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TO BE RETURNED TO MADRAS RECORD OFFICE

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MADRAS RECORD OFFICE

Government of Madras

Financial

DEPARTMENT

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(S.C.)

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Sub: Bonds - obligations etc. . . .

GOVERNMENT OF MADRAS.

FINANCIAL DEPARTMENT.

31st December 1878, No. 2376.

Bonds, Obligations, &c.

Read the following paper :—

No. 325. *From E. J. SINKINSON, Esq., Officiating Under Secretary to the Government of India, Financial Department, to the Chief Secretary to the Government of Madras, dated Simla, 27th July 1878, No. 1742.*

I am directed to forward herewith, in original, the papers marginally noted regarding certain proposals made by the Accountant-General, Madras, in reference to some of the items borne on his books as the amounts of bonds, obligations, &c., of the Madras Government.

From Comptroller-General, No. 2478, dated 30th March 1878, with enclosures.
From Comptroller-General, No. 67, dated 5th April 1878.

2. The Governor-General in Council will be glad to learn the views of the Government of Madras on the several questions raised in these papers.

3. Several of the liabilities bear privileged rates of interest in consideration of the interest being applied to charitable purposes. I am to request that in every such case the Government of Madras will institute inquiries into the circumstances and report whether the State is bound to continue the payment of the high rate of interest in perpetuity, and if not, whether it is expedient that it should continue thus to pay it.

ENCLOSURE No. 1.

From W. WATERFIELD, Esq., Officiating Comptroller-General, to the Secretary to the Government of India, Financial Department, dated Calcutta, 30th March 1878, No. 2478.

I have the honor to forward, for the consideration and orders of Government, copies of three letters as per margin from the Accountant-General at Madras containing a detailed account of each of the items shown in his half-yearly statements of stocks, loans, debts, and liabilities as the amounts of bonds, obligations, &c., of the Madras Government.

No. 10382, dated 14th January 1878.
" 10957, " 28th "
" 11589, " 11th February "

2. The first letter treats of non-transferable treasury notes, the second of perpetual loans made to the late Honorable East India Company by private individuals, and the third of bonds and book debts.

3. NON-TRANSFERABLE TREASURY NOTES.—With regard to the first item noted in the margin, it appears that the fund has been long in existence, that its administration was transferred by the Government of India to the local Government in 1872, that its objects are clearly defined so as to bring it into the category of appropriated local funds; the Accountant-General considers that the existence of this balance should be reported to Government in connection with the orders passed regarding the restoration of the local funds to solvency after the famine; it is, however, for Government to consider whether the circumstances now reported do not give this invested balance a special character; if this be held, I would advise that the treasury notes be left as at present; the fund is fast decreasing, and the pressure on local funds from the present scarcity will, no doubt, tend to throw on this accumulated balance any charges that can fairly be laid upon it.

Treasury notes for Educational Building Funds, Rupees 3,09,500.

4. The second item too may, I think, be left as at present; fresh ordinary Government securities cannot be conveniently issued for so small a sum, and the present time is not opportune for paying off the notes with a view to reinvestment by purchase in the open market.

5. The third item is of a kind that might certainly, as the Accountant-General observes, be more appropriately managed in the Military Department, but it is for Government to consider whether it is worth while to disturb an arrangement which causes, I believe, no practical inconvenience and is well understood throughout the Madras Army.

6. The fourth item is unimportant; it was reduced from Rupees 3,500 to Rupees 1,000 in July last on the discharge from the Army of a depositor, and now no doubt represents a single deposit. The Regimental Savings' Bank Rules of 1861 (reprinted in 1874 and still apparently in force) prescribe that when a soldier's deposit reaches Rupees 1,500 "the amount shall, unless withdrawn or otherwise appropriated, be invested in treasury notes;" but, as this Rupees 1,000 is the only case remaining in India, it would seem that the rule has become a dead letter; it would perhaps be well to prescribe that in future such investments shall be in ordinary Government loans; probably this is the course actually adopted.

7. PERPETUAL LOANS.—I cannot support the recommendation of the Accountant-General that the capital sum of the perpetual loans should be credited to Government, so as to remove the record of liability for them, and the interest payable on them be treated as Allowances under Treaties and Engagements; the recipients are, I think, entitled to have their true title to the annuities recorded, and I may add that Government is no more bound to repay its ordinary registered debt so long as it prefers to pay the interest upon it in that respect; therefore the registered debt and these smaller debts are alike liabilities and should equally be so shown.

8. These loans enjoy exceptional rates of interest apparently in consideration of their income being applied to charitable purposes; in the fifth, sixth, seventh, and ninth cases there is no reasonable doubt that the money is rightly applied, but in the other cases further evidence appears necessary; and, if it should be found that the income is not applied in accordance with the founder's wish and that it is impossible to secure its due application, the capital sum might be repaid as it is unreasonable to continue a high rate of interest except for the object for which it was originally sanctioned.

9. BONDS AND BOOK DEBTS.—I think the Accountant-General gives good reasons for writing off the outstanding Tanjore debt, the six per cent. notes issued in aid of charitable institutions, and the four per cent. notes issued in discharge of small claims on the Carnatic Fund; they are all of old date and are doubtless, as the Accountant-General observes, barred by the Limitation Act; the preservation of them on the Government books may very possibly encourage fictitious claims if indeed it has not already done so, while their removal from the list of liabilities would not prevent the consideration of a really well-founded claim. I would, therefore, advise that they be written off by credit to miscellaneous receipts.

The fourth and fifth items are of a very different character; they are capital endowments of charities on which interest is regularly paid, and, for the reasons already given with regard to the perpetual loans, I cannot advise that they be credited to Government.

The last item is a sum retained by Government out of an estate to provide for a person having claims on the testator; as interest only has been paid on this sum, Government has no apparent right to appropriate the principal, and as the person receiving the interest only died in 1866 and after that date and apparently now the payment is continued to her god-daughter, it should at least be carefully considered whether no equitable claim exists to the principal; in any case, while interest is paid, the amount should still be recorded as a liability.

