M.R.O. 1—77,005—8-6-37.

(1) Number of pages 18

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(3) Initials of the Referencer

MADRAS RECORD OFFICE.

Government of Madras.

Financial DEPARTMENT.

G.O. No.	1197	Press Mis.
25-26.		25-26
Dated	3-6-	1875.

10/11

Not to be folded or roughly handled

Proceedings of the Madras Government, Financial Department,
3rd June 1875.

Bullion Depot.

No. 25. Read the following letter from R. W. LODWICK, Esq., Accountant-General, to the Honorable D. F. CARMICHAEL, Officiating Chief Secretary to Government, Fort St. George, dated Fort St. George, 19th May 1875, No. 128 :—

Resource Department.

With reference to G.O., Financial Department, No. 956, dated 29th April 1875, I have the honor to forward the accompanying letter from the Chamber of Commerce, by which it will be seen that the Mercantile Community of this city is strongly opposed to the abolition of the Bullion Depôt.

2. The transactions referred to in the 3rd paragraph of the Comptroller-General's letter are as per margin, and certainly if the bullion lodged yearly were not to show a marked increase for the future, it would not be worth while to maintain the depôt, but as the Chamber appears to consider that an improvement in transactions is likely to take place and deprecates strongly the abolition of the depôt on the ground that the interests of those concerned in the trade of Madras will be injuriously affected thereby, it is, in my opinion, not advisable at all events for the present to recommend the step.

		Rs.	A.	P.
6th February 1873	... ...	4,149	2	0
31st October	,, ...	1,908	12	0
6th February 1874	... ...	1,035	4	0
12th March	,, ...	1,348	6	0
30th	,, ,, ...	4,536	4	0
15th April	,, ...	202	14	0
1st May	,, ...	1,763	2	0
Do.	,, ...	2,941	6	0
28th July	,, ...	12,278	14	0
	Total ...	30,164	0	0

From C. SIMPSON, Esq., Chairman of the Chamber of Commerce, to R. W. LODWICK, Esq., Accountant-General, Madras, dated Madras, 18th May 1875.

The Chamber have considered the Proceedings of the Madras Government, Financial Department, 29th April, containing a letter from the Government of India with reference to the suggestion of the Comptroller-General that "it is very doubtful whether there are sufficient reasons for the continuance of" the Bullion Depôt at Madras ; and they have observed that the Supreme Government wish to be informed by the Madras Government whether, under the circumstances stated by the Comptroller-General, that depôt may be abolished with advantage.

2. It appears from the letter of the Comptroller-General that in the two and-a-half years terminating with January last, the transactions at the Madras Bullion Depôt were represented by the lodgment of bullion of a value of less than Rupees 30,000, or, excluding bars of coin, less than Rupees 20,000 ; and that the charge for establishment and contingencies is stated to average Rupees 275 per month in the last two years. Hence the Comptroller-General argues on the one hand that the trade of the port could not suffer by the withdrawal of the convenience offered by the Bullion Department, and on the other that a retrenchment of Rupees 275 per mensem may be effected by the Government by the proposed abolition.

3. The Chamber may be permitted to express their surprise at the anxiety shown by the Comptroller-General to find a plausible excuse for depriving this city and Presidency of a valuable Agency in commerce that entails in a period of exceptional dulness no greater charge than Rs. 275 per mensem upon the Government. As he seems to be unacquainted with the implied conditions on which that agency was established, you will permit me to mention the circumstances that led to the Bullion Depôt being constituted here.

4. So far back as 1850 the Government of India commenced to consider the advisability of replacing the Madras Mint by a Bullion Depôt, but the project was deferred for eighteen years, or

until 1868, pending the requisite increase of the power of the Calcutta Mint. It was contended, on behalf of the Government, that the Madras Mint had ceased to pay its expenses; that the extension of the Calcutta Mint rendered it unnecessary any longer to coin copper in Madras; and that it would suffice to maintain an Assay Office in Madras for the receipt of bullion. The Chamber at the time submitted that the statement of the Madras Mint having ceased to pay its expenses, even if literally correct as respects the operations of one or perhaps two years, should have been qualified by reference to the exceptional causes which were in operation during that period; and they remarked that a retrospect of the preceding fourteen years would satisfy an impartial inquirer that the proposed abolition was based upon insufficient and delusive grounds. But since the Calcutta Mint had been enlarged at an expense incommensurate with its current out-turn, the Madras Mint was eventually abolished, and a Bullion Depôt substituted.

