M.R.O. 1—77,006—8-6-37.

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(2) Date of repair 16/2/40

(3) Initials of the Referencer

MADRAS RECORD OFFICE.

Government of Madras.

Financial **DEPARTMENT.**

G.O. No.	141	Press / Mis.
172-174		
Dated	29-1-	18 72.

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172 - 174

Not to be folded or roughly handled

16/2/40

FINANCIAL DEPARTMENT.

No. 141.

FROM

THE HON. W. HUDLESTON,
Chief Secretary to the Government of Fort St. George,

To

THE SECRETARY TO THE GOVERNMENT OF INDIA,
FINANCIAL DEPARTMENT.

SIR,

In reply to your Officiating Under Secretary's letter of 23rd September 1872, No. 3031, forwarding copy of the Assay Master's letter, suggesting abolition of the Bullion Depôt at this Presidency, I am directed to forward copies of letters from the Chamber of Commerce and the Commissioner of Paper Currency, and to state that this Government would advocate the retention of the establishment for another year, in view to a further trial under less exceptional circumstances as regards the trade of the country than existed last year.

2. The cost to Government is inconsiderable, and if the exports of Madras again preponderate over its imports as largely as they have done in past years, the convenience to merchants of having the means of assay of imported bullion on the spot might be material to their interests.

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

FORT ST. GEORGE,
29th January 1873.

Chief Secretary.

From the Vice-Chairman of the Chamber of Commerce, to the Chief Secretary to Government, Fort St. George, dated Madras, 25th October 1872.

I have the honour now, in accordance with the request of the Government contained in their Order, Financial Department, 4th instant, No. 1339, to offer, on behalf of the Chamber of Commerce, a few remarks with reference to the Calcutta Assay Master's letter of the 30th August, stating that, in his opinion, "the amount of bullion dealt with" in Madras by the Assay Office during 1871-72 "was insignificant," and "it hardly seems necessary to continue an establishment which affords no real convenience to the public, and is maintained at a considerable loss to Government."

2. The Chamber are unable to agree with the Assay Master that the local Assay Establishment "affords no real convenience to the public;" and probably, as the persons most benefited by the convenience alluded to, their opinion on this point is entitled to at least as much consideration as that of Dr. Shekleton, which, so far as his letter under notice shows, is a mere surmise. It is true that in 1871-72 the amount of bullion dealt with by the Madras Assay Office was "insignificant," for it did not exceed 36,909 tolahs; but I have ascertained that in the twelve years, 1860-61 to 1871-72, the amount of bullion received into the local Mint and assayed aggregated 3,35,37,851 tolahs, or, at the rate, on an average of 27,94,821 tolahs per annum, which is by no means an insignificant amount of the precious metals. The convenience offered by the local Assay Establishment was a matter of vital importance to the trade of this Presidency in the six years ending with 1865-66, and the Assay Master would doubtless be indisposed to affirm that the circumstances which tended in those years to make it so will never recur. He is doubtless aware that bullion is shipped from Europe to India when the value of India's exports to Europe exceed that of her imports from Europe and elsewhere. Thus, in the year 1863, the official value of exports from the port of Madras, not including specie, was 429½ lakhs, and that of imports 207¾ lakhs, showing a balance in favour of Madras of 221¾ lakhs; and the imports of bullion and specie in that year amounted to 209 lakhs, which very nearly restored the equilibrium. In 1864 the exports exceeded the imports by a value of 103 lakhs, and in 1865 by 80 lakhs. Since then the balance of trade has been in favour of imports, or against Madras. In 1871 the sum against Madras had fallen as low as 11½ lakhs; and in the nine months of the present year the balance against Madras aggregated only 12 lakhs. A very little improvement in the demand for the principal articles of local export would, therefore, in all probability, necessitate a resumption of importations of bullion, and, as an unavoidable consequence, compel merchants to avail themselves freely of the great convenience afforded by an Assay Office in this town.