From L. C. PROBYN, Esq., Accountant-General, to the Comptroller-General, Calcutta, dated Fort St. George, 9th January 1878, No. 10264.

Book Department.

With reference to your circular, No. 20, dated the 10th ultimo, I have the honor to forward the half-yearly statement of stocks, loans, debts, and liabilities therein called for, and to add that it has been assumed that it is not intended to show either Government promissory notes of the Government of India, interest on which is payable in this Presidency, or liabilities in the way of bills or deposits outstanding.

STATEMENT of Stocks, Loans, Debts, and Liabilities outstanding on 31st March and 30th September 1877.

Particulars.	Rate of Interest.	Amount of Interest payable per Annum.	Amount of Loans, Debts, &c., on 31st March 1877.	Debt incurred in Half-year.	Total.	Debt paid off or discharged in Half-year.	Amount on 30th September 1877.
Eight per cent. Perpetual Loan ..	8 per cent.	RS. 12,320	RS. 1,54,000	RS. ..	RS. 1,54,000	RS. ..	RS. 1,54,000
Six per cent. do. ..	6 " "	4,830	80,500	..	80,500	..	80,500
Capital Account of Treasury Notes on account of Madras Civil Fund ..	4 " "	3,35,056	83,76,400	..	83,76,400	..	83,76,400
Capital Account of four per cent. Non-transferable Treasury Notes, viz.—							
Educational Building Fund ..	4 " "	12,380	3,09,500	..	3,09,500	..	3,09,500
Military Male and Female Orphan Asylums ..	4 " "	2,865	71,619	..	71,619	..	71,619
Regimental Cart Fund Deposits ..	4 " "	5,120	88,500	42,000	1,30,500	2,500	1,28,000
Capital Account of Treasury Notes of Soldiers, Savings' Bank Deposits ..	4 " "	140	3,500	..	3,500	..	3,500
Six per cent. Notes issued on account of Charitable Institutions ..	..	..	5,600	..	5,600	..	5,600
Four per cent. Bonds issued on account of Tanjore Debt ..	..	..	53,785	..	53,785	..	53,785
Four per cent. Notes issued on account of petty claims against the Carnatic Fund ..	..	..	3,900	..	3,900	..	3,900
Endowment by Collah Singanna Chetty for four Choultries for the accommodation of travellers. Civil Fund eight per cent. Capital ..	6 " "	2,506	41,770	8,16,653	41,770	2,57,445	41,770
Do. four per cent. do. ..	8 " "	99,969	6,90,400	19,204	15,07,053	127	12,49,608
Apothecaries' Fund ..	*4 " "	9,152	2,09,728	13,603	2,28,932	15,518	2,28,805
Deposits of the Military Fund not bearing interest. Do. Medical Fund ..	4 " "	1,006	27,073	..	40,676	..	25,158
Deposits bearing interest—			31,03,930	..	31,03,930	..	31,03,930
Madras Infirmary and Native Poor Asylum ..	6 " "	4,013	22,10,300	..	22,10,300	..	22,10,300
Deposits on account of the estate of the late Poros Petrus ..	5 " "	63	66,878	..	66,878	..	66,878
Presidency Savings' Banks Deposits ..	3½ " "	*87,152	1,260	3,82,080	27,38,082	4,14,038	23,24,044
			1,78,54,645	12,73,540*	1,91,28,185	6,89,628	1,84,38,557

* Capital fluctuates. Interest calculated upon the balance on the 30th September 1877.
FORT ST. GEORGE, ACCOUNTANT-GENERAL'S OFFICE, 9th January 1878.

From L. C. PROBYN, Esq., Accountant-General, Madras, to the Comptroller-General, Calcutta, dated Fort St. George, 14th January 1878, No. 10382.

Book Department.

With my letter, No. 10264, dated January 9th, 1878, I forwarded the half-yearly statement of stocks, loans, debts, and liabilities for the 30th September 1877 prescribed by your circular, No. 20, dated December 10th, 1877.

2. I have now the honor to bring to your notice that several of the liabilities borne on my books, and of course included in that return, represent the value of certain non-transferable treasury notes bearing interest at the rate of four per cent. per annum and of certain obligation bonds bearing preferential rates of interest, both issued by the Madras Government, the former in favor of Government officers who are charged with the management of the funds so invested, and the latter in favor of the trustees of certain charitable and other institutions for whose benefit the investments were received.

3. These treasury notes and bonds appear to have been originally issued by the Government of Madras in olden time without reference to the Government of India, and are now, as occasion requires, renewed under the terms of such old orders, but they are not registered as part of the funded public debt in the Public Debt Office in Calcutta. I beg that I may be favored with precise instructions regarding the steps, if any, which should be taken by me to place these accounts on a satisfactory footing.

4. The portion of these liabilities held in non-transferable treasury notes consists of the following items:—

	RS.
1. Note issued in the names of the Chief Secretary to Government and the Director of Public Instruction as the Capital Account of the Educational Building Fund	3,09,500
2. Notes issued in the name of the Accountant-General on account of the Military Male Orphan Asylum	41,400
Notes issued in the name of the Governors of the Military Female Orphan Asylum on account of that Asylum	30,219
3. Notes issued in the names of various Officers Commanding Native Infantry Regiments on account of Regimental Cart Fund deposits	1,30,500
4. Notes issued in the names of certain Proprietors of Soldiers, Savings' Bank deposits	1,000
Total	5,32,619