5. In 1870, however, it was brought to the notice of the Government of India that the Depôt did not pay its expenses, and its abolition was proposed on the guarantee that the Currency Department would always buy silver bullion at the prescribed rate of Rupees 979 per 1,000 tolas, and that the service of a competent Assayer should always be at the disposal of the local Government. To this the Chamber raised no objection. But in the following year, after the abolition of the local depôt had been sanctioned, the Government of India expressed their inability to arrange without undue expense for the final assay of bullion at Madras with a view to its acceptance for coinage; and suggested that bullion should be accepted by the local Currency Department and the price fixed at the rate stated by the Currency Act, less 10 per cent. to be retained pending receipt of the Assay report from the Calcutta or Bombay Mint. The Chamber concurred in the suggestion of the Government of India that this arrangement should have a year's trial; but, at the same time, adverted to the very great inconvenience to trade that would be caused by Madras ceasing to be a port for the receipt of bullion. The arrangement was accordingly sanctioned for one year. At the expiration of that period the Assay Master of Calcutta reported to the Government of India that the results did not seem encouraging, as they showed a deficit on the year's operations of Rupees 1,476, owing to the insignificant amount of bullion dealt with; and he concluded that it was inexpedient to continue an establishment which, in his opinion, afforded no real convenience to the public, and was maintained at a considerable loss to the Government. The Chamber dissented from this, and represented that while in 1871-72 the amount of bullion dealt with did not exceed 36,909 tolas, it averaged in the twelve years, 1860-61 to 1871-72, no less than 2,794,821 tolas per annum; that the local Assay Establishment had been of vital importance to local trade in the six years ending with 1865-66; and that a comparatively little improvement in the demand for the principal articles of local export would necessitate a resumption of importations of bullion. The Chamber objected to the working expenses of an office whose earnings are affected by the fluctuation of trade, being required, in every year, to be covered as a condition of its prolonged existence; and remarked that it was unfair to accept the result of one peculiarly dull and unremunerative year as a fair criterion of the profitableness or otherwise of a commercial enterprise, in lieu of the ascertained result of a short series of average years.

6. The Chamber are still of opinion that the expense of a final assay at Madras is not disproportionate to the advantages secured by merchants in having the assay performed on the spot. Large quantities of bullion have been imported into India during the present year, and though the importations into Madras have been inconsiderable a revival of activity in trade may make it worth while to make such importations. The Chamber are conscious that the transactions at the Bullion Depôt during the last two or three years have been trifling in amount, but it should be borne in mind that the trade of Madras, in common with the trade of almost every part of the world, is passing through a period of exceptional stagnation, traceable to political and other influences that in the nature of things cannot be permanent. The Chamber have always been anxious to meet the Government's views as to the importance of economy; and they hope that the Government, taking a comprehensive view of the proportions of the trade of this Presidency during the last fifteen years, instead of limiting their notice to the results of a few recent and singularly inauspicious years, will agree with them in regarding a normal monthly charge of Rupees 275 as an insignificant sum to pay for the up-keep of an Agency which, if not at the present moment, may soon again become of great importance to the trade of this Presidency, and a source of considerable revenue to the State.

Proceedings of the Madras Government, Financial Department,
3rd June 1875.

No. 26. To the Secretary to the Government of India, Financial Department, dated Ootacamund, 3rd June 1875, No. 1197.

With reference to your letter, dated the 17th April 1875, No. 216, and its enclosure, I am directed to transmit copies of letters from the Chamber of Commerce,* Madras, and the Accountant-General†, and to request that, in view of the reasons so fully set forth by the Chamber, and of the opinion expressed by the Accountant-General, the Bullion Depôt at Madras be continued for the present.

* Dated 18th May 1875.
† ,, 19th ,, ,, No. 128.

(Signed) D. F. CARMICHAEL,
Officiating Chief Secretary.

Exd. T. O'Connor.

Govt. of Madras.

FINANCIAL.

To

THE SECRETARY TO THE
GOVERNMENT OF INDIA,
Financial Department.

Dated June, 3rd.

Issued

Recd

G.O., 3rd June 1875, No. 1197.

JUNE.
Nos. 25-26.

Bullion Depôt.—Copies of letters from the Accountant-General and Chamber of Commerce, forwarded to the Government of India with the request that, in view of the reasons set forth, the Bullion Depôt at Madras may be continued for the present.

