in the contemplated reduction of the Treasury balances.

3. Under these circumstances, I am respectfully to press upon the Government of India the favorable consideration of the representation made by the Accountant-General, and to urge that a considerable discretion may be safely allowed to that Officer in determining the most economical and efficient manner of working the District balances.

(Signed) R. S. ELLIS,
*Chief Secretary.*

Exd. J. Wright.

MAY.
Nos. 2-4

Addressing the Government of India with reference to the Accountant-General's letter to the Comptroller-General of Accounts on the subject of the minimum working balances to be retained on the 1st of each month in each Treasury of this Presidency.

Fort Saint George
Accountant General's Office
11th March 1870

No. 7547

From
The Accountant General,
To
The Comptroller General
of Accounts

Sir

As directed in the Order of the Government of India in the Financial Department dated the 13th October last c/o 3882 I have the honor to submit a series of Tables shewing the receipts and disbursements of the several District Treasuries of this Presidency for the past ten years, together with a separate Statement shewing the amount which I propose to retain as a minimum working balance in each Treasury on the 1st of each month —

2. In fixing these amounts I have conformed as closely as possible to the rule laid down by the Government of India that the balance of cash in each Treasury on the 1st of the month should not exceed one months full expenditure. I have however grave doubts whether it will be found always practicable to restrict the balances within

within that limit - If we had to deal with but one treasury in each District, as is the case in Bengal there would be no difficulty what-ever in working with that balance, but indeed of one Treasury we have on an average 8 or 9 dis-bursing treasuries in each District, in many of which the expenditure is almost as large as in the Guzzer Treasury and it must be evident therefore that it will be a very difficult task indeed to estimate the payments to be made from the whole of the treasuries (by in number) so exactly as to provide in any post sufficient funds to cover their expenditure during the month and to leave no balance whatever -)

3. I would observe, moreover, that very heavy expences on account of remittance charges will be entailed upon Government in clearing the treasuries at the close of each month, and what will be a far greater evil, a large number of Police men will be withdrawn from all the districts every month for as much duty - In some of our districts which are neither on the Sea board nor on the line of Railway the with-drawal of these men for escort duty will be equivalent to the reduction of the Force maintained in those districts by so many persons, for no sooner will one party have returned from Madras than another will be on the eve of starting -

Another

4. Another effect of the monthly clearing of the treasuries will be the almost complete stoppage of the issue of supply bills as the Accountant General will not be able to rely with certainty that at the time his drafts are presented for payment the treasury drawn upon will be in a condition to discharge them, the non-presentation of supply bills for several weeks after their issue being of common occurrence - Nor is the inconvenience the monthly clearing will occasion very prejudicially on the transfer of funds which are now made at the Branch Banks as it will frequently happen that the Head Office from the state of its cash balances will not be in a position to accept the transfer at the particular time required, whereas by allowing a little delay the Bank would possibly arrange for taking over the whole of the available surplus of its Branch, and that there is not an inconsiderable matter will be apparent when I mention that during the past year the amount drawn down from the Provinces to Madras free from all charges by means of Supply Bills and transfer was upwards of 2 3/4 60,000, while the Specie remittances during the same period amounted to only 70,000 -

On

5. On the above grounds I cannot but deprecate the apparent intention of the Government of India to fix them arbitrarily the Revised Balances, in the management of which a loan of a certain considerable discretion should be allowed to the local Accountant General, who are highly paid officers of the State, and certainly ought to be compelled to the duty of working those Balances with due regard both to efficiency and economy, while any neglect on their part in this respect would advance because apparent to the Government of India on looking to the State of the general Cash balance of each Presidency at the times when its funds had exhausted all the Current Grant, for of at that time the effigient Balance is found to be much in excess of one months full expenditure, it would be obvious that the Local Accountant General had not published the whole of the available resources -

