

Government of Madras.

HOME DEPARTMENT.

(EDUCATION)

G.O. Nos. 1131-32, 27th October 1916



UNCLASSIFIED

College of Higher Accountancy and Auditing

Ordering the appointment of a committee to consider the scheme for the establishment of a — in Madras and for the utilisation of Sydenham College of Commerce, Bombay, as a central examining body for conducting Accountancy examinations at various centres and for awarding diplomas in Accountancy.

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N.P.

ORIGINAL.

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GOVERNMENT OF MADRAS

HOME DEPARTMENT

(Education)

READ—the following papers :—

I

G.O. No. 485, Educational, dated 5th May 1915.

ABSTRACT.—Requesting the Director of Public Instruction to submit detailed proposals for establishing a college of higher accountancy and Auditing in Madras.

II

Letter—from the Hon'ble Sir E. D. MACLAGAN, K.C.I.E., C.S.I., I.C.S., Secretary to the Government of India, Department of Education (Education).

To—the Secretary to the Government of Madras, Educational Department.

Dated—Simla, the 12th April 1916.

No.—828.

I am directed to refer to paragraph 6 of the Government of India (Department of Commerce and Industry) letter No. 5392-5405-3, dated the 9th July 1913, in which it was mentioned that a scheme had been formulated for the establishment of a College of Commerce in Bombay in connection with which it was proposed to hold examinations in accountancy, and to the reply of the local Government thereto. The Government of India observed that in view of certain considerations it might be a convenience if, with the consent of His Excellency the Governor of Bombay in Council, the examination could be held in other centres as well as in Bombay, and the certificate awarded on its result be recognised as a certificate valid throughout India.

2. The Government of India have now received from the Government of Bombay a detailed scheme for the utilization of the College of Commerce (now called the Sydenham College of Commerce and Economics) as a central examining body for conducting examinations at various centres and for awarding a diploma in accountancy which could be recognised as a basis for the issue of auditors' certificates under the Indian Companies Act, 1913, the Indian Life Assurance Companies Act, 1912, and the Provident Insurance Societies Act, 1912, and I am to forward for consideration a copy of a letter No. 95, dated the 11th January 1916, from the local Government on the subject. The Government of India will be glad to be favoured with an opinion on the scheme at a very early date.

3. I am also to enclose, for such action as may be considered necessary, a copy of a further communication received from the Government of Bombay relating to the supply of certain publications to the Accountancy Diploma Board and the conduct of the examination.

ENCLOSURES.

(1)

Letter—from P. W. MORRIS, Esq., Acting Secretary to the Government of Bombay, Educational Department.

To—the Secretary to the Government of India, Department of Education (Education).

Dated—the 11th January 1916.

No.—95.

I am directed to refer to the correspondence ending with your letter No. 1749, dated the 8th November 1915, regarding the utilization of the Bombay College of Commerce, now called the Sydenham College of Commerce and Economics, as a central examining body for conducting examinations at various centres in India and for awarding a diploma in accountancy which

could be recognized as a basis for the issue of auditors' certificates under the Indian Companies Act, 1913 (VII of 1913), the Life Assurance Societies Act, 1912 (VI of 1912), and the Provident Insurance Societies Act, 1912 (V of 1912).

2. The Accountancy Diploma Board has drawn up draft regulations for the award of the diploma in question on the lines of those prescribed for the Chartered and Incorporated Accountants of Great Britain, with such modifications as are necessitated by Indian conditions. His Excellency the Governor in Council has examined these regulations carefully, and has adopted them with certain amendments. I am to forward a copy of the regulations as approved by this Government, together with extracts, paragraphs 1 to 11 and 13 to 20, of a report, dated the 3rd September 1915, by the Board explaining the regulations. I am to request that the Government of India may be moved to circulate these papers to other local Governments and Administrations for their consideration and for the suggestion of any alterations in the regulations which they may consider necessary.

3. For the reasons given in paragraph 15 of its report, the Accountancy Diploma Board recommends that unrestricted auditors' certificates be awarded to all holders of the proposed diploma. The Governor in Council approves this recommendation. With regard to the question of giving effect to it, I am to observe that this Government are of opinion that they could make a rule under section 144 (2) of the Indian Companies Act of 1913 providing that persons holding this diploma should be granted unrestricted auditors' certificates. Having regard, however, to the real intention of the recommendation, which is to make the status of these persons similar to that of the members of the Association of Chartered Accountants and other institutions and associations exempted under the proviso to sub-section (1) of section 144 of the Act, they consider that it would be more appropriate if the Government of India were to exempt these persons from the necessity of holding certificates under the proviso to the latter sub-section. I am accordingly to request that the Government of India may be moved to grant the proposed exemption.

SUB-ENCLOSURES

(i)

The regulations for the award of the Government diploma in accountancy of the Sydenham College of Commerce and Economics, Bombay.

1. The diploma in accountancy of the Sydenham College of Commerce and Economics, Bombay, will be awarded by the Government of Bombay, on the recommendation of the Accountancy Diploma Board, to a candidate who has proved to the satisfaction of that Board :—

First.—That he has passed (1) the examination of the Accountancy Diploma Board in accordance with the regulations laid down in paragraphs 2 to 11, or

(2) the examinations prescribed for Degree of Bachelor of Commerce of the University of Bombay with advanced accounting and auditing as his special subject.

Secondly.—That he has received adequate practical training in accounts as prescribed in regulations 12 and 13; and

Thirdly.—That he bears a good moral character, and has attained the age of 23.

Holders of this diploma will be styled "Government Diplomates in Accountancy" (G.D.A.).

I.—EXAMINATION FOR THE DIPLOMA IN ACCOUNTANCY.

2. The examination for the diploma in accountancy will be held on the third Monday in March every year, commencing from March 1917 in Bombay and in such other centres in the different provinces of India as may be selected in consultation with the local Government.

3. Applications for admission to this examination must reach the Secretary to the Accountancy Diploma Board, Bombay, before the 31st December immediately preceding the date of the examination with a fee of Rs. 50 per candidate.

4. A candidate for admission to this examination must have passed the Matriculation Examination of an Indian University or the School Final Examination conducted by a local Government or any other examination which, in the opinion of the Accountancy Diploma Board, is equivalent to these, and, subject to regulations 5 and 6, must produce a certificate in the prescribed form from the head of an institution recognised by the Accountancy Diploma Board that he has, subsequent to passing such an examination, studied for a period of two academic years at such an institution, provided that no such certificate of attendance shall be required from a graduate of one of the Universities of India or of the United Kingdom.

5. A candidate who has received an adequate practical training in accounts, as defined in regulation No. 12, for a period of not less than two years shall be eligible to appear for the diploma examination of this Board up to the year 1920, without being required to produce a certificate of attendance at a recognised institution.

6. Every holder of an auditor's certificate granted by a local Government under the Indian Companies Act, 1913, shall be eligible for admission to the examination for the diploma in accountancy, even though he may not satisfy the conditions laid down in regulation No. 4.

7. Candidates for this examination will be examined in the following subjects :—

A. Accountancy and Auditing :—

(1) The principles and practice of book-keeping and accounts including a knowledge of the systems of accounts in use in different classes of business.

(2) Auditing.

* Books recommended—

L. R. Dicksee's Advanced Accounting.
Spicer and Pegler's Book-keeping and Accounts.
L. R. Dicksee's Auditing.
Spicer and Pegler's Practical Auditing.

B. MERCANTILE LAW.—

The Indian law relating to Contracts, Joint Stock Companies, Life Assurance Companies, Provident Insurance Societies, Negotiable Instruments, Insolvency and Arbitration.
Charter Parties, Bill of Lading, Fire and Marine Insurance.
The main provisions of the Indian Stamp and Limitation Acts relating to the above.

* Books recommended—

Smith's Mercantile Law, Vol. I.
Stevens' Mercantile Law.

8. (a) Three papers of three hours each will be set in accountancy and auditing as detailed below :—

1st paper—General Accounts.
2nd paper—Special Accounts.
3rd paper—Auditing.

(b) Three papers of three hours each will be set in mercantile law as detailed below :—

1st paper—The Law of Contracts and Arbitration.
2nd paper—Company and Insolvency Law.
3rd paper—Negotiable Instruments, Bills of Lading and Insurance.

9. To pass the examination, a candidate must satisfy the Board that he possesses an adequate knowledge of each of the two subjects referred to in regulation No. 7.

10. Failure to satisfy the Board will not disqualify the candidate from presenting himself at a subsequent examination on a new application being forwarded and a fresh fee paid.

11. As soon as practicable after the conclusion of the examination a list of successful candidates will be published arranged in alphabetic order, such of them as have passed with distinction being placed in the first class.

II.—PRACTICAL TRAINING IN ACCOUNTS.

12. A candidate for the diploma in accountancy shall, subject to regulation No. 13, be required to prove to the satisfaction of the Accountancy Diploma Board that he has, for the period specified below, served as an apprentice or as an assistant to (1) a Chartered Accountant, (2) an Incorporated Accountant, or (3) the holder of a permanent auditor's certificate under the Indian Companies Act, 1913, recognised by the Accountancy Diploma Board.

(a) Two years in the case of Bachelors of Commerce of the University of Bombay who have passed with advanced accounting and auditing as their special subject, over and above the three years that they have studied for the Bachelor of Commerce Degree at a college of commerce affiliated to the University of Bombay.

(b) Three years in the case of graduates of one of the Universities of the United Kingdom or of India other than the graduates in commerce referred to above.

(c) Three years in the case of students of a recognised institution (other than University graduates), over and above the two years that they have attended a recognised institution under regulation No. 4.

(d) Five years in the case of candidates exempted under regulation No. 5 from the production of a certificate of attendance at a recognised institution, inclusive of the practical training in accounts received by them prior to their appearing for the diploma examination of this Board.

13. The holder of an auditor's certificate granted by a local Government under the Indian Companies Act, 1913, shall, on passing the diploma examination of this Board under regulation No. 6, become eligible for the diploma in accountancy without any further proof of practical training in accounts.

14. The Accountancy Diploma Board shall have power to frame by-laws providing for the recognition of accountants, the admission and registration of apprentices under regulation No. 12, and the recognition of institutions under regulation No. 4.

* These books are named as helpful to the students, but are not prescribed as obligatory.

(ii)

Extract paragraphs 1 to 11 and 13 to 20 of a report, dated the 3rd September 1915, by the Accountancy Diploma Board.

The Accountancy Diploma Board constituted by Government Resolution No. 444, Educational of the 11th February 1915 held three meetings in March 1915, and drafted a set of regulations for the award of a Government diploma in accountancy. These draft regulations were considered at a joint meeting of the Auditors' Council and the Accountancy Diploma Board on the 28th April 1915, and the regulations, as adopted at that meeting, were referred for opinion to the Bombay Chamber of Commerce, the Indian Merchants' Chamber and Bureau, and the Bombay Millowners' Association. The replies of these bodies as well as the representations received from Mr. S. B. Billimoria, the local Secretary to the Corporation of Accountants, Limited, of Glasgow, and from Mr. S. R. Davar, Barrister-at-Law, the local Secretary to the Central Association of Accountants, Limited, of London, were considered and discussed at two meetings of the Accountancy Diploma Board in July and August 1915. The accompanying scheme is now submitted, as embodying the final recommendations of this Board, in conformity with paragraph 6 of Government Resolution No. 444, Educational of the 11th February 1915.

2. As, according to the Government of India letter No. 5392-5405-3, Department of Commerce and Industry (Companies), dated the 9th July 1913, this diploma in accountancy is to form the basis for the issue of auditors' certificates under the Indian Companies Act, the Indian Life Assurance Companies Act, and the Indian Provident Insurance Societies Act, and as the Government of India have, under section 144 (1) of the Indian Companies Act of 1913, notified that Chartered Accountants of England, Scotland and Ireland and Incorporated Accountants of London shall be entitled to act as auditors without applying for special certificates, the accompanying scheme for a Government diploma in accountancy has been drawn up on the analogy of the regulations prescribed for Chartered and Incorporated Accountants, with modifications adapted to Indian requirements.

3. The following conditions have to be satisfied before a person can become a member of the Institute of Chartered Accountants in England and Wales, or of the Society of Incorporated Accountants and Auditors, London :—

(1) The candidate must first pass the preliminary examination of the Institute or the Society, which is a literary test like the University Matriculation or the Government School Final Examination.

(2) The candidate must then be articled to a practising Chartered or Incorporated Accountant for a period of five years and receive practical training in accounts, the period being reduced to three years in the case of University graduates.

(3) The candidate must pass two successive professional examinations in accountancy, auditing and mercantile law.

4. *Preliminary examination.*—Instead of conducting a special preliminary (literary) examination, this Board, before allowing a candidate to enter upon his course of training for the Board's diploma, requires him to produce a certificate showing that he has passed the University Matriculation or the Government School Final Examination or an equivalent literary test.

5. Only one exception has been made to this rule, viz., in favour of such persons as were practising as accountants and auditors under the Indian Companies Act of 1882, and have recently been granted auditors' certificates under the Indian Companies Act of 1913. In all cases where these certificates are temporary, the holders may be required by the local Government to pass the diploma examination of the Accountancy Diploma Board in order to become eligible for permanent certificates. Such persons are, under regulation 6, admitted to the examination without being obliged to produce a certificate of having passed the Matriculation or an equivalent examination, and without being required to attend a professional school or college. This is a provisional regulation which provides for the needs of the holders of temporary auditors' certificates.

6. *Professional examination.*—All candidates for the Government diploma in accountancy are, according to the accompanying scheme, required to pass a professional examination in accountancy, auditing and mercantile law. The subjects prescribed by this Board, the extent and scope of the knowledge required, and the standard to be attained, are the same as are required from candidates for the Chartered and Incorporated Accountants' Examinations of London: except that Indian law is prescribed by this Board instead of English law. As explained in a later paragraph, candidates for this diploma will, in the majority of cases, appear for the diploma examination after having attended special courses of lectures for a period of two years at a recognised institution. It has, therefore, been considered unnecessary to institute an Intermediate and a Final examination in professional subjects, as is the practice of the London Institute. Every candidate for this diploma is required to pass one professional examination, which corresponds to the final examination for Chartered and Incorporated Accountants. Bachelors of Commerce of the University of Bombay, who have passed with advanced accounting and auditing as their special subject, are not required to pass the professional examination of this Board, as they study for and pass in these subjects at the examinations for the Bachelor of Commerce degree and as the standard prescribed by the University of Bombay is equally high.