2 8

35

Revenue DEPARTMENT.

No. 128

Fort Saint George,
Accountant General's Office,
19th May 1875.

FROM THE ACCOUNTANT GENERAL

TO THE GOVERNMENT OF MADRAS,

TO THE Offg Chief Secretary
to Government

SIR,

With reference to G.O. Financial Department No. 956 dated 29th April 1875 I have the honor to forward the accompanying letter from the Chamber of Commerce by which it will be seen that the mercantile Community of this city is strongly opposed to the abolition of the bullion Depot.

2 The transactions referred to in the 3rd para of the Comptroller General's letter are as per margin and certainly if the bullion lodged yearly were not to show a marked increase for the future it would not be worth while to maintain the Depot but as the Chamber appears to consider that an improvement in transactions is likely to take place and deprecates strongly the abolition of the Depot on the ground that the interests of those concerned in the trade of Madras will be injuriously affected thereby it is in my opinion not advisable at all events

6th July 1873	Rupees	4119	2 4
31st October	"	— "	1968 12 "
6 February 1874	"	— "	1035 4 "
12 March	"	— "	1348 6 "
30 — Do.	"	— "	4536 4 "
15 April	"	— "	702 14 "
1st May	"	— "	1763 2 "
Do.	"	— "	7941 6 "
28 July	"	— "	15278 14 "
			30164 " "

for

for the present to recommend the step.—
I have the honor to be
Sir
Your Obedient Servant
R. W. Lodwick
Accountant General

Transmitted (copy) to Secy. Board of Revenue

S. L. No 1197

From
The Accountant General
Madras

To
The Chief Secretary to
Government
Fort St. George

No 125
Dated 19th May 1875.
Rec'd 24. —

Forwarding a letter from the Chamber of Commerce dated 18th inst. on the question of abolishing the Bullion Depôt at Madras, and requesting the favor of the Board's opinion thereon at present.

Chamber of Commerce

Madras 18th May 1875

From

Clement Simpson Esq
Chairman, Chamber of Commerce

To

R. W. Lodwick Esq
Accountant General
Madras

Sir,

The Chamber have considered the Proceedings of the Madras Government, Financial Department, 29th April, containing a letter from the Government of India with reference to the suggestion of the Comptroller General that "it is very doubtful whether there are sufficient reasons for the continuance of the Bullion Depôt at Madras; and they have observed that the Supreme Government wish to be informed by the Madras Government whether, under the circumstances stated by the Comptroller General, that Depôt may be abolished with advantage".

It appears from the letter of the Comptroller General that in the 2½ years terminating

-ing with January last the transactions at the Madras Bullion Depôt were represented by the lodgment of Bullion of a value of less than Rupees 30,000, or, excluding bars of coin, less than Rupees 20,000; and that the charge for establishment and contingencies is stated to average Rupees 275 per month in the last two years. Hence the Comptroller General argues on the one hand that the trade of the port could not suffer by the withdrawal of the convenience offered by the Bullion Depart-ment, and on the other that a retrenchment of Rupees 275 per mensem may be effected by the Government by the proposed abolition.

The Chamber may be permitted to express their surprise at the anxiety shewn by the Comptroller General to find a plausible excuse for depriving this city and Presidency of a valuable Agency in commerce that entails in a period of exceptional dulness no greater charge than Rupees 275 per mensem upon the Govern-ment. As he seems to be unacquainted with the implied conditions on which that Agency was established, you will permit me to mention the circumstances that led to the Bullion Depôt being constituted here.

So

5 J 84

So far back as 1830 the Government of India commenced to consider the advisability of replacing the Madras Mint by a Bullion Depôt, but the project was deferred for eighteen years, or until 1868, pending the requisite increase of the power of the Calcutta Mint. It was contended, on behalf of the Government, that the Madras Mint had ceased to pay its expenses; that the exten-sion of the Calcutta Mint rendered it un-necessary any longer to coin copper in Madras; and that it would suffice to main-tain an Assay Office in Madras for the receipt of bullion. The Chamber at the time submitted that the statement of the Madras Mint having ceased to pay its expenses, even if literally correct as res-pects the operations of one or perhaps two years, should have been qualified by reference to the exceptional causes which were in operation during that period; and they remarked that a retrospect of the preceding fourteen years would satisfy an impartial enquirer that the proposed abolition was based upon in-sufficient and delusive grounds. But since the Calcutta Mint had been enlarged at an

expense

expense incommensurate with its current out-turn, the Madras Mint was eventually abolished, and a Bullion Depôt substituted.