6. As an example of the applicability of the above test, I should beg your attention to the State of the general Cash balance of this Presidency on the 1st December last which stood at Rs 166,82,596 - Of this amount the entire balance in whole pieces in the Kuch and several Provincial treasuries was Rs 115,71,629, and of to this sum be added the small Silver and Copper balances in the Bank of Bombay amounting to Rs 13,72,410 the total effected balance was Rs 129,43,39. Of this sum Rs 76,029 was held on account of the Military and Public Works Departments made over Cashbills on the 1st December - exclusive of the ordinary expenditure of that month were Rs 29,72,705 viz Rs 14,72,705 the amount of Secretary of State and other bills advised but not credited - and Rs 15,00,000 which I was required to hold in Reserve on account of Bruce Azeem Jahis debts and which I was then expected would be discharged in the course of that month - The efficient balance therefore for 1st December's disbursements amounted to only Rs 92,05,605 upwards of 21 Lacs less than the amount shown as necessary for the opening balance of that month in Statement B, from which it may I think be reasonably inferred that no further Remittances could have been spared from this Presidency and that the Government balances should been reduced to the fullest extent compatible with safety - Indeed it was only from a very strong conviction that it was my duty under the existing financial pressure to place every available rupee at the disposal of the Supreme Government even at some risk of our own insolvency that I was induced

to

to make the remittances of 12/3 bags of
Rupees in the succeeding month -

7. In estimating the balances to be
retained by the Bank at 60 lacs, they to
observe that those allowed 30 lacs on ac-
-count of the current monthly disbursements,
20 lacs on account of the minimum balance
allowed to be retained by the Bank under its
Agreement, and 10 lacs on account of the
Treasury at Mulajolls - In the months
of January, April, July and October
there proceeds an additional sum of 5 lacs
which is the average amount of the pensions
paid by the Bank to the Currency Office
in satisfaction of the Salaries for Currency
Notes from the several Treasuries within
the Mofussil Circle - The ordinary receipts
by the Bank are very small indeed, and do
not therefore exceed what it would be safe
to reduce the balances to be held by it below
the Sum there named, especially as the
Bank has very lately found it necessary to
supplement the Government balances
should any necessity arise, and the Govern-
ment must therefore be always in a position
to meet its own liabilities whatever they
may be -

I

8. I observe that the attendance
of the Accountants to be held by the Secre-
taries in Rules, Small Silver and Copper
have been left to your discretion and that
the local Accountant Generals are not
called upon to offer any suggestions in respect
thereto. As it appears to me however, that
a local knowledge of the wants of our
Treasuries might be of some service to you,
I would here remark that while in some
of our Treasuries Madras or Bengal, both
and South Arcot, and the Godavery the
receipts of small Coins are inconsiderable as
compared with those Combatore, and Trichinopoly
in which the excess consumption of these
Coins is very large, amounting in the
Case of the latter, to at least three
lacs annually -

I have &c.
(Sgd) J. Duchinglass
Actg Accountant General

(True copy)
D. Wilson
Actg Assistant Accountt General

Compared

No. 648—8-1-70—750.

**Treasury.**

Resource Department.

No. 3479 Fort Saint George, 19

Accountant General's Office,

7th December 1870.

From The ACCOUNTANT GENERAL,
to the GOVERNMENT OF MADRAS.

To The Chief Secretary to Government
Fort Saint George

Sir,

I have the honor to forward
for the information of Government a Copy of
my letter to the Comptroller General of Accts
on the annexed balances required to be kept
up in the Books of the Secretary and
Deputy Treasurers of the Madras Government
for the Year

I transmit the same Vide G. O. No. 547 dated 12th
Nov.r last Fin.l Dept.t

I have the honor to be
Sir
Your most obedient servant
F. Aitchinson
Accountant General

Finance Department.

No. 186.

To

The Secretary to the Government
of India.

Finance Department

Sir,

I am directed by His Excellency the Governor in Council to state for the information of His Excellency the Governor General in Council that the Madras Govt. have addressed the Comptroller General of Madras, the Comptroller General of Accounts, on the subject of the arrangements necessary to be introduced on the 1st of each month in each Treasury of this Presidency

2. I am to request that

Dated 11th March 1870 No 754.