7. Representations have been received to the effect that candidates who have passed the professional examinations of the Corporation of Accountants, Limited, of Glasgow, and the Central Association of Accountants, Limited, of London, should be exempted from passing the examination of this Board in respect of accountancy and auditing. The Board is unable to accept this suggestion as the passing of a preliminary literary test like the Matriculation is not in practice insisted on as a condition of admission to the professional examinations of these two Associations. Apart from this consideration, moreover, the Board is not prepared to recognise other professional examinations as equivalent to its own in view of the importance of maintaining a uniformity of standard in the proficiency of the diplomates in accountancy.

8. *Length of the course.*—As in the case of the Chartered and Incorporated Accountants of London, candidates for this diploma are required to go through a five years' course in accounts, the period of such training being reduced from five to three years in the case of University graduates. The Institute and the Society in London require the whole period of five years to be spent in the service of a practising accountant and do not require attendance at a recognised professional institution for purposes of their examinations. The article clerks in London usually attend classes to enable them to pass their professional examinations, but there is no obligation to do so. This Board considers that candidates for its diploma should receive a sound training in mercantile law, as well as the principles of accountancy and auditing, and should for that purpose attend courses of lectures in these subjects at some recognised institution for a period of two years to ensure their undergoing a systematic training under competent teachers. The accompanying scheme, therefore, provides that the five years' training in accounts prescribed for the Government diploma should as a rule consist partly of a course of study at a recognised professional school or college and partly of apprenticeship under a recognised practising accountant.

9. Undergraduates are required to study the theory for a period of two years at a recognised professional school or college and to undergo practical training under a practising accountant for a period of three years, thus making the total course a period of five years. Bachelors of Commerce who, after studying accountancy, auditing, mercantile law and allied commercial subjects for a period of three years at the Sydenham College of Commerce and Economics, have taken their Final Examination for the degree with advanced accounting and auditing as their special subject, are required to undergo practical training under a practising accountant for a period of two years, their course of special training being thus made to cover a period of five years in the aggregate. The Board considers that the varied and specialized curriculum provided for these graduates in subjects of both commercial and cultural value will render them highly desirable recruits to the accountancy profession.

10. All other graduates of an Indian University or of a University of the United Kingdom, as well as those Bachelors of Commerce of the University of Bombay who have taken up some special subject other than advanced accounting, are required to undergo practical training for three years. They are, on the other hand, exempted from attending a professional school or college for the study of theory.

11. Candidates who may be unable to attend a school or college are under Regulation No. 5, permitted to appear for the diploma examination of this Board, but are, under regulation No. 12 (d), required to undergo practical training under a practising accountant for a period of five years. This provides for cases referred to in paragraph 6 (3) of Government Resolution No. 444, Educational, of the 11th February 1915.

12.

13. *Apprenticeship.*—As regards the first question referred for the consideration of this Board in paragraph 6 (1) of Government Resolution No. 444, Educational, dated 11th February 1915, there is a consensus of opinion that a period of apprenticeship under a practising accountant must form an essential part of the training required for a diploma which forms the basis for the issue of auditors' certificates. The accompanying regulations provide for such practical training in every case. The regulations leave it to the option of the candidates to undergo the practical training either before or after passing the professional examination of this Board.

14. *Persons entitled to take apprentices.*—Among the persons who have been granted auditors' certificates under the Indian Companies' Act of 1913, some are employees in mercantile offices, others have only a limited practice, others again have no office of their own. The Board considers that practising accountants of this type will normally not be in a position to train apprentices in a satisfactory manner. The regulations, therefore, provide that holders of auditors' certificates under the Indian Companies Act of 1913 will be authorised to take apprentices only if they satisfy this Board that they are genuinely able to afford their apprentices the requisite facilities for practical training.

15. *Auditors' Certificates.*—This Board recommends that unrestricted auditors' certificates be awarded to all holders of the proposed diploma in accountancy. The qualifications of holders of this diploma will be sufficiently high to make them eligible for unrestricted auditors' certificates. It may be added, moreover, that if a diploma holder is qualified to conduct audits in one province, he must be equally qualified to conduct similar audits in other provinces.

16. As regards the minimum age limit referred to in paragraph 6 (2) of the Government Resolution, there is a consensus of opinion that the diploma of the Board ought not to be granted before the applicant attains the age of 23.

17. This Board has been unable to accept a suggestion that the percentage of marks which candidates must secure in order to pass the diploma examination should be specified in regulation No. 9. It will be easy to maintain a uniformity of standard since the question papers will be set and the answers will be examined by the professional members of this Board or under their personal supervision.

18. It has been represented to the Board that the examination fee levied under regulation No. 3 ought to be reduced from Rs. 50 to Rs. 25. The Board does not consider that a fee of Rs. 50 is too high for a professional examination of this kind, in view of the fact that candidates for the Incorporated Accountants' Examination of London have to pay £ 4-14-6, and that a fee of Rs. 50 is levied by the University of Bombay in connection with the Final Examinations for the Bachelors' Degree in Commerce, Agriculture, Engineering and Medicine.

19. *Disciplinary Committee.*—The Bombay Millowners' Association urge that this Board should, in order to maintain a high standard of professional morality, be entrusted with disciplinary authority and be empowered to recommend the suspension and cancellation of auditors' certificates. Such disciplinary authority, in the case of holders of auditors' certificates under the Indian Companies Act of 1913, lies with the local Governments. Chartered and the Incorporated Accountants of the United Kingdom on the other hand, are subject to the supervision of a central disciplinary committee of accountants, whose duty it is to enquire into the professional misconduct of any member and, when necessary, to recommend the suspension or removal of the member reported against.

20. In this Presidency, the Auditors' Council, constituted under Government Resolution No. 3068, Revenue, dated the 1st April 1914, with the Collector of Bombay as Chairman, the Registrar of Joint Stock Companies as Secretary, and four leading business men as members, has been entrusted with disciplinary authority over the holders of auditors' certificates, and been empowered to recommend the issue, suspension, and cancellation of auditors' certificates. In other provinces measures of an analogous kind will no doubt be taken.

(2)

Letter—from P. W. MONTE, Esq., Acting Secretary to the Government of Bombay, Educational Department.

To—the Secretary to the Government of India, Department of Education (Education).

Dated—Bombay Castle, the 11th January 1916.

No.—96.

I am directed to refer to my letter No. 95 of to-day's date submitting the regulations for the award of the Government diploma in accountancy and to forward herewith a copy of a letter No. 281, dated the 13th September 1915, from the Secretary to the Accountancy Diploma Board, in which he requests that arrangements may be made for the supply to him of certain publications of such local Governments as may agree to accept the proposed diploma as a basis for the issue of the auditors' certificates in their provinces, and that they may be asked to issue the requisite instructions with respect to the printing of examination papers, the publication in the local Government gazettes of advertisements regarding the conduct of the examination for the award of the proposed diploma, etc.

2. I am to request that, if there is no objection, a copy of the letter from the Secretary to the Accountancy Diploma Board may be forwarded for the necessary action to the several local Governments concerned, together with copies of the regulations for the award of the diploma, so that there may be no delay in holding the first examination under the regulations.

3. I am to add that, if the proposal contained in paragraph 5 (a) of the letter of the Secretary to the Accountancy Diploma Board is carried out, there does not seem to be any necessity to supply him with the Quarterly Civil Lists, but this is a point which the local Governments concerned are in a better position to decide for themselves.

SUB-ENCLOSURE.

Accompaniment to the letter to the Government of India, Department of Education (Education), No. 96, dated the 11th January 1916.

Letter—from K. SUBRAMANI AYYAR, Esq., B.A., L.T., F.S.A.A., Secretary, Accountancy Diploma Board, Bombay.

To—the Director of Public Instruction.

Dated—the 13th September 1915.

No.—281.

With reference to paragraphs 5 and 6 of my letter No. 51, dated the 1st April 1915, and of my letter No. 933, dated the 21st April 1915, I have the honour to request that the necessary Government sanction may be obtained for the periodical supply to this office of the

undermentioned publications of those other local Governments who agree to accept the diploma of the Accountancy Diploma Board as a basis for the issue of auditors' certificates in their provinces:—

A copy of those parts of the local Government gazette which contain educational notifications, examination results, and notifications about the issue of auditors' certificates, and the Quarterly Civil List of such provinces.

2. This Board has to satisfy itself that a candidate for admission to its diploma examination has passed the Matriculation examination, the School Final or an equivalent examination, and must have facilities for ascertaining the terms and conditions on which a candidate that has passed the School Final or an equivalent examination is declared eligible for admission into the colleges of those provinces. In Madras, for instance, an order has recently been passed that holders of Secondary School Leaving Certificates will be eligible for admission into the colleges of the Presidency only if they have secured a certain percentage of marks in each subject. It is therefore necessary for this Board to have easy access to all the educational notifications of those local Governments by whom the diploma of this Board is recognised.

3. As the diploma of this Board is to be awarded only after the candidate has served a period of apprenticeship under a recognised auditor, it is necessary for this Board to have easy access to all notifications regarding the issue of auditors' certificates. The supply of that part of the local Government gazette which contains such notifications and of the Quarterly Civil List which often contains the latest list of holders of auditors' certificates is therefore necessary.

4. Alterations in the list of auditors' certificates may sometimes be made in a province without such alterations being immediately published in the local Government gazette. Question papers will have to be printed in the Government Press of each province, notifications about the examination will have to be published in every local Government gazette and arrangements made about the conduct of the examination in each province.

5. I therefore beg that local Governments who agree to accept this Board's diploma may be requested—

(a) to instruct the officer in charge of the issue of auditors' certificates or the local Registrar of Joint Stock Companies to forward to the Accountancy Diploma Board, Bombay, from time to time every alteration in the list of holders of auditors' certificates, sanctioned by the local Government, so that the latest authorised list may always be available to this Board when disposing of applications regarding taking of apprentices;

(b) to authorise the officer in charge of the local Government Press to print the necessary question papers for the diploma examination of this Board to be held in that province;

(c) to authorise the officer in charge of the printing of the local Government gazette to publish free of charge the advertisements of this Board regarding the conduct of the diploma examination in that province; and

(d) to depute an officer in that province who will act as local superintendent of the Board's examination in that province, and empower him to correspond direct with this Board in that connection.

III

Endorsement No. 1576-1, Educational, dated 9th May 1916.

The letter from the Government of India read above will be referred to the Director of Public Instruction for very early remarks on the detailed scheme for the utilization of the Sydenham College of Commerce and Economics, Bombay, as a central examining body for conducting examinations at various centres and for awarding a diploma in accountancy, and also on the further communication from the Government of Bombay relating to the supply of certain publications to the Accountancy Diploma Board and the conduct of the examination.

P. RAJAGOPALA ACHARIYAR,
Secretary to Government.

To the Director of Public Instruction.

IV

Memorandum No. 1371 C-1, dated 15th May 1916.

The accompanying letter from the Government of India with its enclosures regarding the utilization of the Sydenham College of Commerce and Economics, Bombay, as a central examining body for conducting examinations at various centres and for awarding a diploma in accountancy is forwarded to the Registrar of Joint Stock Companies for very early remarks.

(By Order)

E. A. HARVEY,
Under Secretary to Government.

To the Registrar of Joint Stock Companies.

V

Letter—from the Hon'ble Mr. J. H. STONE, M.A., C.I.E., F.R.H.S., Director of Public Instruction.

To—the Secretary to Government, Educational Department.

Dated—the 8th May 1916.

No.—Ref. on Our. 3855 of 1915.

I have the honour to submit herewith the draft scheme for the establishment of a college of higher accountancy and auditing in Madras, called for in G.O. No. 485, Educational, dated the 5th May 1915.

The delay in doing this is partly accounted for by my absence from India and partly by the necessity under which I found myself of consulting the Registrar of Joint Stock Companies. Mr. Schmidt has been good enough to furnish me with a valuable note on the whole subject of the expansion of the profession of accountancy and auditing, a copy of which is annexed. It does not seem necessary to further delay the submission of my scheme, but his suggestion that the publication of the details of the whole Bombay scheme which may be expected in July should be awaited, is clearly a good one.

2. I have ventured to call the proposed institution a Commercial Institute rather than a College; because the latter word suggests in this Presidency affiliation to the University. Should the University develop a Faculty of Commerce, the Institute if it secured affiliation would become a College of Commerce.

3. In the staff I propose I have made provision for instruction being given in the more elementary commercial subjects. Whether these should be taken up from the outset is a matter for consideration. I think a complete Government Commercial Institute is much wanted in Madras, if only to set a standard of instruction and attainment in commercial subjects, the present standard being I believe unduly low. If these subjects are provided for, students might be prepared for the Government technical examinations in them. I have not proposed to use these examinations in the higher subjects, and it will be a matter for future consideration whether these subjects should not be deleted from the Technical Examination Scheme and attendance at the Institute made the only means of entrance into the profession of accountancy and auditing.

4. Mr. Schmidt rightly lays great stress on practical training or apprenticeship. I rather incline to the view that this might be concurrent with the course of instruction, the Institute's classes being held to some extent out of business hours or perhaps on a half-time system. These are questions for the settlement of which the advice of the Council is essential and it appears to me if only for this reason the constitution of the Council, or the appointment of a committee which would subsequently be the Council, is the first step to take in the establishment of the Institute.

ENCLOSURES

(1)

Draft scheme for an Institute of Commerce to be established with a special view to the training of Auditors and Accountants in Madras.

1. *Object.*—The Institute is intended primarily to afford facilities for the training of persons who will be qualified to audit the accounts of companies registered under the Life Assurance Companies Act, 1912, the Provident Insurance Societies Act, 1912, and the Indian Companies Act, 1913.