3. Dr. Shekleton observes that the local Assay Establishment "is maintained at a considerable loss to Government." The Chamber cannot agree with him that a deficit on the year's operations of no more than Rupees 1,476 can be justly regarded as a "considerable loss." The Government cannot fairly, and doubtless do not, expect that the working expenses of an office, whose earnings are affected by the fluctuations of trade, shall in every year be covered as a condition of its prolonged existence. The result of one peculiarly dull and unremunerative year is not a fair criterion of the profitableness or otherwise of any commercial enterprise, but the conclusion should be based on the results of a short series of average years. In the present case a loss of Rupees 1,476 is chargeable to 1871-72, but it is open to question whether this is, in the long run, a "loss to Government." The loss has been sustained by one department of the Government, but as the local Assay Office facilitates local trading operations, it gives a direct impetus to commerce, and the Government sooner or later obtain their share of the advantages resulting therefrom. Regarded from this point of view, the so-called "considerable loss" of Rupees 1,476 that has prompted Dr. Shekleton to advise the Government of India to close the Assay Office at Madras is merely a "casting of bread upon the waters that shall be found after many days." As the Madras Government rightly imply in their Order, 15th July 1871, No. 287, the question to be considered is this, "Is the expense of a final assay at Madras disproportionate to the advantages secured by the merchants in having the assay performed on the spot?" And to this question the Chamber have no hesitation in replying that it is by no means disproportionate, and further that it is a subject for legitimate congratulation that the cost of retaining such great advantages has been proved, in a year of exceptional inactivity, to be so inconsiderable as Rupees 123 per mensem.

From the Commissioner of Paper Currency, to the Chief Secretary to Government, Fort St. George, dated Fort St. George, 9th November 1872, No. 680.

The continuance of a Bullion Depôt under charge of the Chemical Examiner was sanctioned by the Government of India in their Order, No. 2807, dated 15th August 1871, under the rules of this Government, dated 30th May 1871, subject to the further condition of a second assay. The bullion so received has lately been sent to Calcutta, and I am now in a position to report on the working of this concession.

2. I annex a memorandum detailing all receipts of bullion since the transfer of the Bullion Depôt to my charge on 1st April 1871, a period of nineteen months. You will observe that (with the exception of a parcel received in January, so small that it ought to have been refused) there have been no transactions, save in the months of April, May, and June last, and that the gross receipt was in value less than a lakh; the concession cannot then be of any importance to the trade of the port.

3. Of the charge to Government, I can make no complete return. The Chemical Examiner has no separate establishment for this work; though possibly in expectation of larger demands he was allowed to retain a larger number of the old Mint hands than he would ask for if relieved from liability to such applications, and from submission of store and cash accounts, which, as all the copper in his charge has been disposed of, really only represent bullion transactions. The cost of firing, &c., and crucibles has not been charged separately. The only charge then which I can show distinctly is that of packing and shipping to Calcutta (not of landing, &c., there) which amounted to Rupees 482-2-3 on 1,07,484½ tolahs, something more than 7 Annas per cent. It will be remembered that this loss has no corresponding advantage. I am able to levy here no larger charges than would be taken at either of the Mints on bullion tendered there.

4. It will be remembered that the Mint Master, Calcutta, objected to employing the Chemical Examiner on assay, on the ground that, not using the wet process of the Indian Mints, he would arrive at inaccurate results. The out-turn certificate shows that his valuation was larger by Rupees 76-2-6 than that of the Calcutta Mint; this is equivalent to a further loss of 1¼ Annas per cent.

5. The first acknowledgment for the Madras bars by weight showed an out-turn less by 9 tolahs than the weighment at Madras; the weighment at the Assay Office had agreed with that in the Currency scales conducted with great care in the presence of a gazetted officer. Colonel Hyde, however, seems to think nothing of this difference as an ordinary result of difference of scales; there can, therefore, be no objection to its adjustment.

6. The loss of weight and of value in re-melting was also not unimportant, nearly one per cent.; this loss and the charges of re-melting would not be incurred if the Madras Assay could be trusted.

7. In conclusion, I submit that the Madras Bullion Depôt should be abolished, as of no appreciable service to the trade of the port, and as necessitating a cash outlay of nearly half per cent. for delivery of its out-turns at the nearest Mint, to say nothing of 1·1 per cent. for loss on second assay, and unknown charges for establishment and melting.

SILVER Bullion received by the Accountant-General.