5. The first amount is the ungranted balance of a sum of Rupees 10,00,000 funded under the orders of the Madras Government during July 1856 in a non-transferable treasury note, bearing interest at four per cent. These ten lakhs originally consisted of two sums—one of Rupees 7,35,378-10-1 taken out of the surplus balance of the Devasthanam or Hindu Temples Funds and the other of Rupees 2,64,621-5-11, the unexpended portion of the annual grant of Rupees 50,000 made by the Honorable Court of Directors of the East India Company for Native Education from 1828-29 to 1854-55. The interest on this investment has been since 1859-60 and is still credited to the Educational Building Fund, and the capital has been reduced to its present figure by the periodical transfer therefrom of grants more or less large, to that special fund to cover the deficit caused by the special construction of the University Senate House, the Presidency College, and other Educational Buildings. The grants from this capital account up to the introduction of the provincial service scheme in 1871-72 appear to have been invariably sanctioned by the Government of India, but since that period reductions from capital have been passed on the sanction of the Local Government only under the Financial Department Orders, No. 2471, dated August 31st, 1872; it is perhaps not worth while after the lapse of so many years to dispute the validity of the original transaction, especially as the original sources of this capital apparently escaped notice when the decentralization scheme was matured, but it appears to me that the balance at present available is not an asset of the Local Government though time-honoured custom has made it so, and whether it should be so considered a Provincial asset or not. The fact that the Madras Government have recently sanctioned a further reduction of Rupees 1,56,000 for educational buildings certainly makes it the more necessary that the position of this fund should be reported to the Government of India in view of the orders contained in Financial Resolution, No. 2531, dated December 11th, 1877, paragraph 15.

6. With regard to the items shown under the second amount, which is composed of the annual surplus of income over expenditure of the Military Orphan Asylum, I propose to suggest the transfer of these notes into ordinary Government securities if you deem it desirable to cancel this special account.

7. The third amount is composed of the surplus subscriptions to the Regimental Cart Funds accumulated under a peculiar arrangement sanctioned by the Madras Government. Monthly stoppages are made from the pay of every Native Regiment after it has been located more than two years at a station for the purpose of assisting in defraying the expenses attending the hire of carts from one station to another at the next relief. These subscriptions are placed in the Government Savings' Banks, and when these deposits exceed the maximum limit laid down by the Savings' Banks Rules, the deposit is withdrawn from the Savings' Banks and a non-transferable treasury note bearing interest at four per cent. issued in lieu thereof in favor of the Officer Commanding the Regiment, the notes being reconverted into cash when money is required. It appears to me that these moneys which are practically maintained in the custody of Military Offices for the private benefit of sepoys should be treated in the same manner as ordinary Regimental Funds, such as the Chanda Funds, and regulated in the Military Department. The surplus in this course would be invested, it is believed, in ordinary Government securities.

8. The fourth amount comprises the treasury notes issued by the Government of Madras under the authority of the last paragraph of the Government of India, Military Department, Notification, No. 389, dated October 10th, 1848, for the amount of European Soldiers' Savings' Banks deposits in excess of Rupees 500. It is not known in this office whether the rules here quoted are still in force, but there have been no transactions in connection with this item since July 1877.

9. My remarks on the obligation bonds and other liabilities will be submitted in a subsequent communication.

From L. C. PROBYN, Esq., Accountant-General, Madras, to the Comptroller-General, Calcutta, dated Fort St. George, 28th January 1878, No. 10,957.

Book Department.

I am now able to inform you that the obligation bonds referred to in my letter, No. 10,382, dated January 14th, 1878, as having been issued by the Madras Government and as bearing privileged rates of interest consist of certain obligations incurred in exchange for moneys deposited with, or transferred to, that Government by private individuals as perpetual loans to the late East India Company. These loans were deposited, and accepted many years ago, upon the understanding that annuities representing the amount of interest at the rates agreed upon should be for ever payable to the legal representatives and assigns of the depositors for the furtherance of charitable, religious, or philanthropic objects; and, although, as I gather from two of the indenture certificates, the only two I have been able to inspect, either the continuance of the annuity is expressly contingent on the application of the money to the purposes named (a condition by the way the fulfilment of which under the system obtaining there is no means of securing and which no one apparently, except in one case, has ever attempted to secure) or the loan itself is expressly declared perpetual and unceasing so long as the annuity is paid, the loans are practically irredeemable and the annuities are practically interminable.

2. It is, I think, quite evident that so long as an amount equivalent to the covenanted annuity is annually paid, the representatives of the depositors or the holders of these bonds have no power to claim the repayment of the principal, and hence it seems to me altogether incorrect, and a mistake to exhibit these sums as a liability of the Government. Under the circumstances it would be convenient to clear the books of these debt accounts by crediting the capital to revenue as a miscellaneous receipt, and the annual payment of the interest might be formally commuted into a perpetual payment chargeable under the orders of Government to a special head subordinate to the grant for Allowances and Assignments under Treaties and Engagements.

3. I give below the full particulars and the history of each loan:—

Those bearing interest at eight per cent. are—

	RS.
1. A bond, dated May 1st, 1796, for	10,500
2. " December 21st, 1802, for	70,000
3. " September 18th, 1804, for	17,500
4. " May 9th, 1807, for	3,500
5. " March 7th, 1808, for	10,500
6. " December 1st, 1808, for	10,500
Total	1,54,000

The amount of interest being Rupees 12,320.

	RS.
Those bearing interest at six per cent. are—	
7. A bond, dated April 1st, 1727, for	70,000
8. " March 7th, 1795, for	7,000
9. " April 1817, for	3,500
Total	80,500

The amount of interest being Rupees 4,830.

4. *First and Eighth Cases.*—Two perpetual loans were made by one Conjamallai Moodelliar of Trichinopoly for the maintenance of choultries—one of 3,000 Star Pagodas by bond dated May 1st, 1796, bearing interest at eight per cent. per annum, the other of 2,000 Star Pagodas by bond dated March 7th, 1795, bearing interest at six per cent. Interest on both sums is regularly drawn at Trichinopoly by the great-grandson, Pareasawmy Moodelliar, of the depositor, and inquiry has been made regarding the exact conditions of the bonds, nothing of which, except the fact of perpetuity, seems known.