2. *Location.*—It will be located in Georgetown as being the chief business centre of Madras.

Accommodation.—This will include a library and common rooms for staff and students.

3. *Control.*—Subject to the control of the Government, the Institute will be under the Director of Public Instruction, who will be assisted by an Advisory Council consisting of the Collector of Madras as President, the Principal of the Institute as Secretary, the Registrar of Joint Stock Companies, the Deputy Accountant-General, and members nominated by Government from among the Chartered Accountants, Bankers, and Merchants of Madras, in such a way as to secure due representation of such commercial organizations as the Chamber of Commerce.

4. *Standards of instruction.*—These should be two, that for senior and junior auditors respectively, corresponding in the main with the unrestricted and restricted certificates issued by the Government. For the functions which each class of auditors may be expected to discharge reference is solicited to Mr. Schmidt's note, paragraph 8.

5. *Courses of instruction.*—The course will be for senior auditors four years, but in the case of candidates educated up to not less than the intermediate standard and in special cases it may be reduced to three years by the Director of Public Instruction on the recommendation of the Advisory Council. The course for junior auditors will be three years, or in the case of students of not less than the intermediate examination standard of general education, two years. The courses will include for all students who need it, instruction in English Composition and Precise-writing and in Elementary Mathematics. For senior auditors it will be in the subjects and to the standard of examination of the College of Commerce of Bombay. That for junior auditors will be more restricted in scope and may have to include instruction in Indian methods of keeping accounts. In this connection I would invite reference to Mr. Schmidt's note, paragraph 5.

6. *Qualifications for admission.*—Candidates for admission into the Institute should be holders of completed Secondary School Leaving Certificates, or those who have passed the High School Examination for Europeans, and such others as may in the opinion of the Committee possess sufficient general knowledge to be benefited by the instruction imparted in the Institute.

7. *Examinations.*—The final examination for senior auditors will be either that held by the College of Commerce, Bombay, or a special examination of the same standard conducted by the Commissioner for Government Examinations under a scheme to be drawn up by the Director of Public Instruction in consultation with the Advisory Council and approved by Government. For junior auditors a similar scheme will be drawn up.

Annual and such other periodical examinations as prove necessary will be held by the staff of the Institute, and the first year annual examination will include for such students as have undergone instruction in them, English and Mathematics.

8. *Hours of work.*—The hours of work will be fixed by the Director of Public Instruction in consultation with the Advisory Council.

9. *Staff.*—The staff will consist of a—

	RS.
Principal	750
Law Assistant	250
Book-keeping and Commercial Assistant	200
Typewriting and Shorthand Assistant	100

besides clerical and menial establishments. Provision might be made for English and Mathematical instruction by part-time appointments from the staffs of other educational institutions. The salary of such would depend on the amount of work necessary.

10. *Fees.*—A fee of Rs. 96 per annum for the Junior Auditor course, and of Rs. 120 for the Senior Auditor course, payable in two terminal instalments in advance, will be charged. Fees for elementary courses if such are instituted can be fixed later.

11. *Holidays and vacations.*—The Institute shall be closed for the Midsummer and Christmas vacations for such periods as may be fixed by Government from time to time on the advice of the Advisory Council, and the other holidays shall be the same as those allowed by Government under the Negotiable Instruments Act.

12. *Registers.*—The registers ordinarily maintained in Government colleges will be kept and such others as may be prescribed by the Council with reference to the special character of the institution.

(2)

Note on the Draft Scheme for an Institute of Accountancy.

My remarks are confined to paragraphs (1) to (6) of the draft scheme.

2. *Paragraph (1)—Object.*—As a verbal amendment, seeing that companies are not registered under the Indian Life Assurance Companies Act, 1912, this paragraph might be recast as shown below:—

“The Institute is intended primarily to afford facilities for the training of persons who will be qualified to audit the accounts of Life Assurance Companies falling within the scope of the Indian Life Assurance Companies, 1912, of companies registered under the Indian Companies Act, 1913, and of societies registered under the Provident Insurance Societies Act 1912.”

3. *Paragraph (2)—Location.*—There can be no doubt as to Georgetown being the most suitable locality for the Institute, especially in connection with the question of practical training.

4. *Paragraph (3)—Courses of study.*—In order to gauge the standard of the qualifications expected of the auditors to be trained by the proposed Institute it will be useful to set out—

(i) the statutory provisions which make compulsory the auditing of accounts by qualified auditors, and

(ii) the scope of the certificates now issued by the Government entitling the holders thereof to act as auditors of companies and societies.

(i) (a) *The Indian Companies Act, 1913.*—Section 144 (2) requires the Local Government to make rules providing for the grant of auditors' certificates and prescribing the conditions and restrictions on and subject to which such certificates may be granted. “The holder of such a certificate shall be entitled to act as an auditor of companies throughout British India unless such certificate restricts or limits the exercise of the right.”

(b) *The Provident Insurance Societies Act, 1912.*—Section 24 (2) (a) requires the making of a rule by the local Government prescribing the qualifications of auditors of Provident Insurance Societies.

(c) *The Indian Life Assurance Companies Act, 1912.*—Section 39 (2) (a) requires the making of rules by the Governor-General in Council prescribing the qualifications of auditors of Life Assurance Companies.

(ii) The Local Government now issues under section 144 (2) of the Companies Act of 1913 two classes of certificates, viz., “restricted” and “unrestricted” and the rules framed by the authorities concerned under the three Acts mentioned above attach the following privileges to each of these two classes of certificates.

The “restricted” certificate entitles the holder to act as an auditor within the limits of the jurisdiction of the Government by which it is granted—here, the Presidency of Madras—of:—

(i) companies incorporated under the Indian Companies Act, 1913,

(ii) Provident Insurance Societies registered under the Provident Insurance Societies Act, 1912, and,

(iii) such of the companies falling within the purview of the Indian Life Assurance Companies Act, 1912, as are mutual life assurance companies, i.e., life assurance companies not having a share capital.

These certificates further restrict the languages the accounts in which the auditor may audit.

“Unrestricted certificates,” on the other hand, entitle the holder to audit the accounts of any company, in any language, and in any part of British India. Such a certificate embraces the accounts of life assurance companies in virtue of the rules issued by the Governor-General in Council under section 39 (2) (a) of the Indian Life Assurance Companies Act, which include amongst those entitled to audit such accounts—

“the holder of a certificate granted by any Local Government under section 144, subsection (1) of the Indian Companies Act, 1913 (VII of 1913), entitling him to act as an Auditor of Companies under the said Act:

“Provided that such certificate does not restrict or limit to any part of British India the right of the holder to act as an auditor.”

To the unrestricted class are admitted only applicants of high qualifications whose natural field of operation is the better class of companies and provident insurance societies keeping their accounts in English and on the European system. Restricted certificates are granted to auditors of sufficient qualifications, but of inferior standing, the expenses of whose audit should not press too heavily on the smaller companies.

5. In the second place may be set out the views of the Government of India in the matter of the establishment of a school for auditors. In paragraphs 6 and 7 of the letter from the Department of Commerce and Industry, No. 5392—5455-3, dated the 9th July 1913 (G.O. No. 260, Judicial, 4th February 1914) they suggested that it might be convenient if the examination of the College of Commerce of Bombay were held also in centres outside that city and if institutions in other presidencies and provinces were recognised for the presentation of candidates at the examination which could be held at important commercial centres; but they were also open to the view that Local Governments might prefer to conduct their own examinations, in which case means would have to be devised to ensure a uniform standard in the different provinces for the purposes of the Indian Life Assurance Companies Act, 1912, the prescription of qualifications of auditors under which rests with the Governor-General in Council.

Seeing that the unrestricted certificate gives the holder a free run over the whole of India, in the interests on uniformity, and as a starting ground for an Incorporated Association of Accountants in India—these are early days to think of the latter—it would be better to have the same examinations for the whole of India for testing the competency of candidates for auditors' certificates. But whether this is decided upon or not, there must be training institutes in each presidency and province—at all events we must have one here. The course of study to

be prescribed in the proposed institute should, in any event, in order to secure the uniform standard desired by the Government of India, be on the lines of the Bombay course. From a letter dated the 18th February 1916, received from the Secretary to the Accountancy Diploma Board, Bombay (copy annexed), it will be seen that the standard of the Bombay examination will be the same as that laid down for the final examination of chartered and incorporated accountants and that candidates will be examined in (1) Accountancy and Auditing and (2) Indian Mercantile Law.

The subjects prescribed for the final examinations of these two English institutes and those for the Advanced Technical Examination in Madras are set out below :—

Subjects.

Society of Incorporated Accountants and Auditors.	Institute of Chartered Accountants.	Madras Technical Examinations.
		Book-keeping Advanced—
1. Advanced Accounting ..	1. Book-keeping and Accounts.	1. Method and Principle of Single Entry and Double Entry.
		2. Maintenance and Preparation of Books of Account required for the business of Joint Stock Companies, Life Insurance Companies, Bankers and other special kinds of business.
2. Partnership and Executorship Accounts and Law relating to partners and executors.	2. Partnership and Executorship Accounts.	
3. Auditing	3. Auditing	Book-keeping Advanced—
		3. Methods and Principles of Auditing accounts and Duties of Auditor.
4. Rights and Duties of Liquidators, Trustees and Receivers.	4. Rights and Duties of Liquidators, Trustees and Receivers.	
5. Joint Stock Company and Bankruptcy Law.	5. Principles of the Law of Bankruptcy and of the Law relating to Joint Stock Companies.	5. (Theory and Practice of Commerce and Banking)—
6. Mercantile Law ..	6. Principles of Mercantile Law.	1. Portions of the Indian Companies Act, 1913.
		2. Indian Insolvent Debtors Act.
		6. (Theory and Practice of Commerce and Banking)—
		Bill of Lading, Charter Parties, Marine Insurance, Portions of the Indian Sea Customs Act, Indian Contract Act, Indian Limitation Act, Leading Provisions of the Indian Negotiable Instruments Act, Law and Practice relating to Cheques, Promissory Notes, Bills of exchange and their Negotiation, and Metallic and Paper Currencies of England and India.
7. Law of Arbitrations and Awards.	7. Law of Arbitrations and Awards.	7.
8. General Commercial Knowledge.	8.	8. (Commercial Geography Advanced)—
		Commercial Geography of the World and History of Commerce.

It will be seen that in order to bring the higher course of study up to the standard of the Bombay examination the curriculum and the consequent examination should include items 2, 4 and 7. They should also include the whole of—

the Indian Companies Act,	the Co-operative Societies Act, and
the Provident Insurance Societies Act,	portions of the Indian Stamp Act.
the Indian Life Assurance Companies Act,	

A knowledge of all these is necessary for an auditor, if he is to perform his duties efficiently. Directors and members of companies are generally peculiarly innocent of any knowledge of Company law and this knowledge is, I have found, not very extensive even among some of their legal advisers.

The details would, however, be for settlement hereafter.

6. *Paragraph (4) — Control.*—In Bombay the composition of the corresponding council, viz., the Accountancy Diploma Board, is as shown below :—

Chairman.

- (1) The Director of Public Instruction.

Members.

- (2) The Principal of the College of Commerce.
 (3) The Secretary and Treasurer of the Bank of Bombay.
 (4) A senior Chartered Accountant.
 (5) A senior Incorporated Accountant.
 (6) & (7) Two experts in Mercantile Law—one of the members of the Board being appointed by Government from time to time to officiate as Secretary.

The Advisory Council in Madras should in any case include (1), (2) and (3) and, I think, also the Registrar of Joint Stock Companies who comes in close contact with practising auditors. I do not think the Deputy Accountant-General is necessary, as he does not deal with commercial accounts. Otherwise the draft is sufficiently wide to ensure a representative council.

7. *Paragraph (5) — Qualifications for admission.*—The holding of a completed Secondary School-Leaving Certificate should be fixed as the minimum qualification for candidates who propose to finish their course with the junior audit examination and the F.A. or the Intermediate examination in arts as that for those who propose to continue for the senior examination.

No age limit appears to be necessary.

8. *Paragraph (6) — Courses of instruction.*—Looking to the peculiarity of this Presidency in possessing a number of registered midhis or mutual loan associations (about 200 at present) of which the majority keep their accounts in the vernacular, have a limited field of operation and follow a simple system of accounting, and to the fact that the employment of auditors with high qualifications would involve undue expense in their cases, it is indispensable that two classes of certified auditors should be recognized, viz., the 'junior' and 'senior'.

In Bombay the proposal has been made—I have not been able to ascertain whether it has been accepted—that a senior auditor shall be authorized to act as the sole auditor of a joint stock company or in conjunction with any other recognized auditor, and a junior auditor as the auditor of a joint stock company in conjunction with another recognized auditor, whether junior or senior, but not as the sole auditor.

The distinctions are good, but in order to provide for the needs of the midhis to which I have already referred and of those Provident Insurance Societies which are not registered under the Indian Companies Act—the accounts of the latter are also comparatively simple—I would permit a junior auditor also to act within the presidency or province from the Government of which he obtains his license, as the sole auditor of such Provident Insurance Societies and of banking and loan companies registered under the Indian Companies Act whose paid-up capital does not exceed Rs. 50,000. I append a statement showing the distribution of existing companies according to paid-up capital which indicates how this rule would act.

9. Under the rules at present in force the "restricted certificate" restricts the languages the accounts in which may be audited. The question of vernacular languages does not enter into the proposed senior and junior examinations, but since several companies, more especially midhis, keep their accounts in the vernacular, it will be necessary to restrict the work of, at all events, the junior auditors to the vernacular with which they are acquainted. This matter may be left to the decision of each Local Government by whom licenses are granted. In respect of senior auditors, seeing that no restriction as regards language has hitherto been imposed on the holders of unrestricted certificates (on this point a reference may be made to paragraphs 2 and 8 of the letter from the Government of Madras, No. 261, Judicial, dated the 4th February 1914, and paragraph 7 of the letter from the Government of India, Department of Commerce and Industry, No. 1206-6, dated the 24th idem) this immunity may be continued, as looking to the probable standing of this class it may fairly be expected that in dealing with vernacular accounts they would engage the assistance of a qualified auditor acquainted with the language.