---

DEPARTMENT.

FROM THE ACCOUNTANT GENERAL

TO THE GOVT. OF MADRAS.

To

Dated

Read

No.

Enclosures.

that a reference may be made to this Govt. before any changes in respect of these Balances are determined, and to state that the Madras Govt. concurs entirely in the views expressed by Dr. Hutchinson in his letter to the Comptroller General

I am to request particular attention to paras. 3 of that letter and to state that it will not be possible for the Police, which has, under the orders of the Govt. of India, been considerably reduced to the greatest extent compatible with moderate efficiency, to perform the additional executive duties involved in the contemplated reduction of the Treasury Establishments.

3. Under these circumstances, I am respectfully

may think

7

Memo

Mr. Hutchinson's letter is very forcible and it may be hoped that the Govt will modify their orders fixing the Minimum Cash Balances to be retained in the District Treasuries.

The effect of the present reduction in the Local and Jenerals, on the subject, on the Police in

greatly increasing the work
duties is clearly provided
out by Mr Lushington
in para 3 of his letter
to the Comptroller General.
& it may be necessary
for the Madras Govt to
address Govt of India
on the subject, but I

for the Police, wh
under the orders of
Govt of India, to
reduced to the
extent contemplate
with moderate
to perform the a
excess duties incu
in the contemplat
reduction of the
3. Under
circumstances, a

Accountant General's Office,
Madras, 26 April 1870.

My dear Ellis.

I do not think that
the Govt of India have
taken up the minimum balance
question - probably they will
not do so until they are es-
tablished again at Simla.
The proposal to fix the balance
of each treasury at one month's
expenditure only is simply
absurd & I believe impracticable

and there can be no doubt whatever as to the inconvenience & expense. I should be glad to express if the Govern.t remonstrated against the proposition.

Yours
F. Denison Pitt

for the Police, who under the orders of Board of Works, is reduced to the greatest confusion with regard to the power to perform the additional duties imposed on the Commissioners by the 3. Under circumstances, I do not

2

conclude they will defer doing this, till we receive an answer from the Confederation fail

R.C.

30 march

I transmit to you Copies of Letters from Mr. Howard in Virginia & the Governor's Answers

J.A.

I would
ask the
consideration of the enclosed Petition
praying that a reduced Scale
may be suggested by Sir Jas. A.

I would ask leave to
refer the Govt. of India
to the Correspondence
noted in the margin
as to the Views
of this Govt. on the
subject of the Petition
and to state that
in the event of
the Secretary of State
in Council
deeming it
desirable to
reduce the
Establishment
of Clerks
employed
in the
Offices
of the
Commissioners
of Police
in Calcutta
Bombay
and Madras

c. 31/2
P. 20/4

for the Offices
under the Govt
Govt of India
reduced to the
extent contem
with the understand
to perform the
essential duties
in the contem
reduction of the
3. Under
circumstances,

Respectfully to invite
upon the Govt of India
the favorable consider-
ation of the representa-
tion made by the
Commissioners of Police
and that a discretion
discretion may be
left allowed to the
Officers in determining
the most economical
and efficient manner
of carrying the Scheme
Into Effect.

Sent 9th Sept
to Lieut 1870.

Copy to Secretariat
with the Letter noted in margin

18 . Department

No.

To
The Secretary to the
Government of
Department

Dated 18 .

1876

Financial DEPARTMENT

From The Chief Secretary to Government, Fort Saint George

To The Secretary to the Govt. of India Financial Department

Dated May 4th 1876

Rec'd

No. 186 Enclosure.

Nos. 3. 4.

Soliciting the Govt. of India with reference to the Accountant General's letter to the Comptroller General of Accounts on the subject of the Encumbrance working balance to be retained on the 1st of each month in each Treasury of this Presy.