Second Case.—One C. Moonea Pillay, anxious to provide for the repairs of choultries built for the accommodation of travellers and for the relief of the poor at various places in the Madras Presidency, deposited by deed, dated December 21st, 1802, 20,000 Star Pagodas in the treasury on condition that interest at the rate of eight per cent. per annum should be paid monthly to him during his life and at his decease to his heirs, executors, assigns, &c., for the purpose of carrying out his intentions. He died on the 28th October 1804, having executed a will bearing date January 6th, 1804. The interest, Rupees 466-10-8 per month, or Rupees 5,600 annually, is drawn monthly at Madras by Ummani Ummall, his personal representative.

Third Case.—This is a deposit by Terosmanum Ramalingum Moodelliar of 5,000 Star Pagodas, permitted as a perpetual loan to the East India Company by deed dated September 18th, 1804, the interest at eight per cent. being paid annually to his representatives for charitable and religious purposes, for the repairs of choultries for the accommodation of travellers, and for the relief of the poor. The depositor died January 31st, 1824, leaving two sons, T. Soolochenum and T. Nella Tumba, the former of whom was formally recognized by the Government as the representative for the purposes of this trust. The interest, Rupees 1,400, is now annually paid at Madras to T. Vadadusadusun Moodelliar (the son and sole heir of T. Soolochenum Moodelliar), and he, I am told, lives at Trevandrum.

Fourth Case.—A sum of 10,000 Star Pagodas was by deed dated May 9th, 1807, deposited as a perpetual loan in the treasury by Rama Koor Boye and Rutna Boye, the widows of Jagannatha Tauker and Visvanada Tauker, for the support of a charity house or choultry at Trivatore near Madras which had been established by them. The interest at the rate of eight per cent. to be paid half-yearly to their attorneys or assigns. The interest (viz., Rupees 2,800), is now paid half-yearly at Madras upon the joint receipt of three persons—two describing themselves as the legal personal representatives of Rutna Boye and one as the legal personal representative of Rama Koor Boye.

Fifth Case.—This item represents a sum of 3,000 Star Pagodas tendered by the (Roman Catholic) Vicar Apostolic of Malabar and accepted in a bond dated March 7th, 1808, "as a loan in perpetuity," the interest at eight per cent. being made available for the support of Roman Catholic institutions at Manhamy in Malabar. The interest (viz., Rupees 840) is now drawn annually at Trevandrum by Frator Leonard of St. Louis, titular Archbishop of Necomedia and Vicar Apostolic of Malabar.

Sixth Case.—Similarly a sum of 3,000 Star Pagodas was tendered by the Bishop of the Ancient Syrian Church in Malabar as a perpetual loan and accepted in a bond dated December 1st, 1808, the interest at eight per cent. (viz., Rupees 840) being made annually payable to Trustees of which the present Syrian Metropolitan in Malabar is, as apparently was each of his predecessors, the chief. It is still paid at Travancore in accordance with the original agreement.

Seventh Case.—This is a loan of 20,000 Pagodas received from Father Claude Mousset, Attorney for the French Jesuit Missionaries in China. To this sum, by a certificate dated April 1st, 1727, Father Claude Mousset, "as well for himself as for the said Jesuit Missionaries for whom he is employed, doth entirely quit all right, claim and pretension whatsoever so long as the said United East India Company shall continue to pay to the said Jesuit Missionaries or their assigns the annual interest of six per cent." The interest (Rupees 4,200) is paid annually at Madras to Messrs. Arbuthnot and Co., who hold a power of attorney from the Procurator of the Lazarist Mission in China (Ange Michel Aymeri) dated at Shanghai, September 17th, 1869.

Ninth Case.—One thousand Star Pagodas were deposited in April 1817 by one Koti Triyem Baka Rao for the maintenance of a charitable choultry at Pedapatam in the Bandar Taluq, Kistna District. I have not been able to discover the precise terms of this loan; but the management of the choultry in question has been made over to the Local Fund Board of the

Masulipatam Circle, and the interest (Rupees 210) is paid annually to the President of the Board and credited to Local Funds under Act IV of 1871. Inquiries have been made of the Collector of the district on this point.

From L. C. PROBYN, Esq., Accountant-General, Madras, to the Comptroller-General, Calcutta, dated Fort St. George 11th February 1878, No. 11589.

Book Department.

It will have been observed from the return submitted with my letter, No. 10264, dated January 9th, 1878, that certain liabilities which take the form of book debts still remain outstanding on my books in addition to those commented upon in my letters, No. 10382, dated January 14th, and No. 10957, dated January 28th, 1878.

2. These book debts are placed under the following classification:—

Not bearing interest.		RS.	A.	P.
1. Four per cent. bonds issued in account of the Tanjore Debt		53,784	14	10
2. Six per cent. notes issued in aid of charitable institutions		5,600	0	0
3. Four per cent. notes issued in discharge of small claims in the Carnatic Fund		3,900	0	0
Bearing Interest.				
4. Six per cent. endowment by Callah Singana Chetti for four choultries for the accommodation of travellers		41,769	9	6
5. Six per cent. endowment of the Madras Native Infirmary and Native Poor Asylum commonly called the Monegar Choultry		66,877	13	5
6. Five per cent. deposit on account of the estate of the late Pogos Petrus		1,260	0	0
7. Madras Civil Fund Capital Treasury Notes at 4 per cent	83,76,400	0	0	
Fluctuating capital at 8 per cent.	12,49,607	14	1	
Do. do. at 4 per cent.	2,28,805	4	5	
8. Presidency Savings' Banks Deposits	98,54,813	2	6	
	23,24,044	0	10	
Not bearing interest.				
9. Deposits of the Madras Military Fund	31,03,930	0	5	
10. Deposits of the Madras Medical Fund	22,10,300	0	3	
11. Deposits of the Madras Apothecaries' Fund	25,157	9	2	
Total	1,76,91,437	2	11	

3. Regarding the last five items, Nos. 7, 8, 9, 10, and 11, I need not offer any observations; the headings describe the accounts with sufficient clearness, and the nature and object of each is well known.