Junior auditors will know sufficient English to conduct the audit of accounts in that language. As regards vernaculars their acquaintance might be admitted so far as concerns the vernaculars which they took up for their school course or any other vernacular in which they passed a recognized test.

10. The next point is as regards the length of the college course. Four years for the senior course and two years for the junior seems to be sufficient; but I would make an exception in the case of auditors who at present hold temporary certificates under section 144 (2) of the Indian Companies Act, 1913 (there are now 50 of them). These might be exempted from the requirements of possessing the prescribed general educational qualifications and of undergoing the training for the junior or senior audit course but should be required to sit for the examination either in the junior or senior grade within a period of three years from the date of its institution. A similar exemption might be granted to persons who already hold the local diploma certificate in commerce.

11. Last, but not least, comes the question of a provision for the practical training of these two classes of auditors, which in my opinion is an essential. The practical training or apprenticeship might be served either before or after passing the examinations and candidates might be allowed to undergo it simultaneously with their theoretical training during the vacation of the Institute and during leisure hours of the day.

A relaxation would have to be made in the case of existing holders of auditor's certificate who pass the junior or senior examination since they will all possess experience.

As regards others, the period of practical training might be limited to two years of apprenticeship under a qualified auditor being defined as a member of any of the bodies exempted from a certificate with reference to section 144 (1) of the Indian Companies Act, 1913, or a senior auditor.

As in the case of apprenticeship under High Court Vakils, it may be provided that this apprenticeship under a qualified auditor need not necessarily be served under one master and that the auditor under whom the apprenticeship is served must himself have had three years' practical experience and be actually practising as an auditor during the whole period of the apprenticeship.

It is understood that the Government of Bombay have under consideration the question of a three years' apprenticeship with a respectable firm following on the period of theoretical training, but it is not clear how they would define 'a respectable firm'.

12. The details of the whole of the Bombay scheme will, I believe, be ready by July next and it might be useful to await their publication before issuing final orders here.

1st April 1916.

C. M. SCHMIDT,
Registrar of Joint Stock Companies.

SUB-ENCLOSURES

(i)

Letter—from K. SUBRAMANYA AYYAR, Esq., B.A., L.T., F.S.A.A., Secretary,
Accountancy Diploma Board, Bombay.

To—the Hon'ble Mr. C. M. SCHMIDT, Registrar of Joint Stock Companies.

Dated—the 18th February 1916.

No.—403/5.

With reference to your letter of the 8th instant, addressed to the Principal of the Government College of Commerce, Bombay, about the Accountancy examinations to be conducted by this Board, I have the honour to state that the scheme drafted by this Board was submitted to the Government of Bombay a few months ago and that it has been approved with a few alterations by the Bombay Government and submitted to the Government of India for final orders. It is expected that the Government of India will forward the scheme to the different Local Governments with their remarks. I believe the Madras Government must have received it from the Government of India by this time, or may receive it during the course of the next month. After the Government of India receive replies from the different Local Governments, the sanction of the Government of India is expected to be forwarded to the Bombay Government. It is only then that the scheme will be finally sanctioned and published.

2. I hope to be able to publish, by July next, the scheme as finally approved by the Government of India. The first Diploma examination will be held in March 1917, and all holders of temporary auditor's certificates will be eligible to appear for that examination, and will be granted the Diploma of this Board on their passing such examination, without any further proof of practical training.

3. Candidates will be examined in—

- (1) Accountancy and Auditing;
- (2) Indian Mercantile Law;

the standard of the examination being the same as that laid down for the Chartered and Incorporated Accountants' Final examinations.

(ii) Joint Stock Companies.

	With paid-up capital.					Total.
	Of or below Rs. 50,000.	Between			Exceeding Rs. 5,00,000.	
		Rs. 50,000 and 1,00,000.	Rs. 1,00,000 and 3,00,000.	Rs. 3,00,000 and 5,00,000.		
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1. Banking and Loan Companies ..	94	47	39	4	6	190
2. Insurance	8	1	..	..	..	9
3. Trading	45	6	9	3	10	72
4. Mills and Presses	16	13	11	1	10	61
5. Tea and Planting	3	4	6	3	..	16
6. Mining	2	2	2	..	..	6
7. Breweries	..	1	..	..	..	1
8. Sugar manufacturing	..	..	..	..	1	1
9. Others	6	..	..	..	..	6
Total of (2) to (9) ..	80	27	28	6	21	162
Grand Total ..	174	74	67	10	27	352

V

Letter—from the Hon'ble Mr. J. H. STONE, M.A., C.I.B., F.R.H.S., Director of
Public Instruction.

To—the Secretary to Government, Educational Department.

Dated—Ootacamund, the 31st May 1916.

No.—Ref. on Cur. 8855.

With reference to Government endorsement No. 1576-1, Educational, dated 9th May 1916, I have the honour to remark that the detailed scheme for the utilization of the Sydenham College of Commerce and Economics, Bombay, as a central examining body for diplomas in Accountancy differs in important particulars from the scheme for an institute of commerce submitted with my letter R.C. No. 3855/1915, dated 8th May 1916.

It is very possible that my scheme might usefully be modified to bring it into line with the Bombay scheme, or it may be that local circumstances will make some divergence inevitable.

I would therefore suggest that the whole question be referred to the committee, the constitution of which I recommended in my letter above referred to.

I note that the supply of publications is made contingent on the acceptance of the Bombay scheme by a local Government. I should however be decidedly against supplying the information asked for in paragraph 2 of the letter of the Secretary of the Accountancy Diploma Board, Bombay. It would be for the Government to furnish a list of candidates for the examination, whose general education had reached the matriculation standard and information to enable the Accountancy Board to check such a list would be unnecessary. It is most undesirable that the Accountancy Board should have any pretext to meddle with departmental or University affairs. These are the only educational publications asked for.

It seems premature to enter into such details as the printing of examination papers and the appointment of a local Superintendent of the examination.

VII

Letter—from the Hon'ble Mr. C. M. SCHMIDT, Registrar of Joint Stock
Companies.

To—the Secretary to Government, Judicial Department.

Dated—Madras, the 26th June 1916.

No.—86-Comp.

I have the honour to reply to memorandum No. 1371-C-1, Judicial, dated the 15th ultimo, forwarding for my remarks the letter from the Government of India, Department of Education, No. 323, dated the 12th April 1916, regarding the utilization of the Sydenham College of Commerce and Economics at Bombay as a central

examining body for conducting examinations at various centres and for awarding a diploma in Accountancy which would be recognised as a basis for the issue of auditor's certificates under the Indian Companies Act, 1913, the Indian Life Assurance Companies Act, 1912, and the Provident Insurance Societies Act, 1912.

2. As the subjects are connected closely, I enclose copy of a note which I sent recently to the Director of Public Instruction on his scheme for the establishment of an Institute of Accountancy in Madras, drafted with reference to G.O. No. 455, Educational, dated the 5th May 1915.

As stated therein (paragraph 5), I am in favour of instituting for the whole of India the same examinations for testing the competency of candidates for auditor's certificates, and so far as auditors with qualifications similar to those of Chartered Accountants are concerned the proposed examination for the Diploma of Accountancy of the Sydenham College would, subject to the remarks I have to offer on the draft regulations, appear to meet the requirements of the case admirably; but as indicated in paragraphs 8 and 9 of my note of the 1st April 1916, the original proposal made in Bombay which seems to have been abandoned, viz., to have two classes of auditors—a senior and a junior—is preferable if modified slightly. The conditions in this Presidency demand some such classification as would create a class of junior auditors whose services would be available for companies of small means, e.g., *nidhis*, the majority of which keep their accounts in the vernacular, have a limited field of operation, follow a simple system of accounting and cannot afford heavy auditor's fees. Under this classification a senior auditor—i.e., a *Diplomate in Accountancy*—might be authorized to act as the sole auditor of a joint stock company or in conjunction with any recognized auditor; whilst a junior auditor would be entitled to act as sole auditor only as regards the accounts of (a) Provident Insurance Societies not registered under the Indian Companies Act and (b) Banking and Loan Companies with paid-up capital not exceeding, say, Rs. 50,000, being required in all other cases to audit in conjunction with a senior auditor, and his audit of accounts in a vernacular being restricted to the vernaculars specified in his certificate.

For the junior class it would also be better to have a single examination for the whole of India of a simpler type than that laid down for the Diploma in Accountancy, and admission to this might be granted to those who have passed the matriculation examination of an Indian University or the School Final Examination of a local Government or some equivalent educational test. The course of practical training might be limited to about eighteen months under (a) a Chartered or Incorporated Accountant or (b) a *Diplomate in Accountancy* or (c) the holder of a permanent, restricted or unrestricted, auditor's certificate granted by a local Government.

These junior auditors might be given some such style as "*Certificated Accountants*".

If the Sydenham College is not prepared to have the double examination, the recruitment of this junior class must be left to the local Government with its local institute, but I would recommend the centralization of all examinations.

3 Subject to this alteration in the main features of the scheme, which will, if accepted, necessitate an amplification of the draft regulations of the Accountancy Diploma Board of Bombay, the latter, so far as they concern the creation and recognition of a superior class of auditors, appear to call for the remarks which follow:—

(i) *Regulation 1.*—(1) In paragraph 4 *infra* I refer to the inadvisability of vesting in a single local Government the power to grant, or to withdraw or to cancel a diploma which will give the holder a status as an auditor throughout India.

(2) It would not be expedient to associate the term "*Government*" with the style of the *Diplomate in Accountancy* since its use might lead to a misapprehension in the minds of the public that the Government held themselves responsible for the actions of the *Diplomates* and that companies whose accounts were audited by them were under the direct supervision of the Government. In this connection I may refer to paragraph 3 of my letter No. 79-Comp. of the 13th instant in which I cited the case of public auditors appointed by the Treasury in England under the *Friendly Societies Act* and the *Industrial and Provident Societies Act*, who are not treated as public servants, draw no salaries, have no claim to pension and are not permitted to

assume the title of "*Government Auditors*," but describe themselves as "*Public Auditors under the Friendly Societies Act, 1896, and the Industrial and Provident Societies Act, 1893.*" In this view the style of "*Diplomate in Accountancy*" or "*Public Diplomate in Accountancy*" should suffice. I have already suggested the style of "*Certificated Accountant*" for the class from which junior auditors would be found.

(ii) *Regulation 3.*—If two examinations are instituted the fee for the junior might be Rs. 25.

(iii) *Regulation 4.*—I consider that the minimum qualification for admission to the examination for a diploma in accountancy should be the Intermediate Examination in Arts of an Indian University or some educational test considered as equivalent thereto. The subjects of advanced accountancy and auditing and of mercantile law require a higher general educational level than that of a matriculate and it has to be remembered that the course of theoretical training is to extend to two academic years only.

(iv) *Regulations 4-8.*—(i) The Institute of Accountancy proposed to be started in this Presidency will, it may be taken for granted, be treated as one "*recognised by the Accountancy Diploma Board*" and the exemptions contemplated by regulations 5 and 6 will bridge the break until those who enter that institution are qualified to appear for the examination.

(ii) The suggestions in paragraph 5 of my note of the 1st April appear to be sufficient to bring the course of study in the Madras Institute up to the standard of the examination for the diploma.

(iii) In order to meet exceptional cases of candidates who have not received a practical training in accounts or who are not already holders of auditors' certificates granted by a local Government but who have undergone theoretical training either by passing technical account tests prescribed by a local Government or by attendance at the "*Schools of Commerce*" hitherto existing, the Accountancy Diploma Board should take power in the regulations to exempt from the conditions laid down in regulation 4 any person or class of persons who in its opinion have had sufficient theoretical training, the grant of such exemptions being limited up to the year 1920.

(iv) In regulation 6 I would also fix a limiting period within which a holder of an auditor's certificate granted by a local Government would be permitted to appear for examination.

(v) Should it be decided to institute two examinations, a senior and a junior, regulations 5 and 6 altered as proposed by me might apply to both.

(vi) *Regulations 7 and 8.*—If two examinations are instituted a simpler syllabus for the junior would be required. That in the draft should suffice for the diploma in accountancy but in regulation 7, under B. *MERCANTILE LAW*, after "*provident insurance societies*" might be added "*co-operative societies*" and "*charitable societies*" as it is advisable that the services of the *diplomates* in accountancy should be utilized by the larger co-operative societies for auditing their accounts under section 17 of the *Co-operative Societies Act, 1912*.

(vii) *Regulations 9 to 11.*—These would apply to both examinations if two were held.

(viii) *Regulation 12.*—(i) The course of practical instruction is apparently either to precede or succeed the passing of the examination [paragraph 13 of the Board's report and clause (d) of regulation 12]. Except in the case of graduates, the draft regulations will make the total course of attendance at a recognized institution and practical training cover a period of five years. In my note of the 1st April (paragraphs 10 and 11) I advocated a total course of four years, but the longer period appears to be better.

(ii) For the junior class I should say that a course of practical training covering a period of 18 months should suffice.

4. The Accountancy Diploma Board recommends that unrestricted certificates should be awarded to all holders of the proposed diploma in accountancy (paragraph 15 of their report dated the 3rd September 1915); but the Government of Bombay

consider (paragraph 3 of letter No. 95, Educational, dated 11th January 1916) that it would be more appropriate if the Government of India were, under the proviso to section 144 (1) of the Indian Companies Act, 1913, to exempt these persons from the necessity of holding certificates. The latter view is no doubt correct, but the question arises as to the authority who would then take disciplinary measures against diplomates in cases of professional misconduct. If, as recommended by the Board, they were holders of unrestricted certificates the Local Government which issued the certificate would, under authority of the rules framed by it under section 144 (2), cancel or suspend a certificate; but if the diplomates are to be viewed as exempted members the authority which grants the diploma, i.e., the Government of Bombay (regulation 1) should take power in this respect. As these diplomas are to carry weight throughout India with reference to the requirements of section 144 of the Indian Companies Act, the vesting of the power to grant, withdraw or cancel them in a single local Government appears to be an undesirable arrangement and in this view the authority should be the Accountancy Diploma Board or better still the Government of India. In any case, as the Accountancy Diploma Board is to be the central examining authority for the whole of India it will be necessary for it to enrol as a member a representative from each Presidency and Province.

