M.R.O. 14—18,000—27-6-24

MADRAS RECORD OFFICE.

Government of Madras.

Revenue **DEPARTMENT.**

G.O. No. 1475 Press ~~His.~~

621-622

Dated 29-6- 1865.

Not to be folded or roughly handled

Proceedings of the Madras Government, Revenue Department,
29th June 1865.

No. 621. Read the following Proceedings of the Madras Government in the Financial Department:—

Passing orders on certain correspondence relative to a general reduction of the balances in the several subordinate District Treasuries, to a reduction of the present large balances of small silver and copper coins in the treasuries, to a reduction of the currency notes in deposit, and to the necessity of maintaining separate treasuries to the Collector of Sea Customs, and to the Collector of Madras at Saidapet. } (Here enter 23rd June 1865, No. 311.)

No. 622. ORDER THEREON, 29th June 1865, No. 1,475.

Miscellaneous.

Ordered to be recorded.

(True Extract.)

(Signed) J. GRCSE,
Acting Under Secretary to Government.

Exd. S. T. Augustin.

Proceedings of the Madras Government, Financial Department, 23rd June 1865.

Read the following papers:—

No. 48. From F. LUSHINGTON, Esq., Deputy Auditor and Accountant General, to the Honorable A. J. ARBUTHNOT, Chief Secretary to Government, Fort Saint George; dated 24th November 1864, No. 159.

I have the honor to submit, for the consideration and orders of Government, copies of four letters from the Financial Secretary, numbers and dates as per margin, communicating the orders of the Government of India, on review of the cash balances in the several Treasuries of this Presidency.

Letter dated 28th July 1864, No. 1586,—vide page 12 of accompanying printed correspondence.
Letter dated 13th August 1864, No. 1861, paragraph 4,—vide page 7 of same correspondence.
Letter dated 13th August 1864, No. 1861, paragraph 7,—vide page 7 of same correspondence.

2. The points referred to in the above letters upon which I am directed to communicate with this Government are, 1st, relative to a general reduction of the balances in the several Subordinate District Treasuries; 2nd, to a reduction of the present large balances of small silver and copper coins in the Treasuries; 3rd, to a reduction of the Currency Notes held by them in deposit; and 4th, as to the necessity of maintaining separate Treasuries for the Collector of Sea Customs* at the Custom House, and for the Collector of Madras† at Saidapett.

* Letter dated 13th August 1864, No. 1861, paragraph 8—vide page 7 of accompanying printed correspondence.
† Letter dated 9th September 1864, No. 2341,—vide copy in manuscript.

3. Though fully satisfied that the rules in force in this Presidency, if duly observed, were sufficient to prevent the undue accumulation of funds, in the Subordinate Treasuries, I thought it right, on receiving the above communication from the Financial Secretary, to call upon the Collectors for full explanation in the case of each Taluq Treasury, in which the balance was seemingly high. Out of 156 Taluqs, I accordingly selected 132 for explanation, and, as I anticipated, the retention of the apparently large balance was in each case sufficiently justified.

4. In this Presidency, as the Government are aware, no discretion is given to the Taluq authorities, as to the amount to be retained by them in their Treasuries. On the 25th of each month the Tahsildar forwards to the Collector of his District an estimate of his probable requirements during the ensuing month. This estimate is carefully checked in the Collectors office, and after comparison of the probable disbursements with the expected receipts, it is returned to the Tahsildar, with a specific order, notifying the amounts to be retained in the Taluq, and the sum to be remitted to the Huzur Treasury. This remittance is usually made from the Taluqs about the 5th of the following month, and the balances, shown in the monthly cash balance reports, represent, therefore, the state of the Subordinate Treasuries before their monthly remittances to the Huzur have been made, which circumstance may possibly have led to the supposition that the Taluq balances are unnecessarily high.

5. In the months of June, July August, and part of September, the amounts retained in the Subordinate Treasuries are unusually large, as the collections at that period of the year are very small, and it is necessary, therefore, either to retain sufficient money in those Treasuries to meet the expenditure of those months, or to send monthly remittances to them from the Huzur; and considering the great distance of many of the Taluqs from the Huzur, and the consequent risk and expense attending such remittances, this latter course does not seem to me advisable.

