

3/6/81/55/81
14/6/81/154

Financial (1897) Department.

ORDINARY MS.

G.O., No. 476

Dated 15-6-97

INDEXED.

[Despatch Abstract.]

Recording letter from the Secretary and treasurer, Bank of Madras,
forwarding copy of a letter addressed to the Govt. of India on the subject
of increasing the Bank's capital.

7/1/92

BACK PAPERS.

G.O.	No.	Department.	Date.	G.O.	No.	Department.	Date.

FURTHER PAPERS.

G.O.	No.	Department.	Date.	G.O.	No.	Department.	Date.

[F. 28]
1,000-25-11-96.

Financial (1897) Department.

CURRENT No. 1712

Ref

See para 2 of the letter to India. Have we any correspondence as to the reduction of capital? If so, put up please

Cms
8/11/97

See no Correspondence could be traced about 75. There must have been some

AR
9-6-97

From

Item (for present)

Order W. 476 of 15th June '97
mis

Recorded 14/6/97

12.6.97

Cms
10.6.97

The Secretary & Treasurer
Bank of Madras
Madras

No. —

Dated 1st June 1897

Received 4th — do —

Registered 4th — do —

Enclosures One

Spare copies.

SUBJECT.

Forwarding copy of letter addressed to the Govt. of India for sanction to an increase to the capital of the Bank.

BACK PAPERS.

G.O.	No.	Department.	³ Date.

FURTHER PAPERS.

G.O.	No.	Department.	Date.

Bank of Madras.

Madras. 31st May 1897.

The Secretary to the Government of India,
Finance and Commerce Department,
Simla.

Sir,

I have the honor by desire of my Directors to inform you that the question of increasing the Bank's capital has been under their serious consideration for some time, and with reference to Section 13 Chapter 3 of the Presidency Banks' Act, under which the previous sanction of the Governor General in Council is required, I am to submit the following remarks with a request that such sanction may be accorded so that steps may be taken to obtain the necessary approval of a majority of the Shareholders as provided by the Act.

Since 1876 when the Capital of this Bank was reduced from Rs 56,25,000 to Rs 50,00,000 by cancellation of the shares held by Government, the business of the Bank has more than doubled as will appear from the following figures taken from the Statements of the 1st week in April:-

April 1876	Investments + Advances	Rs 1,12,14,000
" 1887	"	1,90,50,000.
" 1896	"	2,81,22,000.
" 1897	"	2,33,02,000.

	Resources.		
	Govt Deposits.	Other Deposits	Total.
April 1876	1,03,74,000.	59,16,000.	1,62,90,000
" 1887	43,40,000	1,39,28,000.	1,82,68,000
" 1896	67,12,000	2,83,79,000.	3,50,91,000
" 1897	53,17,000.	2,25,45,000.	2,78,62,000.

It will be observed that with the increase in Advances there has been a corresponding increase in Resources from Other Deposits, which have hitherto provided the necessary capital, but that during the current year there has been from various causes a very considerable reduction in these, necessitating a reduction in Investments and a restriction in Advances.

The business of the Bank to a large extent, though not exclusively, is the preliminary financing of produce for export, and the export season being from January to May, when the Government collections are being made and are being concentrated at Head Quarters, the Bank's resources are fully employed in making advances, and in retaining in the districts funds taken over from Government, to meet the movement of Produce to Coast Ports

and to allow of shipment of such produce.
 My Directors have always been careful to regulate their advances so as to be able to restrict same when necessary in order to maintain a fair proportion of Cash to Liabilities, as well as a reserve invested in Government and other authorised securities; but they are aware that their restrictions, required for short periods almost every year, and this year for the whole of the busy season, have caused inconvenience to trade.

My Directors desire to meet the requirements of trade as much as possible, and from their experience in the past they are of opinion that it will be to the advantage of the Shareholders to do this partly by an increase of Capital, rather than by attracting deposits at increased interest which must necessarily run on bearing such interest into the slack season.

The shares of the Bank are now at 140 to 150 per cent premium, and my Directors consider that a small increase of 2000 shares of £500 each, equal to say £1,000,000 of extra Capital, can be placed mainly, if not entirely, amongst existing Shareholders, at a considerable premium. This premium, which they expect will amount to not less than £1,000,000, it is proposed to add to the Reserve Fund.

The aggregate net profits of the Bank for the last 10 years have been in excess of £2

per cent per annum, and dividends have been paid at an average of 10 per cent per annum, while the Reserve has been raised from ~~Rs~~ 9,75,000 to Rs 18,75,000.

My Directors consider that these figures fully justify the proposed increase to Capital of Rs 10,00,000, which, with the above-mentioned premium added to Reserve, will considerably strengthen the Bank's position in relation to the Government and other depositors.

My Directors will be obliged by an early reply, as in the event of the Governor General in Council according sanction to their proposal, they desire to communicate with the Shareholders as soon as possible, and bring the matter forward at the Annual Meeting which is held early in August.

I have the honor to be,

Sir,

Your most obedient servant.

(Signed) J. Matheson
Secretary & Treasurer.

June copy.
J.M.

CURRENT NO 1712

Bank of Madras.

Madras, 1st June 1897.



The Chief Secretary,
to the Government of Madras,
Pottacamund.

Sir,

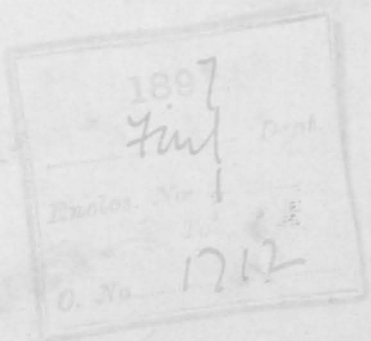
By desire of my Directors and for
the information of His Excellency the
Governor in Council, I have the honor to
enclose copy of my letter to the Secretary
to the Government of India, Finance and
Commerce Department, dated 31st ulto.,
applying for the sanction of His Excellency
the Governor General in Council to an
increase to the Capital of this Bank.

I have the honor to be,

Sir,

Your most obedient servant,

Matthew
Secretary & Treasurer.



When given for copying A
 When copied
 When examined
 When signed } 189 .

READ AGAIN G.O., No. DATED
 189 ,

CL. REF. No.

ENCLOSURES TO C. No.

ORDER OF GOVERNMENT A A A A A A A

LETTER OF GOVERNMENT.

STATEMENT WITH DITTO.

PAPERS NOT FILED UP, BEING MEANT FOR DESPATCH
 IN ORIGINAL.

N.B.—
 A = Copy in full.
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