5. It seems also to be necessary that the Diploma Board should be empowered to frame by-laws regulating the conduct of diplomates and on this point I would refer to my letter No. 79 Comp. of the 13th instant.

6. Incidentally, from this matter arises the question of the necessity for the continuance of the Government technical examinations in accountancy. A multiplicity of tests is to be avoided.

7. Turning to the question of *supply of publications*, in paragraph 2 of his letter of the 13th September 1915, Mr. Subrahmanya Ayyar states that the Board (i) has to satisfy itself that a candidate for admission to its diploma examination has passed the Matriculation examination, the School Final or an equivalent examination and (ii) must have facilities for ascertaining the terms and conditions on which a candidate who has passed the School Final or an equivalent examination is declared eligible for admission into the colleges of the province concerned.

The Board will find it cumbersome to have in its records numerous volumes of gazettes and to wade through them to find out whether a particular candidate has passed an examination. It would be simpler for it to require a candidate to forward his Matriculation or other University certificate or the School Final register along with his application with the additional precaution that the application should be transmitted to the Board through the Registrar of the University or the Commissioner for Government Examinations, as the case may be, of the Presidency or Province to which the candidate belongs.

With reference to the request in paragraph 5 (a) of the same letter the least round-about course would be for the Government to supply the Accountancy Board from time to time with copy of all its orders regarding the grant or withdrawal of auditors' certificates.

VIII

Letter—from the Hon'ble Diwan Bahadur P. RAJAGOPALA ACHARIYAR
Avargal, C.I.E., Secretary to Government, Home (Education) Department.
To—
Sir BERNARD HUNTER, Kt., Secretary and Treasurer, Bank of Madras, Madras.
Pandit VIDYA SAGAR PANDYA of the Indian Bank.
Mr. IAN FRAZER of Messrs. FRASER & ROSS, Chartered Accountants.
Dated—Ootacamund, the 29th August 1916.
No.—1659-2 (Education).

The question of the establishment of an Institute of Commerce in Madras has been under the consideration of the Government for some time past. In the meanwhile the Government of India have also referred to this Government for opinion the scheme of the Bombay Government for the utilization of the Sydenham College of Commerce and Economics as a central examining body for conducting examinations at various centres and for awarding diplomas in Accountancy. The Madras Government have now resolved to appoint a committee to consider and advise on the two

schemes referred to above, and they propose to invite you to serve on the committee which will probably consist of the following gentlemen besides yourself:—

- (1) The Director of Public Instruction, *Chairman*.
- (2) The Registrar of Joint Stock Companies.
- (3) Sir Bernard Hunter, Kt., Secretary and Treasurer, Bank of Madras, Madras.
- (4) Pandit Vidya Sagar Pandya of the Indian Bank.
- (5) Mr. Ian Frazer of Messrs. Fraser & Ross, Chartered Accountants.

2. I am directed to enquire whether you would be willing to serve on the committee and give it the benefit of your experience.

IX

Letter—from the Hon'ble Diwan Bahadur P. RAJAGOPALA ACHARIYAR Avargal, C.I.E., Secretary to the Government of Madras, Home (Education) Department.

To—the Secretary to the Government of India, Department of Education.

Dated—Ootacamund, the 29th August 1916.

No.—1659-3 (Education).

I am directed to refer to your letter No. 323, dated the 12th April 1916, and Mr. Anderson's reminder thereto No. 703, dated the 18th July 1916, and to state that a committee is being constituted to consider the details of a scheme for the establishment of an Institute of Higher Accountancy and Auditing in Madras and that it is proposed to refer to that committee the scheme for the utilization of the Sydenham College of Commerce and Economics, Bombay, as a central examining body for conducting examinations at various centres and for awarding diplomas in Accountancy. The opinion of this Government on the latter scheme will be forwarded as soon as the report of the committee is received and disposed of.

X

Letter—from Mr. IAN FRAZER of Messrs. FRASER & ROSS, Chartered Accountants.

To—the Secretary to Government, Home (Education) Department.

Dated—Madras, the 31st August 1916.

With reference to your letter No. 1659-2, dated 29th instant, I am prepared to serve on the committee mentioned by you.

XI

Letter—from Sir BERNARD HUNTER, Kt., Secretary and Treasurer, Bank of Madras, Madras.

To—the Secretary to Government, Home (Education) Department.

Dated—the 31st August 1916.

No.—S.L. 147-449.

I have the honour to acknowledge receipt of your letter No. 1659-2, dated 29th instant advising me that the Government of Madras have resolved to appoint a committee to consider schemes for the establishment of an Institute or College of Commerce and Economics.

I thank you for your invitation to join the committee but much regret that for reasons I have explained in a personal letter to the Hon'ble Diwan Bahadur P. Rajagopala Achariyar, I am unable to serve.

XII

Letter—from Pandit VIDYA SAGAR PANDYA of the Indian Bank.

To—the Secretary to Government, Home (Education) Department.

Dated—Madras, the 2nd September 1916.

With reference to your letter No. 1659-2, dated 29th August 1916, should the Government be pleased to appoint me as a member of the committee referred to by you, I shall be glad to serve on the same.

XIII

Letter—from M.R.Ry. K. SUBRAMANYA AYYAR AVARGAL, B.A., J.P., F.S.A.A.
To—the Hon'ble Sir P. S. SIVASWAMI AYYAR, K.C.S.I., C.I.E., Member of Council.
Dated—Bombay, the 18th September 1916.

I understand that a committee is to be appointed by the Madras Government for considering and reporting upon the schemes that have been drafted for establishing an Institute of Commerce and Accountancy in Madras. I, therefore, write to say that I shall be glad and willing to serve on that committee if my special experience is considered likely to be useful. My experience of the working of commercial schools and colleges in Bombay and Madras and my present position as a Practising Accountant, an expert member of the Advisory Board of the Government College of Commerce, Bombay, and as Secretary to the Accountancy Diploma Board of Bombay will, I trust, enable me to suggest methods for making the proposed institute in Madras a success.

2. I may add that I do not aspire to an appointment in the proposed Institute of Commerce and that I do not seek any remuneration for my services as a member of the committee.

XIV

Letter—from the Hon'ble Diwan Bahadur P. RAJAGOPALA ACHARIYAR AVARGAL, C.I.E., Secretary to Government, Home (Education) Department.
To—M.R.Ry. K. SUBRAMANYA AYYAR AVARGAL, B.A., J.P., F.S.A.A.
Dated—Ootacamund, the 23rd September 1916.
No.—3422-1 (Education).

I am directed to acknowledge the receipt of your letter, dated the 18th September 1916 to the Hon'ble Sir P. S. Sivaswami Ayyar, K.C.S.I., C.I.E., intimating your willingness to serve on the Committee that may be appointed to consider and report on the question of establishing an Institute of Commerce and Accountancy in Madras.

XV

Letter—from the Hon'ble Diwan Bahadur P. RAJAGOPALA ACHARIYAR AVARGAL, C.I.E., Secretary to Government, Home (Education) Department.
To—J. H. THONGER, Esq., Managing Director, Messrs. Spencer & Co., Madras.
Dated—the 2nd October 1916.
No.—1659-4.

The question of the establishment of an Institute of Commerce in Madras is under the consideration of the Government as also a scheme of the Bombay Government for the utilization of the Sydenham College of Commerce and Economics as a central examining body for conducting examinations at various centres and for awarding diplomas in Accountancy. The Government have resolved to appoint a committee to consider and advise on the two schemes referred to above, and they propose to invite you to serve on the committee, which will consist of the following gentlemen besides yourself :—

- (1) The Director of Public Instruction, *Chairman*.
- (2) The Registrar of Joint Stock Companies.
- (3) Pandit Vidya Sagar Pandya of the Indian Bank.
- (4) Mr. Ian Frazer of Messrs. Frazer & Ross, Chartered Accountants.

2. I am directed to enquire whether you would be willing to serve on the committee and give it the benefit of your experience.

XVI

Letter—from J. H. THONGER, Esq., Managing Director, Messrs. Spencer & Co., Madras.
To—the Secretary to Government, Home (Education) Department.
Dated—the 4th October 1916.

I have the honour to acknowledge receipt of your letter No. 1659-4, dated the 2nd October, and whilst appreciating the honour you have done me in asking me to serve on the Committee appointed in connection with the establishment of an Institute of Commerce in Madras, I much regret that circumstances do not permit me to accept your offer.

XVII

Letter—from the Hon'ble Diwan Bahadur P. RAJAGOPALA ACHARIYAR AVARGAL, C.I.E., Secretary to Government, Home (Education) Department.
To—M.R.Ry. Rao Bahadur M. A. PARTHASARATHI AYYANGAR AVARGAL, B.A., B.L., Head Cashier, Bank of Madras.
Dated—the 20th October 1916.
No.—3575-1.

The question of the establishment of an Institute of Commerce in Madras is under the consideration of the Government as also a scheme of the Bombay Government for the utilization of the Sydenham College of Commerce and Economics as a central examining body for conducting examinations at various centres and for awarding diplomas in Accountancy. The Government have resolved to appoint a committee to consider and advise on the two schemes referred to above, and they propose to invite you to serve on it. The committee will consist of the following gentlemen besides yourself :—

- (1) The Director of Public Instruction, *Chairman*.
- (2) The Registrar of Joint Stock Companies.
- (3) Pandit Vidya Sagar Pandya of the Indian Bank.
- (4) Mr. Ian Frazer of Messrs. Frazer and Ross, Chartered Accountants.

2. I am directed to enquire whether you would be willing to serve on the committee and give it the benefit of your experience.

XVIII

Letter—from M.R.Ry. Rao Bahadur M. A. PARTHASARATHI AYYANGAR AVARGAL, B.A., B.L., Head Cashier, Bank of Madras.
To—the Secretary to Government, Home (Education) Department.
Dated—the 21st October 1916.

I have the honour to acknowledge with thanks receipt of your letter No. 3575-1, dated 20th instant, and in reply beg to state that I shall be very pleased to serve on the committee in question.

Order—No. 1131, Home (Education), dated 27th October 1916.

With reference to the question of establishing a College of Higher Accountancy and Auditing in Madras which would serve the needs of this Presidency, the Government in their Order No. 485, Educational, dated the 5th May 1915, requested the Director of Public Instruction to submit detailed proposals. The Director of Public Instruction has in reply submitted a draft scheme for the establishment of an Institute of Commerce in Madras. In the meanwhile the Government of India have referred to this Government for opinion the scheme of the Government of Bombay for the utilization of the Sydenham College of Commerce and Economics as a central examining body for conducting examinations at various centres in India and for awarding diplomas in Accountancy.

2. His Excellency the Governor in Council has now resolved to appoint a committee consisting of the following gentlemen to consider and advise on the schemes referred to above :—

- The Director of Public Instruction, *Chairman*.
The Registrar of Joint Stock Companies.
Pandit Vidya Sagar Pandya of the Indian Bank, Madras.
Mr. Ian Frazer of Messrs. Frazer and Ross, Chartered Accountants, Madras.
M.R.Ry. Rao Bahadur M. A. Parthasarathi Ayyangar Avargal, B.A., B.L., Head Cashier, Bank of Madras, Madras.

3. The Director of Public Instruction should arrange for the meeting of the committee and forward to the Government a copy of its proceedings with his own remarks thereon, at an early date.

(True Extract)

P. RAJAGOPALA ACHARIYAR,
Secretary to Government.

To the Director of Public Instruction.

" the Registrar of Joint Stock Companies, Madras.

" Pandit Vidya Sagar Pandya, the Indian Bank, Madras.

" I an Fraser, Esq., of Messrs. Fraser and Ross, Chartered Accountants, Madras.

" M.R.Ry. Rao Bahadur M. A. Parthasarathi Ayyangar Avargal, B.A., B.L., the Madras Bank, Madras.

Copy to the Home (Judicial) Department.

Editors' Table (Order only).

Endorsement—No. 1132, Home (Education), dated the 27th October 1916.

Copy to the Government of India, Department of Education, in continuation of letter No. 1659-8, Educational, dated the 29th August 1916.

P. RAJAGOPALA ACHARIYAR,
Secretary to Government.

HOME (EDUCATION) DEPARTMENT.

NOTES CONNECTED WITH G.O. Nos. 1131-32, HOME (EDUCATION),
DATED 27TH OCTOBER 1916.

[SUBJECT.—*Scheme for the utilization of the Sydenham College of Commerce and Economics, Bombay, as a central examining body for conducting accountancy examinations at various centres and for awarding a diploma in accountancy.*]

Previous papers :

G.O.	260-61, Judicial,	4th Feb. 1914
"	369, Educational, 2nd Apr. "	
"	1478, Judicial, 3rd July "	
"	485, Educational, 5th May 1915	
"	590, " 5th June "	
"	Mis. 374, " 4th Apr. 1916	

From the Government of India, No. 328, dated the 12th April 1916.

Please see paragraphs 6 and 7 of the Government of India's letter on pages 3 and 4 of G.O. No. 260, Judicial, dated the 4th February 1914, from which it will appear that the Government of India already suggested that it might be a convenience if the examinations in Accountancy held by the Bombay Government in connection with the College of Commerce in Bombay, could be held in centres outside Bombay, the certificates awarded on its results being recognised as valid throughout India. In their reply to India this Government agreed to accept the diploma granted by the Bombay College of Commerce as a sufficient qualification for the eventual grant of permanent certificates to auditors in this Presidency, but stated that, until an examining agency was established in this Presidency, this Government should be consulted in the framing of regulations for the examinations held by the Bombay College and should make its own rules for the apprenticeship and presentation of candidates. This Government were also of opinion that some adaptation of the papers to varying local conditions might also be desirable in order to test the candidate's ability to audit vernacular accounts and that the examination itself should be conducted at not less than three or four centres in this Presidency. In conclusion this Government stated they were not then in possession of a comprehensive knowledge of the requirements of this Presidency and that the information which they possessed led them to think that it might eventually be found necessary to make special provision for training and examining candidates within the Presidency itself—vide paragraphs 4 and 7 of letter No. 261, Judicial, dated the 4th February 1914.