6. The above system of regulating the amounts to be retained in the Taluqs upon estimate, if properly carried out, has very obvious advantages, and is, in my opinion, far preferable to that of assigning a fixed amount for each Treasury. In this Presidency indeed it would be scarcely possible to place a fixed limit on the amount to be retained in each Taluq, as very large disbursements are made by the Tahsildars, on account of the Railway and Irrigation Companies, and the Department of Public Works, which vary in their amounts from month to month, and the Collector, who is on the spot, and thoroughly conversant with all the wants of his District, must necessarily be better able to determine the requisite amount to be retained in his subordinate Treasuries, than the Financial officer at the Presidency town unacquainted with such details. Nor do I conceive that so minute a supervision of the balances in the subordinate Treasuries will

be found requisite, for, if the general balance of the District, as shewn in the monthly estimate and cash balance Report, be narrowly watched, and kept down to the lowest point consistent with the requirements of the public service, due care will be taken by the Collector that his Taluq Treasuries contribute their fair share towards the general expenditure.

7. From the tenor of the Order of Government of the 10th ultimo, No. 515, I am led to infer that the Right Honorable the Governor in Council apprehends that the District Treasuries of this Presidency are insufficiently supplied with small silver and copper coin. It can, I think, be satisfactorily shown not only that no grounds exist for such apprehension, but that, on the contrary, the stock of small silver and copper in the several treasuries is greatly in excess of the wants of the Districts, and may safely be reduced.

Small Silver and Copper Coins.

8. In order that the Government be enabled to judge for themselves to what extent such a reduction may conveniently be effected, with reference to the present system of annual Indents, I beg to annex two tables A and B, columns 2 and 3 of which show the amount of small silver and copper in the District Treasuries on the 31st August 1863 and 1st September 1864, respectively; columns 4 and 5, the amounts remitted to, and by each District during the year; columns 6 and 7, the excess of disbursements or receipts during the same period; and column 8, the amounts which I propose to retain in each treasury.

9. It will be seen that in seven of the Districts the receipts of small silver and copper into the Huzur and Taluq treasuries actually exceed the disbursements from them; and in the case of those Districts, I accordingly beg to suggest that the balance of small silver be at once reduced to 10,000 Rupees. In regard to the other Districts, under the present system of submitting annual Indents, a year's consumption might be taken as the standard amount to be retained in each treasury. To avoid, however, the slightest risk of a short supply, I have added 10 per cent. to that amount, and I would further recommend that the present system of allowing an Indent to be submitted at one period of the year only be abandoned, and that, in lieu thereof, each Collector be required, at the commencement of the year, to send an estimate of his probable requirements of small silver and copper during the year, and that his Indent for the same be submitted at the time when the necessity for a further supply of small coin actually occurs. I have ascertained from the Mint Master that this arrangement will be far more convenient for him than the present one, which requires the whole of the Collectors' Indents for small coins to be submitted and complied with at one stated period of the year, and which may very possibly be the least convenient time for the coinage of them at the Mint.

10. It is stated by the Collectors that every possible facility is now given to the public to obtain small silver in such quantities as they may desire, and that, where the instructions laid down in the Circular issued by this office, under date the 31st May 1860, are not duly observed, it is because the demand for small coins is so small as to render the observance of those instructions unnecessary. To reduce the present balances of small silver in the several treasuries to the amounts I have proposed for them, I would suggest that the Collectors be required to issue to the several Public Departments a certain percentage of their salaries every month in small silver, which, while reducing the balance will have the effect of throwing into circulation at the same time a large amount of small coin now uselessly locked up in the several Huzur treasuries.

11. The only Districts in which the consumption of copper has been at all high are Coimbatore, Kurnool, and South Arcot; and in each of those Districts, the large expenditure appears to be solely due to the fact of the Copper having been issued at a discount of 6 Pies in the Rupee, under the orders of Government of India, noted in the margin. In the other Districts, the Collectors generally report copper to be a drug in the market for which there is no demand,

Copper.

Financial Department, No. 1577, dated 28th February 1862.

and in some of the Districts it is even stated that the Shroffs grant a premium to persons bringing silver to be exchanged for copper. In order to reduce the present balances of copper to the amounts which I have assigned for each District, and with the view, at the same time, of retaining the coin in the District where it is now lodged, I beg to recommend that all the Collectors be authorized to issue copper at the above stated discount of 6 Pies per Rupee, until the necessary reduction has been effected, when the discount would cease.