4. The first item represents the amount of six promissory notes of the Tanjore Debt, outstanding on the registers in the undermentioned names and with the undermentioned numbers and particulars:—

	RS.	A.	P.
No. 239, dated April 30th, 1823, in favor of Edward Archer Langley, Madras, for	33	8	4
No. 298, dated April 30th 1823, in favor of Cavali Venkata Ramasawmy, Assignee of Govind Das	62	2	0
No. 305, dated July 28th, 1845, in favor of Jai Narain for himself and Ashur to Ramkissen, for	17,896	6	10
No. 306, dated July 28th, 1845, in favor of Jagni Nath, for	17,896	6	10
" 307 " " in favor of Madha Sahi for	8,948	3	5
" 308 " " in favor of Beeni Sahi for	8,948	3	5
Total	53,784	14	10

Nothing is known apparently about the two notes first mentioned in this list except that they have not been paid, but a notice was inserted in the *Fort St. George Gazette* of the 24th June 1853, page 626, reciting (1) that the parties in whose favor the four last-mentioned notes were issued had declared that they had not received them; (2) that, as it was essentially necessary to ascertain in whose possession they were, they would be discharged at the General Treasury on the 30th day of September 1854; and (3) that, as such notice was equivalent to a tender of payment on the 30th September 1854, all interest on them would cease from that date.

The whole principal of the Tanjore debt was advertized (in the *Fort St. George Gazette* of the 31st December 1858, page 1367,) by the Government of India in Financial Notification, No. 69, dated December 18th, 1858, for discharge at par on the 31st March 1860, and all but the notes above recorded were paid off between that date and the close of the year 1861. Two or three unsuccessful attempts to establish propriety in the notes numbered 305—308 have been since 1861 made to the Madras High Court of Judicature, and an application for payment made by a resident of Patna in November 1875 to this office met with a refusal in the absence of proof of ownership or production of the note. To that it seems unlikely that right to payment will ever be established without searching inquiry. In these circumstances, as it is desirable to clear the books of these small liabilities and as, I imagine, all legal claim for the discharge of the notes is now barred by the Indian Limitation Act, I propose that the amount should be transferred to the credit of Government. The adoption of this course would not of course prevent, if occasion hereafter arose, the refund of the amount to any proprietor who succeeded in producing the notes and establishing his right to them.

5. The second item is the amount of one promissory note, No. 100, dated February 1st, 1811, in favor of "one Chenni Namasawmy Moodelliar, Church Warden of Teromoollyvoyal Memsalawmy Eswarah Goel" (so described) remaining outstanding from the six per cent. loan contracted on account of public institutions and charities, widows, orphans and children, and native religious institutions by the Madras Government under a public advertisement in the local Gazette dated December 2nd, 1809.

This loan was advertised for discharge on the 31st May 1840 by a notification in the *Fort St. George Gazette* (page 283) dated April 11th, 1840, and, though no interest was payable after the 31st May 1840, the whole loan was discharged before August 18th, 1849, with the exception of two notes—the one still outstanding and the other, No. 65, dated February 1st, 1811, for Rupees 6,53,940 in favor of Her Highness Dayoo Amatze, Rani of Coorg, treated under the orders of the Government of India in the Financial Department, dated May 31st, 1850, as an escheat to the East India Company. It was impossible then to treat the note still outstanding also as an escheat or as unclaimed property. It was presented for payment in July 1840, but an injunction having been issued by the Supreme Court restraining the party who presented it from applying for or receiving from the Accountant-General, the Sub-Treasurer, or Civil Auditor payment of the proceeds of the note in question, it was not paid but retained in this office pending the settlement of the dispute. It was in this office on the 18th August 1849, but no information is available regarding its disposal, and I think the amount might now, after the lapse of nearly thirty years, be treated as unclaimed money.

6. The third item represents a somewhat similar outstanding to the first, and I think should be similarly treated.

Under an arrangement sanctioned and modified in the orders of the Madras Government noted in the margin promissory notes bearing interest at four per cent. per annum were issued by the Madras Government for the amount of petty claims admitted in the Carnatic Fund by a Special Commissioner appointed to investigate the Carnatic debt and thereby withdrawn from that fund. These notes were by a Government advertisement dated August 15th, 1834 (*Fort St. George Gazette*, page 649, September 13th, 1834), advertised for discharge in cash on the 1st October 1834, from which date it was also declared all interest should cease. All such notes were accordingly retired except to the amount of Rupees 3,900, which, I should add, were exhibited in a bonded debt statement prepared in the year 1849 as having been then more than ten years outstanding, and from that year to the present time the amount has been regularly carried forward in the public books as a special liability of the Government.

7. The origin and nature of the fourth item would permit its transfer to the Government as a miscellaneous receipt.

By a muchelkee or agreement dated March 18th, 1817, executed between the Right Honorable Hugh Elliot, then Governor of Madras, on behalf of the East India Company, and one

Collah Rownapah Chetti (otherwise called Collah Singanah Chetti) the undermentioned seven Promissory Notes of the Supreme Government six per cent. Sicca Rupee Loans—

					Sicca Rupees.
No. 5504 of 14110, dated June 30th, 1811, for	..	..	..	..	5,000
" 1228 of 16508, " " " " " "	for	..	..	..	1,000
" 8150 of " " " " " "	for	..	..	..	10,000
" 242 of 2578, " June 30th, 1813, for	..	..	..	..	4,000
" 3094 of " " " " " "	for	..	..	..	6,700
" 3095 of " " " " " "	for	..	..	..	3,300
" 646, dated June 30th, 1814, for	..	..	..	..	10,000
Total	..	..	..	..	40,000