2. Subsequently the Government had under their consideration the question of providing facilities for the training of auditors in this Presidency, and in paragraph 2 of G.O. No. 485, Educational, dated the 5th May 1915, they stated that they would be prepared to consider the question of establishing a college of higher Accountancy and Auditing in Madras which would fully serve the needs of the Presidency and requested the Director of Public Instruction to submit detailed proposals therefor.

These proposals have not yet been received* from the Director of Public Instruction.

* Since received.

3. In August last the Hon'ble Mr. Sharp expressed the desire to see the detailed scheme for the establishment of an institution for training auditors and accountants in Madras, before any action was taken upon it by this Government, in view of certain developments which were then taking place in Bombay. He also subsequently forwarded a copy of the Bombay Government's resolution on the Bombay developments referred to above, and stated that he was asking that Government to expedite matters, so that the Madras Government might be able to consider the possibility of an examination common to the two (Madras and Bombay) institutions, as such an arrangement would make for convenience and efficiency. The Bombay Government's resolution has been forwarded to the Director of Public Instruction for utilization in connection with the preparation of the scheme for the establishment of a college of higher accountancy and auditing in Madras.

4. The Government of India have now forwarded the detailed scheme of the Bombay Government for the utilization of their college, now called the Sydenham College of Commerce and Economics, as a central examining body for conducting examinations at various centres and for awarding a diploma in Accountancy which could be recognised as a basis for the issue of certificates to auditors under the Indian Companies Act, 1913, the Indian Life Assurance Companies Act, 1912, and the Provident Insurance Societies Act, 1912; and they wish to be favoured with an opinion on the scheme at a very early date. It is submitted that the scheme and the further communication from the Government of Bombay may in the first instance be

P.R.—9-5-16. referred to the Director of Public Instruction for remarks. A draft endorsement is submitted for approval.

* Issued as endorsement No. 1576-1, Educational, 9th May 1916.

5. After issue* the file may be forwarded to the Judicial Department for obtaining the views of the Inspector-General of Registration on the scheme.

A.S.—6-5-16.

T.K.—6-5-16.

Yes.

P. RAJAGOPALA ACHARIYAR—9-5-16.

[Endorsement No. 1576-1, Education, dated 9th May 1916.]

To the Judicial Department.

JUDICIAL DEPARTMENT.

A draft memorandum to the Registrar of Joint Stock Companies is submitted.

A.V.S.—12-5-16.

M.V.V.—12-5-16.

Issue.

E. A. HARVEY—15-5-16.

[Memorandum No. 1371-C/1, dated the 15th May 1916.]

To the Educational Department.

EDUCATIONAL DEPARTMENT.

From the Director of Public Instruction, No. 3855/15, dated the 8th May 1916.

In accordance with paragraph 2 of G.O. No. 485, Educational, dated the 5th May 1915, the Director of Public Instruction has submitted a draft scheme for the establishment of a college of higher accountancy and auditing in Madras. In the concluding portion of his note on the draft scheme Mr. Schmidt has suggested that

it might be useful to await the publication of the Bombay Government scheme before issuing final orders. The Director of Public Instruction has also agreed with this view.

2. The Government of India have recently forwarded for the opinion of this Government a copy of the Bombay Government letter regarding the utilization of the Bombay College of Commerce as a central examining body for conducting examinations at various centres in India and for awarding diplomas in Accountancy. The Bombay scheme has been referred to the Director of Public Instruction and the Inspector-General of Registration for remarks. It seems desirable to have these remarks also before finally dealing with the scheme now submitted by the Director of Public Instruction so that any alteration which might be suggested in the scheme with reference to the Bombay scheme may also be carried out. It is therefore for

Yes.

P.R.—30-5-16.

orders whether the consideration of the proposal now submitted by the Director of Public Instruction may lie over pending the receipt of the remarks of the Director of Public Instruction and the Inspector-General of Registration on the Bombay scheme referred to above.

3. In this connection attention is solicited to the demi-official correspondence wherein the Government of India desired to see the scheme before any action was taken upon it in view of certain developments which were then taking place in Bombay.

Must we not say how far the scheme is acceptable to Government?

P.R.—30-5-16.

A copy of the Director's letter with its enclosures may, it is submitted, be forwarded to the Government of India. A draft demi-official is submitted for approval.

A.S.—26-5-16.

T.K.—27-5-16.

The Government of India wished to see the scheme before any action was taken upon it and this Government promised to send a copy of the scheme as soon as it was formulated by the Director of Public Instruction and before taking any action. It was therefore thought that the Government of India might be furnished with an advance copy of the Director's scheme. Should it be considered desirable to state as to how far the scheme is acceptable to this Government, it is submitted that the scheme will have to be examined in detail which can be done only after the receipt of the remarks of the Director of Public Instruction and the Inspector-General of Registration on the Bombay scheme, as stated in the concluding portion of paragraph 2 of the office-note above. It is therefore for orders whether a copy of the Director's scheme may be forwarded to the Government of India in advance for information or whether it may be forwarded along with the views of this Government after detailed examination.

A.S.—2-6-16.

T.K.—2-6-16.

I have no objection to the scheme being sent up in advance: but you must add that a detailed examination is being made and that the views of this Government will follow.

P. RAJAGOPALA ACHARIYAR—6-6-16.

A revised draft demi-official is submitted for approval.

A.S.—8-6-16.

T.K.—8-6-16.

P.R.—10-6-16.

Demi-official—from the Hon'ble Diwan Bahadur P. RAJAGOPALA ACHARIYAR
Avargal, C.I.E., Secretary to the Government of Madras,
Educational Department.

To—the Hon'ble Sir E. D. MACLAGAN, K.C.I.E., C.S.I., I.C.S., Secretary to the
Government of India, Department of Education.

Dated—Ootacamund, the 10th June 1916.

No.—1659-1, Educational.

With reference to the correspondence ending with Mr. Sharp's demi-official No. 274, Education, dated the 27th October 1915, regarding the proposal to establish an institution for training auditors and accountants in Madras, I am directed to forward in advance a copy of the letter from the Director of Public Instruction, Madras, No. 3855/15, dated the 8th May 1916, relating to the establishment of an Institute of Commerce in Madras and to add that the scheme is being subjected to detailed examination and that the views of this Government will follow.

HOME (JUDICIAL) DEPARTMENT.

From the Registrar of Joint Stock Companies, No. 86-Comp, dated the 26th June 1916.

The views of the Inspector-General of Registration have been obtained. Submitted that this file may be sent to Educational for consideration of the Inspector-General's remarks along with the Director of Public Instruction's reply if this has been received in that department.

A.V.S.—30-6-16.

M.V.V.—30-6-16.

E. A. HARVEY—3-7-16.

To the Educational Department.

EDUCATIONAL DEPARTMENT.

From the Director of Public Instruction, R.O.C. No. 3855, dated the 31st May 1916.

The remarks of the Director of Public Instruction and the Registrar of Joint Stock Companies have been received.

2. The Registrar of Joint Stock Companies is in favour of instituting for the whole of India the proposed examination for the diploma of accountancy of the Sydenham College at Bombay. As regards the main features of the scheme Mr. Schmidt considers that it is preferable to have two classes of auditors—a senior and a junior—as the conditions of this Presidency demand some such classification as would create a class of junior auditors whose services would be available for companies of small means, e.g., *nidhis*—the majority of which keep their accounts in the vernacular, follow a simple system of accounting and cannot afford heavy audit fees. While a senior auditor—a Diplomat in Accountancy—can act as the sole auditor of a joint stock company, a junior auditor would be entitled to do so only as regards the accounts of (a) provident insurance societies not registered under the Indian Companies Act and (b) banking and loan companies with paid-up capital not exceeding, say, Rs. 50,000; and in other cases he should audit in conjunction with a senior auditor, the former's audit of accounts (in vernacular) being restricted to the vernaculars specified in his certificate. Mr. Schmidt also considers it better to have a single examination for the whole of India of a relatively simple type for the junior class of auditors, admission being granted to those who have passed the Matriculation Examination of an Indian University or the School Final Examination of a Local Government or some equivalent test. The course of practical training might be limited to about eighteen months under a qualified practising auditor. The junior auditors may be styled "Certificated Accountants."

If the Sydenham College is not prepared to have the proposed double examination, Mr. Schmidt is of opinion that the recruitment of the junior class must be left to the Local Government.

In this connection attention is solicited to paragraphs 3 and 4 of letter to the Government of India, No. 261, Judicial, dated the 4th February 1914, in which this Government have already informed India of the existence of *nidhis* or mutual loan associations in this Presidency and have also stated that an expensive audit would press heavily on many societies of this class. We may therefore, it is submitted, now urge on the Government of India the desirability of the Sydenham College holding a *double* examination, one for the senior and another for the junior class of auditors. If that college is not prepared to do so, provision may be made for the junior class of men in the Institute of Commerce which it is proposed to establish in Madras.

3. The remarks of the Registrar of Joint Stock Companies on the draft Regulations are dealt with below :—

Regulation 1.—“The diploma in accountancy of the Sydenham College of Commerce and Accountancy will be awarded by the Government of Bombay, on the recommendation of the Accountancy Diploma Board, to a candidate who has proved to the satisfaction of the Board”

Mr. Schmidt considers it inadvisable to vest in a single Local Government the power to grant, or to withdraw, or to cancel, a diploma which will give the holder status as an auditor throughout India. He suggests that the authority should be the Accountancy Diploma Board, or better still the Government of India, and his reasons are given in paragraph 4 of his letter. It seems desirable that such authority should be the Accountancy Diploma Board itself instead of the Government of India, as it may be convenient to address the latter every time that it is desired by the Local Government to withdraw or cancel a diploma; and further it would seem desirable to reserve the Government of India as appellate authority in these cases. Moreover, as observed by Mr. Schmidt, it is the Accountancy Diploma Board who should be the central examining authority for the whole of India and it is therefore necessary for it to enrol as a member a representative from each Presidency and Province. Consequently it would seem desirable that that Board should have also the power to grant or withdraw, or cancel diplomas.

Regulation 1 also provides that the “holders of this diploma will be styled ‘Government Diplomates in Accountancy’.”

Mr. Schmidt rightly objects to associate the term “Government” with the style of the Diplomat in Accountancy, as its use may possibly lead to misapprehension in the minds of the public that the Government hold themselves responsible for the actions of the diplomates. He therefore suggests the style of “Diplomat in Accountancy” or “Public Diplomat in Accountancy.” The latter style seems to be better and may, it is submitted, be agreed to. His suggestion to use the expression “Certificated Accountants” for the junior auditors may also be accepted.

4. *Regulation 2* provides for the selection of centres in the different provinces in consultation with the Local Government. No remarks are called for.

5. *Regulation 3* prescribes a fee of Rs. 50 per candidate for admission to the examination. Mr. Schmidt suggests a fee of Rs. 25 for the junior auditors' examination. His suggestion may be accepted.

6. *Regulation 4* provides that “a candidate for admission to this examination must have passed the Matriculation Examination of an Indian University or the School Final Examination conducted by a Local Government or any other examination which in the opinion of the Accountancy Diploma Board is equivalent to these”

Mr. Schmidt considers that the minimum qualification for admission should be the Intermediate Examination-in-Arts of an Indian University, or some educational test considered as equivalent thereto, his ground being that the subjects of advanced accountancy and auditing and mercantile law require a higher general educational level than that of a Matriculate and that the course of theoretical training is to extend to two academic years only. It is submitted that Mr. Schmidt's suggestion may be agreed to.

7. Regulation 5 provides that a candidate who has received adequate practical training in accounts, as defined in regulation 12, for a period of not less than two years, shall be eligible to appear for the diploma examination up to the year 1920 without the production of a certificate of attendance at a recognised institution; and

Regulation 6 provides for the admission to the examination of every holder of an auditor's certificate granted by a Local Government under the Indian Companies Act, 1913, even though he may not satisfy the conditions laid down in Regulation 4.

In order to meet the case of candidates who have undergone theoretical training by passing technical Account tests prescribed by a Local Government or by attendance at existing schools of commerce, Mr. Schmidt suggests that the Accountancy Diploma Board should take power to exempt from the conditions laid down in regulation 4 any person or class of persons who in its opinion have had sufficient theoretical training, the grant of such exemptions being allowed up to the year 1920. Mr. Schmidt also suggests that in regulation 6 a limit may be fixed within which the holder of an auditor's certificate may be permitted to appear for the examination. Submitted that these suggestions seem to be reasonable and may be accepted.

8. Regulation 7 prescribes the subject in which the candidates will be examined.

Mr. Schmidt suggests that the Indian Law relating to co-operative societies and charitable societies may be added under *B. Mercantile Law* on the ground that the services of the Diplomates in Accountancy could be utilised by the larger co-operative societies for auditing their accounts. He also suggests that, if two examinations are instituted, a simpler syllabus for the junior auditors would be required. Submitted that these suggestions may be approved.

9. Regulation 12 prescribes a five years' course in accounts—two years in a recognised professional institution and three years' apprentice course under a practising accountant—the period being reduced from five to three years' practical training in the case of graduates of a University.

In connection with the scheme for the establishment of an Institute of Commerce in Madras, Mr. Schmidt has suggested a four years' course, inclusive of two years' practical training under a qualified auditor who is actually practising as an auditor during the period of apprenticeship. Mr. Schmidt, however, now considers that the longer period is the better one. It is however submitted that, if the Intermediate Examination is prescribed as the minimum qualification for admission, it seems sufficient to prescribe a four years' course—two years' theoretical and two years' practical—as it is likely that a longer course than that may deter many students from entering the profession the prospects in which are rather uncertain at present.