12. The balance of Currency Notes held in the several treasuries has been reduced from Rupees 29,88,450 in May 1863, to Rupees 7,79,420 in September 1864, and as the Note circulation of this Presidency is steadily, though slowly, increasing, at the rate of about 11 lacs a year, I do not consider that the last mentioned balance can conveniently be further reduced. The value of Notes re-issued to the public from the Collectors' treasuries during September last was Rupees 5,83,080.

Currency notes.

13. With regard to the observation that "it is not understood why it should be necessary "to have any separate Treasury for the Sea "Customs at Madras," I beg to point out that in 1862, when officiating Accountant General, I recommended to Government the entire abolition of the Sea Customs Treasury, and that the duty of receiving and making payments on account of the Customs should be discharged by the Bank of Madras. The Government were pleased to approve of my recommendation, but, before their order directing the abolition of the treasury could be carried out, a very strong protest against that measure was made by the Chamber of Commerce, on the grounds of unnecessary trouble and delay in the clearance of goods, and further that the insisting on payment of duties elsewhere than at the Customs House would be opposed to the spirit of the Customs Act. The letter from the Chamber having been referred to me by Government for report, I pointed out that the Statements therein made were, in my opinion, greatly exaggerated, but that if it were deemed inexpedient, in the face of that protest, to carry out the resolution of Government, the Collector of Customs might still be allowed to receive and make payments at the Customs House, but that his collections should at the close of the day be remitted to the Bank of Madras. The Government having approved of my suggestion, that arrangement continues in force at the present time, and there is virtually, therefore, no treasury attached to the Customs House, but simply a cash chest. It is proper to mention, however, that on the last day of the month, the Collector retains his collections of that day, for the purpose of paying his establishment on the following day, and a small cash balance is consequently shown on account of the Customs House in the Report submitted to the Financial Secretary, shewing the state of the several treasuries on the 1st of each month.

Customs House Treasury.

Paragraph 8 of letter, 13th August 1864,—vide page 7 of accompanying printed correspondence.

14. The question of abolishing the Madras and Saidapett treasuries was also raised in 1860, and the matter was very fully discussed by the Government and the Board of Revenue, in the Proceedings* noted in the margin. I am now unable to adduce any further arguments in support of the views I then expressed in respect to the abolition of those treasuries, and as the Government decided, after very mature consideration, that their retention was necessary, I beg to suggest that the grounds on which that opinion was based be laid before the Government of India.

Madras and Saidapett Treasuries.

* Of Government, No. 474, R. D., 26th March 1860.
Do. " 1195, " 19th July "
Do. " 1466, " 29th August "
Do. " 2195, " 21st Nov. "

15. Referring to the 9th paragraph of the letter of the Financial Secretary, dated 18th August last, I have the honor to state that the system, therein advocated of advertising the amounts for which this office is ready to receive

Vide page 7 of accompanying correspondence.

tenders for the sale of bills, was introduced by me into this Presidency, with the sanction of Government, in the early part of 1862, and has since been continously acted upon. The amount drawn down to the Presidency by means of bills, from the commencement of the present official year to the end of September last, exceeds 74 lacs, and the premium obtained thereon, namely twenty-two thousand and odd Rupees, more than covers the cost of the cash remittances made during the same period, and which amount to about 50 lacs. It will thus be seen that the whole of surplus funds available in the Provinces have been brought to the Presidency, not only without any extra charge, but with profit to Government.

No. 49. From F. LUSHINGTON, Esq., Deputy Auditor and Accountant General, to the Honorable A. J. ARBUTHNOT, Chief Secretary to Government, Fort Saint George; dated 10th May 1865, No. 11.

Resource Department.

With reference to the Order of Government in the Financial Department, No. 225, dated 3rd instant, I beg to draw your attention to a Report* dated the 24th November last, which I had the honor to submit to the Madras Government, under the orders of the Government of India, dated the 13th August 1864. I have as yet received no instructions from either the Supreme or Local Governments on the subjects of my Report, but I hoped that it had been conclusively shown therein that the balances of small silver and copper now retained in the several District treasuries were not only sufficient for all purposes, but in many instances far greater than are actually required. That such is the case I am quite satisfied, and it was only the day before yesterday that I received a letter from the Collector of Tanjore, one of the Districts named in the Order of Government now under reference, requesting that he might be relieved of a portion of the small silver coins in his treasury, on the ground that they were greatly in excess of the wants of his District.