In 1870, however, it was brought to the notice of the Government of India that the Depôt did not pay its expenses, and its abolition was proposed on the guarantee that the Currency Department would always buy silver bullion at the prescribed rate of Rupees 979 per 1000 tolas, and that the service of a competent assayer should always be at the disposal of the local Government. To this the Chamber raised no objection. But in the following year, after the abolition of the local Depôt had been sanctioned, the Government of India expressed their inability to arrange without undue expense for the final assay of bullion at Madras with a view to its acceptance for coinage; and suggested that bullion should be accepted by the local Currency Department and the price fixed at the rate stated by the Currency Act less 10 per cent to be retained pending receipt of the assay report from the Calcutta or Bombay Mint. The Chamber concurred in the suggestion of the Government of India that this arrangement should have a year's trial; but, at the same time, adverted to the very great inconvenience to trade that would be caused by Madras ceasing to be a port for the receipt of bullion. The arrangement was accordingly sanctioned for one year. At the expiration of that period the Assay Master of Calcutta reported to the Government of India that the results did not seem encouraging, as they shewed a deficit on the year's operations of Rupees 1476, owing to the insignificant amount of bullion dealt with; and he concluded that it was inexpedient to continue an establishment which, in his opinion, afforded no real convenience to the public, and was maintained at a considerable loss to the Government. The Chamber dissented from this, and represented that while in 1871-72 the amount of bullion dealt with did not exceed 36.909 tolas, it averaged in the twelve years 1860-61 to 1871-72 no less than 2.794.821 tolas per annum; that the local Assay establishment had been of vital importance to local trade in the six years ending with 1865-66; and that a comparatively little improvement in the demand for the principal articles of local export would

would necessitate a resumption of importations of bullion. The Chamber objected to the working expenses of an office whose earnings are affected by the fluctuation of trade, being required, in every year, to be covered as a condition of its prolonged existence; and remarked that it was unfair to accept the result of one peculiarly dull and unremunerative year as a fair criterion of the profitableness or otherwise of a commercial enterprise, in lieu of the ascertained result of a short series of average years.

The Chamber are still of opinion that the expense of a final Assay at Madras is not disproportionate to the advantages secured by merchants in having the assay performed on the spot. Large quantities of bullion have been imported into India during the present year, and though the importations into Madras have been inconsiderable a revival of activity in trade may make it worth while to make such importations. The Chamber are conscious that the transactions at the Bullion Depôt during the last two or three years have been trifling in amount, but it should be borne in mind that the trade of Madras, in common with the trade of almost every part of the world, is passing through a period of exceptional stagnation, traceable

traceable to political and other influences that in the nature of things cannot be permanent. The Chamber have always been anxious to meet the Government's views as to the importance of economy; and they hope that the Government, taking a comprehensive view of the proportions of the trade of this Presidency during the last fifteen years, instead of limiting their notice to the results of a few recent and singularly inauspicious years, will agree with them in regarding a normal monthly charge of Rupees 275 as an insignificant sum to pay for the up-keep of an Agency which, if not at the present moment, may soon again become of great importance to the trade of this Presidency, and a source of considerable revenue to the State.

I have the honor to be
Sir
Your most obedient Servant

Vincent Simpson.

Chairman

Despatch with 5 of 1876

Financial 1

DEPARTMENT.

No. 197

To

The Secretary to the Government
of India,
Financial DEPARTMENT.

Sir,

With reference to your letter dated the 17th April 1875, No 216, and its enclosure, I am directed to transmit copies of letters from the *Chamber of Commerce, Madras, and the *Accountant General, and to request that, in view of the reasons so fully set forth by the Chamber, and of the opinion expressed by the Accountant General, the Bullion Depôt at Madras be continued for the present.

* D/ 18th May 1875.
* D/ 19th ——— No 128.

Encs 2 Lrs to follow 12/
L. Dept 20/

Ordered
3 June 1875

Recd 19 June 1875
Ansd 3 June 1875

3791

Finance 1875 DEPARTMENT.

No. 1197

To

The Secretary to the
Government of India
Finance Department.

Dated 3rd June 1875.

25-6

Bullion Depôts Calcutta

Letters from the Accountant General and Chamber of Commerce forwarded to the Government of India with the request that in view of the reasons set forth, the Bullion Depôt at Calcutta may be continued for the present.