For the junior class of auditors Mr. Schmidt would prescribe a practical course of 18 months. The suggestion may be accepted.

10. Mr. Schmidt suggests that the Accountancy Diploma Board should be empowered to frame by-laws regulating the conduct of diplomates. It seems desirable to have such a provision and it may be embodied at the end of regulation 14 which empowers the Board to frame by-laws providing for the recognition of accountants, admission and registration of apprentices under regulation 12 and the recognition of institutions.

11. Mr. Schmidt doubts the necessity for the continuance of the existing Government Technical Examinations in Accountancy. It is submitted that these may be abolished after the Bombay scheme comes into operation.

12. As regards the supply of certain publications to the Accountancy Diploma Board, the printing of question papers and the conduct of examinations, referred to in the letter of the Secretary of that Board, the Director of Public Instruction is against the supply of all the educational notifications required in paragraph 2 thereof on the ground that it is most undesirable that the Board should have any pretext to meddle with departmental or University affairs. He therefore suggests that the Government may furnish the Board with a list of candidates for the examination whose general education had reached the Matriculation standard. Mr. Schmidt

however suggests that it would be simpler for the Board to require a candidate to forward his Matriculation or other University certificate, or the School Final Register (along with his application) through the Registrar of the University or the Commissioner for Government Examinations as the case may be.

Mr. Schmidt's suggestion is perhaps better, but it has to be presumed that the Registrar of the University or the Commissioner would not be unwilling to undertake the work gratuitously.

As regards the request in paragraph 5 (a) of the Secretary's letter regarding the supply by the Registrar of Joint Stock Companies of alterations in the list of holders of auditors' certificates, Mr. Schmidt suggests that the Government may supply the Accountancy Board from time to time with copies of all orders regarding the grant or withdrawal of auditors' certificates. The suggestion may be accepted as being the simplest course.

As observed by the Director of Public Instruction, it is premature to enter into such details as the printing of examination papers and the appointment of the local superintendent of the examination referred to in paragraphs 5 (b) to (d) of the Secretary's letter.

13. As in several important particulars the scheme submitted by the Director of Public Instruction differs from the Bombay scheme, the Director (in his remarks on the latter) states that his "scheme might usefully be modified to bring it into line with the Bombay scheme or it may be that local circumstances will make some divergence inevitable." He therefore suggests that the whole question be referred to a committee or advisory council. It is for consideration whether, before the scheme

This may, I think, be done
P.R.—13-8-16.

is subjected to detailed examination, it may, as suggested by the Director of Public Instruction, be referred to a committee. If so, the question of its constitution will have to be considered.

14. In paragraph 3 of his scheme the Director of Public Instruction proposes that the advisory council should consist of—

- (1) the Collector of Madras as President,
- (2) the Principal of the Institute of Commerce as Secretary,
- (3) the Registrar of Joint Stock Companies,
- (4) the Deputy Accountant-General, and
- (5) members nominated by Government from among the chartered accountants, bankers and merchants of Madras in such a way as to secure due representation of such commercial organisations as the Chamber of Commerce.

15. In his note on the Director's scheme Mr. Schmidt remarks that the advisory council in Madras should in any case include (1) the Director of Public Instruction, (2) the Principal of the Institute of Commerce and (3) the Secretary and Treasurer of the Bank of Madras, as well as the Registrar of Joint Stock Companies who comes in close contact with practising auditors. He does not think that the

I agree.
P.R.—13-8-16.

Deputy Accountant-General is necessary on the council, as he does not deal with commercial accounts. For the same reason

it would appear that the Collector of Madras too need not be included in the council.

16. In the Bombay scheme the Accountancy Diploma Board consists of—

- (1) The Director of Public Instruction, Bombay—Chairman.
- (2) The Principal of the College of Commerce.
- (3) The Secretary and Treasurer, Bank of Bombay.
- (4) A senior Chartered Accountant.
- (5) A senior Incorporated Accountant.
- (6) and (7) Two experts in Mercantile Law.

One of the members of the Board is appointed by Government from time to time to officiate as Secretary.

17. It is for consideration whether the committee may for the present be composed of—

These three are necessary.
P.R.—13-8-16.

- (1) the Director of Public Instruction, Madras, as Chairman.
- (2) the Secretary and Treasurer of the Bank of Madras.
- (3) the Registrar of Joint Stock Companies.

(4) Certain number of members nominated by Government from among the chartered accountants, bankers and merchants.

As regards (4) some of the persons fit for nomination appear to be—

Nos. (2) and (3) may be taken.
P.R.—13-8-16.

- (1) Messrs. Frazer and Ross, Chartered Accountants.
- (2) Vidya Sagar Pandya.
- (3) F. H. Oakley.
- (4) Rao Bahadur A. Krishnaswami Rao.

The last three persons hold permanent unrestricted certificates granted by the Madras Government in accordance with rules made under section 144 (2) of the Indian Companies Act.

Nos. 1, 2, 25 on page 3 of Judicial letter 1376 C-1, 21st May 1915.

18. Orders are solicited as to whether the whole question may be referred to a committee the constitution of which is recommended by Mr. Stone, or whether a reply may be sent to the Government of India embodying the remarks of the Registrar of Joint Stock Companies with such modifications as may seem necessary. The Government of India have asked for an early reply and a reminder has recently been received from that Government.

The remarks of the Judicial Department may be obtained u.o. in the first instance.

T.K.—28-7-16.

A committee may be appointed to deal with the whole question and report thereon and it may consist of—

- (1) The Director of Public Instruction as Chairman,
- (2) Sir Bernard Hunter of the Madras Bank,
- (3) The Registrar of Joint Stock Companies,
- (4) Mr. Vidya Sagar Pandya of the Indian Bank, and
- (5) Mr. F. H. Oakley.

P. RAJAGOPALA ACHARIYAR—13-8-16.

Demi-official—from T. E. MOIR, Esq., I.C.S., Private Secretary to His Excellency the Governor.

To—the Hon'ble Diwan Bahadur P. RAJAGOPALA ACHARIYAR Ayangal, C.I.E., Secretary to Government, Home Department (Education).

Dated—Government House, Ootacamund, the 14th August 1916.

Would you kindly give me information as to Mr. F. H. Oakley who is suggested as a member of this Committee. There is a Mr. H. Oakley shown as a Public Accountant and Auditor (page 1948 of Lawrence Asylum Press Almanack) while I find that Mr. F. H. Oakley is shown as an Accountant and Auditor (page 1755). The leading firm of accountants in Madras is Messrs. Frazer and Ross—in fact they are the only Chartered Accountants—and perhaps Mr. Ian Frazer would be a more helpful member than Mr. Oakley. His Excellency would be glad to have your views on this matter.

Submitted that Mr. Oakley referred to in the note is Mr. F. H. Oakley who is shown on page 1755 of the Asylum Press Almanack as an Accountant and Auditor. He is one of the three to whom the local Governments have granted an unrestricted

permanent certificate under the Indian Companies Act. The Government Order granting Mr. Oakley the certificate is not available at Ootacamund and some further particulars about him would be available there.

Mr. Ian Frazer is a partner of Messrs. Frazer and Ross, the only Chartered Accountants in Madras. There seems to be no objection to his nomination on the committee.

C. RAMANUJA ACHARIYAR—15-8-16.

Mr. Ian Frazer may be put in instead of Mr. F. H. Oakley : or better still both of them may be appointed to the committee, in which case the total number of members would be six, which does not appear to be too large.

P. RAJAGOPALA ACHARIYAR—15-8-16.

To the Private Secretary to His Excellency the Governor.

PRIVATE SECRETARY'S OFFICE.

From enquiries made His Excellency is of the opinion that Mr. Oakley would hardly carry sufficient weight in these matters. His name may therefore be omitted.

(By order)

T. E. MOIR—21-8-16.

HOME (EDUCATION) DEPARTMENT.

May not both the files be made into one and disposed of by a single Government Order?

P.R.—22-8-16.

Though both the files deal with the same subject, it is respectfully submitted

Since combined, that orders will have to issue separately on the two schemes since one requires a reply to the Government of India on the Bombay scheme and on the other a Government Order has to issue approving or otherwise the Director of Public Instruction's scheme for the establishment of an Institute in Madras. The Government of India will have to be replied as soon as the report of the proposed committee is received, while orders on the establishment of the Institute may have to be deferred till Financial is prepared to provide funds for the establishment of the Institute. In these circumstances, it is for orders whether the files may be kept distinct.

2. Before appointing Sir Bernard Hunter and others as members of the committee it will have to be ascertained whether the non-official members are willing to serve on the committee. If so, the draft letter is for approval.

3. Before issue of the letter it is submitted that the files may be circulated to the Honourable Member (Registration).

A.S.—24-8-16.

T.K.—25-8-16.

The files may be thrown into one after the letter to the three non-officials issues.

C.R.—27-8-16.

P.R.—28-8-16.

A draft letter to the Government of India is submitted for approval.

A.S.—24-8-16.

T.K.—25-8-16.

C.R.—27-8-16.

P.R.—28-8-16.

[Issued as Letter No. 1659-2, Education, dated the 29th August 1916.]

[Issued as Letter No. 1659-3, Education, dated the 29th August 1916.]

Letter from Ian Frazer, Esq., dated the 31st August 1916.

Letter from Sir Bernard Hunter, Secretary and Treasurer, Bank of Madras, dated the 31st August 1916.

Demi-official—from Sir BERNARD HUNTER, Kt., Secretary and Treasurer, Bank of Madras.

To—the Hon'ble Diwan Bahadur P. RAJAGOPALA ACHARIYAR Avargal, C.I.E., Secretary to Government, Home Department (Education).

Dated—the 31st August 1916.

No.—147/60.

With reference to my letter of date to your official address, I regret I am unable to accept Government's invitation to join the committee appointed to enquire into the schemes for establishing an Institute or College of Commerce and Economy, as I observe that one of my colleagues would be Mr. Vidya Sagar Pandya. Since Mr. Pandya's advent in Madras he has steadily worked to bring about racial ill-feeling in the mercantile community of Madras, and from a former experience I know it would be quite impossible for me to work with him on a committee. I must add that in my opinion a man who has shown himself to be so lacking in the sense of responsibility as Mr. Pandya did in his memorandum to the Royal Commission on Indian Finance is not a fitting person to sit on a committee of the importance of the one now proposed.

Demi-official—from the Hon'ble Mr. J. H. STONE, C.I.E., Director of Public Instruction.

To—the Hon'ble Diwan Bahadur P. RAJAGOPALA ACHARIYAR Avargal, C.I.E., Secretary to Government, Home Department (Education).

Dated—Ootacamund, the 4th September 1916.

No.—C. 31/Confid.

Sir Bernard Hunter informs me that he is unable to serve on Institute of Commerce Committee and suggests the name of Dr. Gilbert Slater. I do not know what the constitution of the committee is, but since I presume that the question of instruction in economics will arise, the suggestion seems worth considering.

Letter from Pandit Vidya Sagar Pandya, dated the 2nd September 1916.

Of the non-official gentlemen who were invited to join the proposed committee in connection with the establishment of an Institute of Higher Accountancy and Auditing in Madras and the utilization of the Sydenham College of Commerce and Economics, Bombay, as a central examining body for the award of diplomas

P.R.—7-9-16. in Accountancy, Mr. Ian Frazer and Pandit Vidya Sagar Pandya have expressed their willingness to serve thereon.

2. Sir Bernard Hunter of the Madras Bank finds himself unable to accept the invitation for personal reasons set out in his demi-official communication above.

Quite out of the question, I think, to go back on the proposal.

P.R.—7-9-16.

Pandit Vidya Sagar has, however, consented to serve on the committee and it would be a delicate matter to reverse this arrangement. The Hon'ble Mr. Stone suggests that Dr. Slater, the University Professor of Economics, may be put in Sir Bernard's place and adds that, since the question of instruction in economics may arise, his suggestion is worth considering. Orders are solicited whether the recommendation may be accepted.

E.A.V.—6-9-16.

N.K.—6-9-16.

Perhaps another who has *practical* dealings in the subject may be preferable.

C. RAMANUJA ACHARIYAR—6-9-16.

Please see Sir Bernard Hunter's demi-official and Mr. Stone's demi-official above. I support the latter's proposal to appoint Mr. Slater to the Committee.

High as is my opinion of Sir Bernard Hunter, I feel that we should not, on his account, oust the only Indian on the Committee.

P. RAJAGOPALA ACHARIYAR—7-9-16.

The previous point should be examined, viz., whether Mr. Vidya Sagar Pandya is the only possible and most suitable Indian representative?

P[ENTLAND]—8-9-16.

With reference to His Excellency's orders above, it is submitted that there does not appear to be a wide field for the selection of an Indian representative on the proposed committee. There are only two Indian gentlemen, viz., Vidya Sagar Pandya and Rao Bahadur A. Krishnaswami Rao, who have been granted permanent unrestricted certificates by the Local Government in accordance with the rules framed under the Indian Companies Act, 1913. Rao Bahadur A. Krishnaswami Rao does not appear to have any special experience of commercial matters. He was however employed in the Indian Accounts Department for over 33 years as auditor, superintendent and as gazetted officer in charge of Works Audit Department and has carried out the inspection of the accounts of Executive Engineers of the Public Works Department. It was in view of his practical experience of audit work referred to above and the need for having a third auditor qualified to audit the accounts of Life Assurance Companies, which can be done only by the holder of an unrestricted

Pages 2, 5 and 6 of the notes to G.O. 1475, Judicial, 3rd July 1914.

G.O. 811, Judicial, 6th April 1914.

certificate (section 39 of the Indian Life Assurance Companies Act) that he was granted in 1914 a permanent unrestricted certificate.

It thus appears that Rao Bahadur A. Krishnaswami Rao is the only other qualified Indian that can be put on the committee. It is doubtful whether he will be useful on the present committee.

E.A.V.—9-9-16.

N.K.—9-9-16.