Date.	From whom received.	Form.	Weight before Assay.			Weight after Assay.		
			Tolahs.	AS.	P.	Tolahs.	AS.	P.
1872.								
January 16th	Rev. W. Taylor	Silver Articles ...	54	12	0	53	6	0
April 3rd	V. R. L. Soobramony Chetty	New Guilders ...	4,496	2	0	4,488	1	0
,, 5th	V. Sadasiviah Chetty ...	Five Francs ...	1,920	12	0	1,917	9	6
,, 18th	S. D. Grant, Esq., Agent, Chartered Mercantile Bank							
May 16th	Messrs. Lecot and Co ...	Silver Bars ...	48,212	0	0	48,125	3	0
,, 17th	Messrs. C. Veeroocooty Chetty	Do. ...	14,229	0	0	14,212	12	0
,, 28th	N. Soobooroy Chetty ...	New Guilders ...	5,467	2	0	5,450	11	0
June 4th	Do. do. ...	Five Francs ...	2,140	12	0	2,132	12	0
,, 20th	M. Moothoo Chetty ...	Do. ...	4,104	12	0	4,092	8	0
,, 26th	Do. do. ...	New Guilders ...	4,283	12	0	4,269	8	0
		Do. ...	6,537	8	0	6,518	12	0
		Total ...	91,446	8	0	91,261	2	6

FORT ST. GEORGE,
9th November 1872.

(Signed) F. LUSHINGTON,
Commissioner of Paper Currency.

Lxd. J. H. Burns.

1873.

FINANCIAL DEPARTMENT.

From

The Chief Secretary to Government,
Fort St. George.

To

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

Dated 29th January 1873.

Read.

No. 141.

Enclosure.

Advocating the retention of the Bullion Depôt at the Madras Presidency for another year on trial.



No 680.

Fort St. George,
Accountant General's Office,
Paper Currency Department,
9th November 1872.

From,

F. Lushington Esqre.,
Commissioner of Paper Currency,

To,

The Chief Secretary
to Government.
Fort St. George,

Sir,

Para 1. The continuance of a bullion depôt under charge of the Chemical Examiner was sanctioned by Government of India in their order No. 410 2807 dated 15th August 1871 under the rules of this Government, dated 30th May 1871, subject to the further condition of a second assay. The bullion so received has lately been sent to Calcutta and I am now in a position to report on the working of this concession.

2. I annex a memo detailing all receipts of bullion since the transfer of the bullion depôt to my charge on 1st April 1871, a period of nineteen months. You will observe that (with the exception of a parcel received in January, so small that it ought to have been refused) there have

The

have been no transactions, save in the months of April, May, and June last, and that the gross receipt was in value less than a lac: the concession cannot then be of any importance to the trade of the port.

3. Of the charge to Government I can make no complete return. The Chemical Examiner has no separate establishment for this work; though possibly in expectation of larger demands, he was allowed to retain a larger number of the old mint hands than he would ask for if relieved from liability to such applications, and from submission of store and cash accounts which as all the copper in his charge has been disposed of, really only represent bullion transactions: the cost of firing &c. and crucibles has not been charged separately. The only charge then which I can show distinctly is that of packing and shipping to Calcutta (not of landing &c. there) which amounted to Rupees 482-2-3 on 1,07,484 tolas, something more than 7 annas %. It will be remembered that this loss has no corresponding advantage. I am able to levy here no larger charges than would be taken at either of the mints on bullion tendered there.

4. It will be remembered that the Mint Master Calcutta objected to employing the Chemical Examiner on assay

assay on the ground that, not using the wet process of the Indian Mints, he would arrive at inaccurate results; the outturn certificate shows that his valuation was larger by Rupees 76-2-6 than that of the Calcutta Mint: this is equivalent to a further loss of 1/4 annas %.

5. The first acknowledgment for the Madras bars by weight, showed an outturn less by 9 tolas than the weighment at Madras; the weighment at the Assay Office had agreed with that in the Currency scales conducted with great care in the presence of a gazetted officer: Colonel Hyde however seems to think nothing of this difference as an ordinary result of difference of scales: there can therefore be no objection to its adjustment.

6. The loss of weight and of value in remelting was also not unimportant, nearly 1 %: this loss and the charges of remelting would not be incurred if the Madras Assay could be trusted.