Forty thousand Sicca Rupees, or Government Rupees 41,769-9-6, were handed over as an irredeemable loan to the Madras Government "with full and ample powers to sell, transfer, and dispose of the same to any person whatsoever or to cancel and destroy the said paper at pleasure provided that the Governor in Council on the part of the East India Company shall agree in consideration thereof that the sum of 200 Sicca Rupees per mensem shall for ever be paid by the Collectors of Madras, Chingleput, Northern Division of Arcot, and Benares (viz., 50 Sicca Rupees per mensem by each Collector) to such persons at these respective stations, as I, Collah Singana Chetti, my heirs and successors for ever may appoint to receive and disburse the same" for the support of four buildings erected on the high roads in the Company's territories for the accommodation of travellers and merchants—one at Madras, one near Conjeveram, a third near Chittoor, and a fourth at Benares. This compact was accepted by Government and confirmed in a document called a cowle, dated May 7th, 1817, wherein it is recited that the arrangement was made to prevent abuse on the part of the depositor's heirs and to secure a perpetual appropriation of the annual grant of 2,400 Sicca Rupees for the purpose for which the principal was deposited. The object of the depositor would therefore be secured if an annual grant were made to the representatives chargeable under Allowances and Assignments under Treaties and Engagements.

The notes in question were sent to this office by Government in letter, No. 773, dated December 7th, 1824, and by this office transmitted to the Accountant-General, Fort William, on the 27th October 1826, for cancellation, the proceeds being credited by the Bengal Presidency to this Presidency in the statement of account for April 1827. The grant is treated as interest, and the portion paid at Madras, North Arcot, and Chingleput, is charged to Interest, Grant 2; the portion paid at Benares is taken by the Accountant-General, North-West Provinces, presumably to the same head.

8. The fifth item is the capital of a charitable institution at Madras styled the Monegar Choultry, and the original deposit of this capital was made on the 31st January 1810. The amount has since fluctuated from time to time by additions made to, or reductions taken from, the original deposit, but has remained at the present figure since the year 1862. A correspondence with your office took place upon this matter in the year 1871, and the deposit was then placed in its present position under the instructions conveyed in your letter, No. 102, dated April 29th, 1871.

9. The last item calendars a transaction of a somewhat extraordinary character. An Armenian merchant of Madras, by name Pogos Petrus, died on 28th February 1814, leaving his estate by will dated May 10th, 1806, to Mr. E. S. Moorat, a Solicitor in Madras, in trust for his relations in Persia. Mr. Moorat, in the execution of his trust, sought the intervention of the Government for the discovery of these relations, and, as a preliminary to any inquiry, the Government insisted upon the payment to them of the whole proceeds of the estate. Two sums are of 50,000 Sicca Rupees invested in a promissory note; the other of Rupees 41,946-9-5 in cash were accordingly paid into the treasury on the 12th September 1825 by Mr. Moorat; of the latter a sum, sufficient to yield an annual income of eighteen Pagodas, or Rupees 63, for a female at Pondicherry, named Marie Anne Chauchard, with whom the deceased Pogos Petrus was connected, was under the orders of Government retained on the 6th January 1826 as a perpetual deposit bearing interest at five per cent.; the sum thus retained was Rupees 1260, and the remainder of the funds belonging to the estate was invested in the five per cent. loan of August 18th, 1825, in the names of the Government Agents, the Accountant-General and the Sub-Treasurer. These assets were in the year 1829 paid away to Prince Toumanoff, the husband of Rusime, the sole heiress of Carapet Petrus, who had been declared by the Supreme Court of Tiflis sole residuary legatee of Pogos Petrus; but Rupees 1,260, the sum reserved, has been carried forward yearly since the year of deposit. The annual interest on this deposit, Rupees 63, or Rupees 5-4-0 per month, was regularly paid at Cuddalore to the assignee until the day of her death in 1866 and continued subsequently under the orders of Government to her god-daughter Miss Caroline Reguandit. It would seem more appropriate to credit the deposit to Government and treat the annual payment as an allowance under Engagement.

ENCLOSURE No. 2.

From W. WATERFIELD, Esq., Officiating Comptroller-General, to the Secretary to the Government of India, Financial Department, dated Calcutta, 5th April 1878, No. 67.

In continuation of my report, No. 2478, dated 30th ultimo, and with special reference to paragraph 5 regarding treasury notes at four per cent. interest issued at Madras on account of Regimental Cart Funds, I have the honor to report that from inquiries made by the Inspector of Local Account Offices, it appears that the issue of these notes was authorized by the Government of Madras expressly as an application of the rule regarding soldiers' savings deposits issued by Government of India, No. 389, dated 10th October 1848.

2. But, meantime, it would seem this Order had been superseded by another, No. 29, of 14th May 1858, reducing the interest for notes hereafter issued from four per cent. to $3\frac{3}{4}$; this later order was probably overlooked by the Madras Government.

3. I may observe, however, that, if the allowance to the Presidency Banks for Savings' Bank management be accepted as a fair representation of the cost of keeping up Savings' Bank accounts, the four per cent. allowed on these notes is not more expensive to Government than the $3\frac{3}{4}$ per cent. allowed on ordinary Savings' Bank balances.

No. 326. ORDER THEREON, 31st December 1878, No. 2376.

It is not clear what the Government of India want. The "views of the Government of Madras," as regards the legal liabilities of the State cannot be doubtful. How the deposit Capital should be treated is more a matter to be settled by rules in the Financial Department of the Government of India than by the opinions of this Government.

2. The Educational Building Fund is the unexpended balance of the accumulated Pagoda surplus income under State administration since discontinued, which was devoted to Educational purposes when the Government severed their connection with the management of the Temple incomes, and is likely to be wholly expended in the course of a few years on the object to which it was specially devoted, viz., the construction or provision of Educational buildings. The fund is now reduced to a lakh of Rupees. It is not worth while to make any change in the form of this Trust deposit, but the Account Department should explain how it comes to pass that the amount of Non-transferrable Treasury Notes is not registered as part of the funded Public Debt. This form of investment, viz., 4 per cent. Non-transferrable Treasury Notes was suggested by the Government of India in their Financial letter, No. 1223, dated 2nd April 1855, paragraph 4.