* No. 158.

2. The Government are aware that the General Cash Balances of India have fallen to an unprecedentedly low figure, and it is of the last importance that no portion of them be needlessly locked up. I venture to hope, therefore, that, under these circumstances, the Government will not require any augmentation to the present small silver and copper balances in the treasuries of this Presidency, and which are already, I believe, more than sufficient for the accommodation of the public.

No. 50. Proceedings of Government in the Revenue Department.

Regarding the proposed reduction of the number of Treasuries in this Presidency. } (Dated 11th May 1865, No. 993).

No. 51.

ORDER THEREON, 23rd June 1865, No. 311.

The first of the letters above recorded has been accidentally overlooked, having been transferred to the Revenue Department shortly after it was received, with reference to the question of maintaining separate treasuries for the Collector of Sea Customs, and for the Collector of Madras at Saidapett, and having only lately been returned. This particular question has been disposed of in the Proceedings of Government, Revenue Department, under date the 11th ultimo, in which it is shown that the so called treasury at the Sea Customs House is not a treasury, but simply a Receiving House. In regard to the Saidapett treasury, it has been determined, in the same Proceedings, that its retention is as necessary as that of any other treasury at the Collector's Head Quarters. A copy of these proceedings will now be sent to the Government of India.

2. Turning to the other questions discussed by the Accountant General in his letter of the 24th November last, the Governor in Council considers the reasons assigned by that officer for the apparently large balances in the Taluq treasuries to be perfectly satisfactory, and concurs in his opinion as to the inexpediency of any further reduction in the amount of Currency Notes held in deposit in the several treasuries, which has been reduced to less than eight lacs.

Proceedings of the Madras Government, Financial Department,
23rd June 1865.

3. The Government also agree generally in Mr. Lushington's remarks and proposals, with reference to the stock of small silver and copper coins in the several treasuries. The statement submitted by him clearly shows that there is no lack of these coins, but, on the contrary, in many Treasuries a needlessly large surplus. His proposal that in those treasuries in which the receipts of small silver and copper coins actually exceed the disbursements, the balance of small silver shall be at once reduced to Rupees 10,000, and that in other Districts a year's consumption with an addition in each case of 10 per cent. to that amount, shall be the standard amount to be retained, is sanctioned. The Government also approve of the suggestion that each Collector shall, in future, submit an annual estimate of the probable requirements of small silver and copper during the year, that his indent shall be submitted when the necessity for a further supply actually occurs, but in sufficient time to allow of the indent being complied with before the current stock of small coin in the treasury is exhausted, and that the present plan of an annual indent be discontinued. With the view of carrying out the reduction now ordered, and at the same time throwng into circulation a large amount of small coin, the several Collectors will be directed to issue to the several Public Departments a percentage of their salaries every month in small silver, the amount of the percentage in each case to be determined by the amount of small silver in the treasury; and further, for the purpose of facilitating the circulation of copper, the authority given to certain Collectors to issue copper at a discount of six pies in the Rupee, will be extended to all. The Accountant General will report, at the close of the present year 1865-66, what has been the result of the measures now sanctioned, and what is the state of the Presidency as regards the supply of small silver and copper coin.

4. The orders now given are to be considered to supersede the orders contained in the Proceedings of Government of the 3rd ultimo, No. 225.

(True Extract),

A. J. Arbuthnot
Chief Secretary.

To the Accountant General.
" Revenue Department.
" Board of Revenue.

Exd. J. H. Burns.

No 11 May 65 N. 715 716

Rev. 1865. Despatch
Pros. of Govt for June
Re 1706.
Proceedings of the Madras Govt in the Financial Dept.

Dated 28th June 1865
Received 26th July
Re 11425. R. 311.

RECORDED.

RECORDED.

29th June 65 Passing orders on certain correspondence relative to the general Reduction of the balances in the several subordinate Treasuries, to the reduction of the present large balances of small Silver & Copper Coin in the Treasuries to a reduction of the Currency Notes in deposit, and to the Possibility of maintaining Separate Treasuries to the Collectorate of Sea Customs & to the Collectorate of Madras, at Sundry Stations.

No 621 & 622.