In

7. In conclusion I submit that the Madras bullion depôt should be abolished as of no appreciable service to the trade of the port, and as necessitating a cash outlay of nearly ½ % for delivery of its outturns at the nearest Mint, to say nothing of 1.1 % for loss on second assay, and unknown charges for establishment and melting.—

I have the honor to be,
Sir,
Your most obedient servant.
F. Lushington
Commissioner of
Paper Currency.

Silver Bullion received by the Accountant General.

Date	From whom received	Form	Weight before Assay. Tolas as p.	Weight after Assay. Tolas as p.
1872				
May 16th	Revd W. Taylor	Silver articles	54 12 "	53 6 "
April 3rd	V. R. L. Soobramony Chetty	New Guilders	4,496 2 "	4,488 1 "
" 5th	V. Sadasiviah Chetty	Five Francs	1,920 12 "	1,917 9 6
" 15th	S. D. Grant Esqre. Agent Chartered Mercantile Bank	Silver Bars	48,212 " "	48,126 3 "
May 16th	Messrs Lecot & Co.	do	14,229 " "	14,212 12 "
" 17	Messrs L. Veeraswamy Chetty & Co.	New Guilders	5,467 2 "	5,450 11 "
" 28th	N. Soobroroy Chetty	Five Francs	2,140 12 "	2,132 12 "
June 4th	do	do	4,104 12 "	4,092 8 "
" 20th	M. Moothoo Chetty	New Guilders	4,283 12 "	4,269 8 "
" 26	do	do	6,537 8 "	6,518 12 "
		Total	91,446 8 "	91,261 2 6.

Fort St. George.
Accountant Genl's Office
Paper Currency Dept.
9th November 1872.

F. Lushington
Commissioner
of Paper Currency.

N.C.S.

depd 5/2

Financial Department.

No. 141.

To

The Secretary to the Government
of India,
Financial Department.

Sir,

In reply to your Offg Undersecretary's letter of 23rd September 1872 No 3031, forwarding copy of the Assay Master's letter, suggesting abolition of the Bullion Depot at this Presidency, I am directed to forward copies of letters from the Chamber of Commerce, and the Accountant General, and to state that this Government would advocate the retention of the establishment for another year, in view to a further trial under less exceptional circumstances as regards the trade of the country than existed

Rec:30 Sept 1872. A. 28-30.
" 1 Oct 1872. " 28-30
" 3 Oct 1872. " 182-183.
" 5 Oct 1872. " 30-31

From,
The Commissioner
of Police Calcutta.
No. 1141

Dated 28th September 1872
Received 30th September 1872

To
The Chief Secretary
to Government,
Fort William.

Sir,

I have the honor to inform you that I have received a letter from the Assay Master Calcutta Mint calling my attention to the inconvenience caused by the Bullion Depot being kept open at night.

I have &c

existed last year.

2 The cost to Government is inconsiderable and if the balance of trade should again turn in favor of Madeira, the convenience to Merchants of having the means of Assay of imported Bullion on the spot would be material to their interest.

Perkins letter to Secy — Lists the Exports of Madeira again

Exports of Madeira again for the year ending 30th June 1875 as compared with the Imports as largely as they have been in some former years

Fort St George
29 Decr 1875

Copy to Chemical Examiner in charge of the Assay Dept 5/2

Bullion Depot

Circulate

Department

No.

To

The Secretary to the
Government of
Department.

Fin. No. 429

Dated

1873.

C 26/12 R 27/1/73

C 27/1/73 R 28

R 19

Chamber of Commerce

Madras 25th October 1872

From

The Honble A. Mackenzie

Vice Chairman Chamber of Commerce

To

The Chief Secretary to Government

Vizagapatam

Sir,

I have the honor now, in accordance with the request of the Government contained in their Order Financial Department, 4th instant No. 1339, to offer, on behalf of the Chamber of Commerce, a few remarks with reference to the Calcutta Assay Master's letter of the 20th August, stating that in his opinion "the amount of bullion dealt with" in Madras by the Assay Office during 1871-72 "was insignificant" and "it hardly seems necessary to continue an es- "tablishment which affords no real convenience to the public, and is maintained at a con- "siderable loss to Government"