3. The Male and Female Military Orphan Asylums deposit in these Notes seems to be the annual surplus of income over expenditure invested as it accrued.

The Accountant-General proposes to transfer it to Ordinary Government Securities.

The Comptroller-General would leave things as they are.

The 4 per cent. Government paper is now at some $3\frac{1}{2}$ per cent. discount in the market so that change of investment would benefit the charities; but the order to invest in Non-transferrable Treasury Notes was expressly designed to prevent trafficking in Securities in the market, and this Government would leave things unchanged.

4. The Regimental Cart Fund is the surplus beyond the maximum credit allowed to remain in the Government Savings Bank.

5. The Soldiers' Savings Bank deposit surplus.

Both these items are in their present form by order of Government, viz., Non-transferrable Treasury Notes.

6. In addition to the above items, the Capital of the Madras Civil Fund is invested in these Non-transferrable Treasury Notes, or partly in them and partly a Book debt.

7. The Presidency Savings Bank deposit seems to be a Book debt bearing interest.

8. The deposits of the Madras Military Fund, Medical Fund, and Apothecary's Fund, seem to be Book debts, not bearing interest, the Capital having been transferred to Government with responsibility for all liabilities and obligations.

9. As regards all the items above named, no change in existing arrangements is necessary or desirable, and this appears to be the opinion of the Comptroller-General also.

10. Tanjore Bonds, Rupees 53,784-14-10.

Carnatic Bonds, Rupees 3,900.

The first item consists of six Bonds unclaimed, or claims to which have not been established. The two first are for trifling amounts. The four last are for more considerable amounts. The proposal to cancel these Bonds, and to write off the amounts to credit of Miscellaneous Receipts is unobjectionable and advisable. The course may prevent fraudulent attempts and will in no way damage legitimate claims should such be hereafter preferred and established, which, considering the lapse of time, is in the highest degree improbable.

The second item is the aggregate of unclaimed and therefore unretired Carnatic Bonds issued for petty claims admitted against the Carnatic Fund by the Special Commissioner and advertised for discharge in 1834. These might properly be cancelled.

11. Then comes one 6 per cent. Promissory Note for Rupees 5,600, dated February 1811 in the name of Chinna Namaswami Mudeliar, Darmakurta of Tiru Mūlivoyal "Numsalawmy" Iswara Koil. This Note was presented for discharge in July 1840, in accordance with a Notification dated April 1840, that the loan was to be discharged; but was retained and not paid under an injunction of the Supreme Court pending settlement of disputed claims. It was in the Accountant-General's Office on 18th August 1849, but appears to be now not forthcoming although it has not been paid off. The amount might be written off to credit of Miscellaneous Receipts.

12. Collah Singana Chetty's Choultry Endowment—Capital Sicca Rupees 40,000, in seven 6 per cent. Promissory Notes, Rupees 41,339-9-6.—The Government accepted in trust to pay Sicca Rupees 200 monthly, or Sicca Rupees 2,400 yearly, in separate sums of Rupees 50 monthly each, through the Collectors of Madras, Chingleput, North Arcot, and Banares to authorized agents for maintenance of choultries at Madras, Conjeveram, Chittoor, and Benares. The Trust which falls to be administered by the Revenue Board under Regulation VII of 1817 was the subject of correspondence so lately as 1868, consequent on the death of Coniah Chetty, and the litigation regarding his estate in the High Court. The Government concur with the Comptroller-General in repudiating the Accountant-General's suggestion that this Trust Fund may be treated as a Miscellaneous Receipt (the Notes having been already cancelled) the interest being converted into an annual grant by Government, the probable effect of which would be that in the course of time the nature of the grants would be forgotten, and payment by Government might very possibly be discontinued, the legal and equitable liability being forgotten. His Grace the Governor in Council does not consider that the Government can either divest itself of the trust, or alter the position of the endowment. The Board of Revenue will be requested to report what they did in the matter subsequent to the Proceedings of Government, Revenue Department, dated 2nd October 1868, No. 2531. The Government of India will be informed that the family of the original donor hold the counter-part agreement binding Government to pay the Rupees 200 monthly "for ever."

13. The Monegar Choultry, Rupees 66,877-13-5.—This is apparently an original deposit in 6 per cent. Bonds and still bears interest at that rate, although the loan was apparently advertised for discharge on 31st May 1840. The deposit was made in January 1810. No orders are quoted, and it cannot be said how far Government are bound to maintain the rate of interest, but being a public charity conferring great benefits, and to which the Government still contribute, nothing will be gained by reducing the income from the Capital irrespective of other considerations.

14. Pogus Petrus' Estate, Rupees 1,260.—This is a *perpetual deposit* retained by Government at 5 per cent. interest to secure subsistence at Rupees 5-4-0 monthly to a beneficiary on the estate, the whole proceeds of which (Rupees 91,946) the Government insisted on having paid into their hands as a condition of their aiding the discovery of the heirs to whom in Persia the balance of the estate was eventually paid. The Accountant-General proposes to credit the Capital to Government, and continue the monthly payment as an allowance under engagement, by which arrangement, the fact that Government were merely paying interest on private funds in their hands would pass out of sight. The investment was made *by order of Government* in order to produce the amount of an annual payment of 18 Pagodas under the will of a testator to which they thus practically appointed themselves executors, and that they cannot equitably claim to deal with the Capital. It may safely be assumed that 5 per cent. was the ordinary rate of interest in 1826.

15. There remain the cases of Perpetual Loans by private individuals as endowments for charitable and religious purposes. They consist of nine items, of which six bear guaranteed interest at 8 per cent., and three at 6 per cent. Six of the endowments are for the maintenance of charity choultries. One for the support of Roman Catholic Institutions in Malabar; one for the benefit of the Syrian Church in Malabar; and one for that of the Jesuit Mission in China.

16. The particulars as to their origin given by the Accountant-General regarding these loans are correct so far as they go, but it further appears from the records that in most, and probably in all these instances, Deeds were executed by the Government accepting these Perpetual loans and guaranteeing the conditioned rate of interest for ever for the charitable, &c., purposes designed, which Deeds are doubtless now in the keeping of the representatives of the founders of the endowment. His Grace the Governor in Council therefore considers that, with reference to paragraph 3 of the Government of India letter, there is no room for considering the expediency or otherwise of maintaining the special rate of interest, but that it may very properly be referred to the Board of Revenue for inquiry under Regulation VII of 1877, how far the charitable institutions of the donors are now adequately effected.

17. Ordered that copy of these Proceedings be forwarded to the Government of India, with the following letter.

(True Extract.)

C. G. MASTER,
Acting Chief Secretary.

To the Board of Revenue, through Revenue Department.
,, Accountant-General.

FINANCIAL DEPARTMENT.

Bonds, Obligations, &c.

No. 2377.

FROM

C. G. MASTER, Esq.,

Acting Chief Secretary to the Government of Fort St. George,

TO

THE SECRETARY TO THE GOVERNMENT OF INDIA,

FINANCIAL DEPARTMENT.

SIR,

With reference to your letter, No. 1742, dated the 27th July 1878, forwarding letters from the Comptroller-General relating to certain proposals made by the Accountant-General, Madras, in reference to some items borne on his books as the amounts of Bonds, Obligations, &c., of the Madras Government, I am directed to state in reply;

That as regards the investment in 4 per cent. Non-transferrable Notes, His Grace the Governor in Council is of opinion that no need exists for, or advantage would be gained by, altering the form of investment which was originally dictated by Government, while very sufficient reasons suggest themselves for retaining the investments in a form which guards the interests concerned from risk by trafficking in Government Securities in the market, while it at the same time affords them the opportunity of tangible security.

How far it is advisable to register these liabilities as part of the funded Public Debt at Calcutta is a matter for decision by the Government of India. There can be no doubt that the interest on these is part of the State's annual liabilities, although it may in many instances be only credited in account and not drawn in cash.

The same remarks apply to Items 7 and 8 (Madras Civil Fund Capital and Presidency Savings Bank Deposits) in the Accountant-General's letter, dated 11th February 1878, No. 11589, which are described as Book debts, but the former of which appears to be in the tangible form of Non-transferrable Treasury Bonds.

2. As regards the Perpetual Loans specified by the Accountant-General in letter dated 28th January 1878, No. 10957, including Items 4 and 5 of his letter of 11th February 1878, His Grace in Council is of opinion that there is no room for Government to consider the expediency of modifying the terms on which they were originally accepted, as it appears from their records that in most, and probably in all the cases, Deeds in legal form were executed by Government to the founders of the endowments guaranteeing the conditions for ever, which Deeds are doubtless in the possession of their existing representatives. Irrespective, however, of this consideration, His Grace in Council is of opinion, with the Comptroller-General, that the recipients are entitled to have their true title to the annuities recorded, and that therefore it is not advisable to adopt the Accountant-General's suggestion that the Capital sum of these loans should be credited to Government so as to remove the record of the liability, the interest payable being included under allowances under Treaties and Engagements.

Perpetual Loans.

11th February 1878, His Grace in Council is of opinion that there is no room for Government to consider the expediency of modifying the terms on which they were originally accepted, as it appears from their records that in most, and probably in all the cases, Deeds in legal form were executed by Government to the founders of the endowments guaranteeing the conditions for ever, which Deeds are doubtless in the possession of their existing representatives. Irrespective, however, of this consideration, His Grace in Council is of opinion, with the Comptroller-General, that the recipients are entitled to have their true title to the annuities recorded, and that therefore it is not advisable to adopt the Accountant-General's suggestion that the Capital sum of these loans should be credited to Government so as to remove the record of the liability, the interest payable being included under allowances under Treaties and Engagements.

Obdt. of 11878: *Madras.*

FINANCIAL.

To

THE BOARD OF REVENUE,

&c.,

&c.,

&c.

Dated December, 31st.

Issued

Recd.

Encl.

G.O., 31st December, 1878, No. 2376.

DECEMBER.

Nos. 325-327.

Bonds, Obligations, &c.—The views of Government on certain proposals of the Accountant-General in reference to some of the items borne on his books as the amounts of Bonds, Obligations, &c., of the Madras Government, communicated to the Government of India.



As regards the due application of the income in accordance with the founders' wishes it is within the knowledge of this Government that many of the charitable institutions concerned are in effective working, but that the subject will be referred for further investigation to the Board of Revenue who by Regulation VII of 1817 are the legally constituted guardians of all such charities, the Collectors of the Districts being their local Agents.

3. In respect to the Tanjore and Carnatic Bonds, and the 6 per cent. Promissory Note in the name of Chinna Namaswami Mudeliar forming Items 2 and 3 in the Accountant-General's letter of the 11th February 1878, this Government concur in opinion with the Comptroller-General and Accountant-General that they may be written off the account of State liabilities to the credit of Miscellaneous Receipts, as a precaution against possible fraud, but in no case detrimental to the claims of rightful owners, should such ever be established as appears to be improbable in the highest degree.

4. The last item (No. 6, in Accountant-General's letter, dated 11th February 1878) being an asset belonging to the estate of Pogus Petrus, *alias* Petrus Usean, an eminent public benefactor, this Government entirely concur in opinion with the Comptroller-General that they have no right to appropriate the principal and that the amount should remain recorded as a liability.

I have the honor to be,

Sir,

Your most obedient servant,

FORT ST. GEORGE,
31st December 1878.

Acting Chief Secretary.

19/3/03

1878.

FINANCIAL DEPARTMENT.

From

The Acting Chief Secretary to the
Govt. of Fort St. George,

To

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

Dated 31st December 1878.

Issued

Recd.

No. 2377.

Enclosure.

Bonds, Obligations, &c.—The views of Government on certain proposals of the Accountant-General in reference to some of the items borne on his books as the amounts of Bonds, Obligations, &c., of the Madras Government, communicated.