The

The Chamber are unable to agree with the Assay Master, that the local Assay Establishment "affords no real convenience to the public": and probably as the persons most benefited by the convenience alluded to their opinion on this point is entitled to at least as much consideration as that of Dr. Skeleton, which, so far as his letter under notice shows, is a mere surmise. It is true that in 1871-72 the amount of bullion dealt with by the Madras Assay Office, was "insignificant", for it did not exceed 36,909 Tolahs; but I have ascertained that in the twelve years 1860-61 to 1871-72 the amount of bullion received into the Local Mint and Assayed, aggregated 335,37,851 tolahs, or at the rate, on an average of 27,94,821 tolahs per annum — which is by no means an insignificant amount of the precious metals. The convenience offered by the Local Assay Establishment was a matter of vital importance to the trade of this Presidency in the six years ending with 1865-66, and the Assay Master would doubtless be indisposed to affirm that the circumstances which tended in those years to make it so, will never recur.

He is doubtless aware that bullion is shipped from Europe to India when the value of India's exports to Europe, exceed that of her imports from Europe, and elsewhere. Thus, in the year 1863, the Official value of Exports from the Port of Madras, not including Specie, was £29½ Lacs, and that of Imports 207¾ Lacs, showing a balance in favor of Madras of 221¾ Lacs. And the Imports of Bullion and Specie in that year amounted to 209 Lacs, which very nearly restored the equilibrium. In 1864 the exports exceeded the imports by a value of 103 Lacs, and in 1865 by 80 Lacs. Since then the balance of trade has been in favor of Imports, or against Madras. In 1871 the sum against Madras had fallen as low as 11½ Lacs; and in the nine months of the present year the balance against Madras aggregated only 12 Lacs. A very little improvement in the demand for the principal articles of Local export would therefore, in all probability, necessitate a resumption of importations of Bullion, and as an unavoidable consequence, compel merchants to avail themselves freely of the great convenience afforded by an Assay

Office

Office in this town.

Dr. Shekleton observes that the Local Assay Establishment "is maintained at a considerable loss to Government". The Chamber cannot agree with him that a deficit on the year's operations of no more than Rupees 1,476 can be justly regarded as a "considerable loss". The Government cannot fairly, and doubtless do not, expect that the working expenses of an Office whose earnings are affected by the fluctuations of trade shall in every year be covered as a condition of its prolonged existence. The result of one peculiarly dull and unremunerative year is not a fair criterion of the profitableness, or otherwise, of any commercial enterprise, but the conclusion should be based on the results of a short series of average years. In the present case a loss of Rupees 1,476 is chargeable to 1871-72, but it is open to question whether this is, in the long run, a "loss to Government". The loss has been sustained by one Department of the Government, but as the Local Assay Office facilitates local trading operations, it gives a direct impetus to commerce, and the

4 1/11

the Government sooner or later obtain their share of the advantages resulting therefrom. Regarded from this point of view, the so called "considerable loss" of Rupees 1,476 that has prompted Dr. Shekleton to advise the Government of India to close the Assay Office at Madras, is merely a "casting of bread upon the waters that shall be found after many days". As the Madras Government rightly imply in their Order 15 th July 1871, No. 284, the question to be considered is this, "is the expense of a final assay at Madras disproportionate to the advantages secured by the merchants in having the assay performed on the spot", and to this question the Chamber have no hesitation in replying that it is by no means disproportionate, and further that it is a subject for legitimate congratulation that the cost of retaining such great advantages has been proved, in a year of exceptional inactivity to be so inconsiderable as Rupees 123 per mensem.

I have the honor to be
Sir
Your most obedient Servant

Arbuthnot

Vice Chairman

I would recommend continuance for another year. the loss is very trifling & is confined to an Exceptional year. The Convenience & advantage to the mercantile community is manifest.

L.O.S

C 15/11
Rec
C 26-12-

Fmk 2872 Dept

From
Chamber of Commerce
Madras

S/ 14/

S/ 25 & 28 Oct
R/ 28 & Oct

No 2318.

Reports on suggestion of Assay Master Calcutta to abolish the Madras Assay Dept

Ack papers.

For Orders.

1873.

Financial DEPARTMENT

From

The Chief Secretary to Government,
Fort Saint George.

To

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

Dated Jan. 29. 1873.

Recd.

No. 141.
Enclosure.

Nos. 172-174

Advocating the retention of the Bullion Depot at Chuddra for another year on trial.