C. RAMANUJA ACHARIYAR—9-9-16.

Is Mr. Pandya's memorandum to the Royal Commission on Indian Finance available?

P.R.—11-9-16.

The memorandum referred to is submitted.

E.A.V.—11-9-16.

N.K.—11-9-16.

C.R.—11-9-16.

There are two questions which His Excellency has asked above—firstly whether Mr. Vidya Sagar Pandya is the only *possible* Indian, and secondly whether he is the most *suitable* Indian. Taking the second question first, I assume that the query is with reference to Sir Bernard Hunter's demi-official at pages 9 and 10. Sir Bernard refers to the memorandum submitted by Mr. Vidya Sagar Pandya to the Royal Commission on Indian Finance and on the strength of that memorandum he considers that Mr. Pandya is not a fitting person to sit on a committee of the kind now proposed. I have now obtained a copy of the memorandum referred to. It may be noted in passing that the South Indian Chamber of Commerce has placed on record its general concurrence with the opinions of Mr. Vidya Sagar Pandya. If we now condemn Mr. Pandya for the memorandum we also in a way condemn the South Indian Chamber of Commerce which has concurred in it. Proceeding to the memorandum itself I feel that I am not competent to judge of it. I am however quite

prepared to believe that there is a deal of bad Political economy in it but this I fear is not unusual in productions of this type. Sir Bernard Hunter is presumably objecting to what Mr. Vidya Sagar Pandya has said of the Presidency Banks in general and of the Madras Bank in particular. Please see the portions marked by me in blue chalk at pages, 8, 12, 14, 15, 17, 18, 19, 20, 21, 23, 24, 25 and 27. I am not surprised that Sir Bernard has refused to sit with Mr. Pandya after what the latter has said of the Madras Bank. And I would also confess that, had I seen this memorandum in advance, I should not have proposed that Sir Bernard Hunter and Mr. Vidya Sagar Pandya should sit together on any committee, as it is pretty certain that they would paralyse one another. Sir Bernard Hunter has also alleged against Mr. Vidya Sagar Pandya that the latter has, since his advent to Madras, steadily worked to bring about racial ill-feeling in the mercantile community of Madras. I have no information about this, and while I recognise that weight should attach to what Sir Bernard says in a matter like this, I would point out that it is not safe to act on a general assertion. If matters are looked into closely it will probably be found that the number of people who have, consciously or unconsciously, helped to develop racial animosity in South India is surprisingly large. I would deprecate as inexpedient the vetoing of Mr. Vidya Sagar Pandya solely on this ground.

2. I shall now take up the first question, whether Mr. Vidya Sagar Pandya is the only possible Indian. I fear that he is so. There are only two Indians holding permanent unrestricted certificates, Mr. Vidya Sagar Pandya and Rao Bahadur A. Krishnaswami Rao. The latter has had no commercial experience at all, having been throughout a Government servant in the Public Works Accounts Department. Mr. Vidya Sagar Pandya occupies a somewhat important position in the Indian mercantile community in Madras; he has a certain volume of influence, due partly to his position as Secretary of the only Indian Bank in the city run on western lines, and partly also I think to his personality which is a somewhat forceful one. It would rather be a pity to set his back up and also the backs of the Indian community by passing him over after asking him if he would serve on the proposed committee.

P. RAJAGOPALA ACHARIYAR—16-9-16.

Extract from a private letter dated the 18th September 1916 from M.R.Ry. Diwan Bahadur C. Karunakara Menon Avargal, to the Hon'ble Diwan Bahadur P. Rajagopala Achariyar Avargal, C.I.E.

I notice a paragraph in the "Madras Mail" that a committee is to be formed to deal with the matter of establishment of a School of Commerce and Accountancy in Madras and I presume that you will put in some Indian members. I would suggest the name, in this connection, of Mr. C. Gopala Menon, who has had long experience both as a commercial teacher and practical merchant. He was for a long time Superintendent of the Pachaiyappa's commercial school and he has also been a Government Examiner in Commerce. He is a certificated Associate of the Institute of Bankers, London. He is at present duhash of Messrs. Wilson & Co., besides being a Trustee of the Madras Harbour Trust. I trust you will do what is possible to include his name, as I feel sure that he will prove very useful. He is also intimately acquainted with the modern methods of commercial education as shown by his contributions to the press.

Please see the notes on page 7 of notes with G.O. No. 100, Marine, dated the 23rd March 1916, regarding Mr. Gopala Menon. He was reported to possess "high character" and to be of "good commercial standing."

Perhaps these papers may be submitted to His Excellency the Governor for consideration in connection with the file relating to the institution of a College for Accountancy circulated to His Excellency on the 17th instant. This may be useful in case an alternative nomination to Mr. Vidya Sagar Pandya is considered desirable.

C. RAMANUJA ACHARIYAR—20-9-16.

To the Private Secretary to His Excellency the Governor—

Please add this to the main file which has been already submitted. Mr. C. Gopala Menon is evidently a good man, though he does not hold one of our certificates. His record appears to have been unobjectionable; and if Mr. Pandya is vetoed, I would suggest Mr. C. Gopala Menon as the Indian member of the proposed committee.

P. RAJAGOPALA ACHARIYAR—20-9-16.

From M.R.Ry. K. Subrahmanya Ayyar, dated the 18th September 1916.

Issue.

P.R.—22-9-16.

A draft acknowledgment is submitted for approval. After issue, the communication may be circulated to His Excellency the Governor in continuation of the main file circulated on the 17th instant.

E.A.V.—22-9-16.

N.K.—22-9-16.

C. RAMANUJA ACHARIYAR—22-9-16.

[Issued as Letter No. 3422-1, dated the 23rd September 1916.]

To the Private Secretary to His Excellency the Governor—

Please add this paper also to the main file which has gone up to His Excellency. Mr. K. Subrahmanya Ayyar is a Madras man but he has been now for a long time in Bombay. I believe that there is a paper containing Mr. Subrahmanya Ayyar's suggestions in the file already submitted. In case Mr. Vidya Sagar Pandya is vetoed, Mr. K. Subrahmanya Ayyar may be considered.

P.R.—23-9-16.

His Excellency does not propose to reconsider the nomination of Mr. Vidya Sagar Pandya who will remain a member of the committee. Sir Bernard Hunter's refusal must be accepted as final. In his place His Excellency desires that Mr. Thonger of Messrs. Spencer & Co. should be invited to serve.

(By Order)

T. E. MOIR—29-9-16.

Let me have draft letter to Mr. Thonger (of Messrs. Spencer & Co.) at once.

P.R.—30-9-16.

The draft letter below is submitted for approval.

E.A.V.—30-9-16.

N.K.—30-9-16.

C.R.—30-9-16.

P.R.—1-10-16.

[Letter No. 1659-4, dated the 2nd October 1916.]

From J. H. Thonger, Esq., dated the 4th October 1916.

Mr. Thonger finds himself unable to accept the invitation. For orders as to the nomination of another gentleman.

E.A.V.—7-10-16.

N.K.—7-10-16.

C.R.—7-10-16.

Mr. Thonger declines. Orders solicited.

P.R.—7-10-16.

His Excellency wishes Rao Bahadur M. A. Parthasarathi Ayyangar of the Bank of Madras to be invited to serve on the committee.

(By Order)

T.E.M.—17-10-16.

14 NOTES TO G.O. Nos. 1131-32, HOME (EDUCATION), 27TH OCTOBER 1916

A draft letter asking M.R.Ry. Rao Bahadur M. A. Parthasarathi Ayyangar if he is willing to serve on the committee is submitted for approval.

E.A.V.—19-10-16.

T.K.—19-10-16.

C. RAMANUJA ACHARIYAR—20-10-16.

P. RAJAGOPALA ACHARIYAR—20-10-16.

[Letter No. 3575-1, Education, dated the 20th October 1916.]

From M.R.Ry. Parthasarathi Ayyangar, dated the 21st October 1916.

M.R.Ry. Parthasarathi Ayyangar has consented to serve on the committee.

A draft order is submitted below for approval.

A.S.—23-10-16.

T.K.—23-10-16.

C.R.—23-10-16.

His Excellency and Honourable Member, Registration, for approval.

P.R.—24-10-16.

P[ENTLAND]—26-10-16.

P. S. S[IVASWAMI AYYAR]—27-10-16.

Issue.

P.R.—27-10-16.

[G.O. Nos. 1131-32, Home (Education), dated the 27th October 1916.]

Section 1-10(4) 14,002-19-4-13.

Home (Education)

DEPARTMENT.

READ AGAIN G.O. No. 485 Ed1., dated the 5th May 1915

" " " " " " " "

READ ALSO:-

C. No. 1576, From the Govt. of India, Dept. of Education, No. 328, dated the 12th April 1915.

1659, D.P.I., Madras, 3855/15, the 8th May 1916

1917, D.P.I., Madras, 3855/15, the 31st May 1916
" Nos. 198, 3200, 3204, 3206, 3210, 3422, 3575, 3752, Registrar of Joint Stock Companies, Madras, 86/Comp, the 28th June 1916.

ORDER.

Press.

No. 1131, dated the 27-10-1916

With reference to the question of establishing a College of Higher Accountancy and Auditing in Madras which would serve the needs of this Presidency, the Government in their order No. 485 Ed1., dated the 5th May 1915, requested the D.P.I. to submit detailed proposals. Therefor. The D.P.I. has in reply submitted a draft scheme for the establishment of an Institute of Commerce in Madras. In the meanwhile the Government of India have referred to this Government for opinion the ~~Madr~~ scheme of the Government of Bombay for the

37
utilization of the Sydenham College
of Commerce and Economics as a
central examining body for conduct-
ing examinations at various centres
in India and for awarding diplomas
in Accountancy.

2. His Excellency the Governor
in Council has now resolved to
appoint a committee consisting of
the following gentlemen to consider
and advise on the schemes referred
to above:-

The D.P.I. Chairman.

The Registrar of Joint Stock
Companies.

Pandit Vidya Sagar Pandya of
the Indian Bank, Madras.

Mr. Ian Frazer of Messrs. Frazer
& Ross, Chartered Accountants,
Madras.

M.R. Ry. Rao Bahadur M.A. Parth-
sarethi Ayyangar Ayl., B.A. B.L.
Head Cashier, Bank of Madras,
Madras.

3. The Director of Public
Instruction should arrange for the
meeting of the Committee and
forward to the Government a copy
of its proceedings, with his own
remarks

To

The D.P.I.

The Registrar of Joint Stock
Companies, Madras.

" Pandit Vidya Sagar Pandya.
the Indian Bank, Madras.

" Ian Frazer Esq., of Messrs
Frazer and Ross, Chartered
Accountants, Madras.

M.R. Ry. Rao Bahadur M.A. Parth-
sarethi Ayyangar Ayl.
B.A. B.L., the Madras Bank,
Madras.
Copy to the (D.P.I.) Secy to
D.P.I. (Order only).

38
Scott. II-8 (f)-25,005-27-4-15.

remarks thereon at an early date.

II.
Endorsement No. 1132 dated 22/8/1916

Copy to the Government of India,
Department of Education, in conti-
nuation of letter No. 1659-3, B.A.L.,
dated the 29th August 1916.

Recd & Segregated
dnp
13-11-16

24.6.16

No. 408 dated Simla the 18th July 1916.

(Education)

To

The Secretary to the Govt. of
Madras, Educational Dept.

Subject.

Scheme for the utilization
of the Sydenham College of
Commerce and Economics, Bombay,
as a central examining body for
conducting examinations at various
centres and for awarding a diploma
in accountancy.

SIR,

I am directed to invite attention to the
No. 388, dated 12th April '16 communication noted
in the margin and to
request that (with the permission of the
Governor in Council)
the Government of India may be favoured with
an early reply.

I have the honour to be,

SIR,

Your most obedient servant,

G. Madhusudan

Assistant Secy. to the Govt. of India.

1576/11
30/10
T
27/10 October 1916
No. 1131
EDUCATIONAL, AUGUST 1916
GOVERNMENT OF MADRAS
EDUCATIONAL DEPARTMENT

READ—the following papers:—

Letter—from the Hon'ble Sir E. D. MACLAGAN, K.C.I.P., C.S.I., I.C.S., Secretary to the Government of India, Department of Education (Education).
To—the Secretary to the Government of Madras, Educational Department.
Dated—Simla, the 12th April 1916.
No.—328.

1434 of 60
260/20
42-14
I am directed to refer to paragraph 6 of the Government of India (Department of Commerce and Industry) letter No. 5392-5405-3, dated the 9th July 1913, in which it was mentioned that a scheme had been formulated for the establishment of a College of Commerce in Bombay in connection with which it was proposed to hold examinations in accountancy, and to the reply of the local Government thereto. The Government of India observed that in view of certain considerations it might be a convenience if, with the consent of His Excellency the Governor of Bombay in Council, the examination could be held in other centres as well as in Bombay, and the certificate awarded on its result be recognised as a certificate valid throughout India.

2. The Government of India have now received from the Government of Bombay a detailed scheme for the utilization of the College of Commerce (now called the Sydenham College of Commerce and Economics) as a central examining body for conducting examinations at various centres and for awarding a diploma in accountancy which could be recognised as a basis for the issue of auditors' certificates under the Indian Companies Act, 1913, the Indian Life Assurance Companies Act, 1912, and the Provident Insurance Societies Act, 1912, and I am to forward for consideration a copy of a letter No. 95, dated the 11th January 1916, from the local Government on the subject. The Government of India will be glad to be favoured with an opinion on the scheme at a very early date.

3. I am also to enclose, for such action as may be considered necessary, a copy of a further communication received from the Government of Bombay relating to the supply of certain publications to the Accountancy Diploma Board and the conduct of the examination.

ENCLOSURE. 2
Letter—from P. W. MONIE, Esq., Acting Secretary to the Government of Bombay, Educational Department.
To—the Secretary to the Government of India, of Department of Education (Education).
Dated—the 11th January 1916.
No.—95.

I am directed to refer to the correspondence ending with your letter No. 1749, dated the 8th November 1915, regarding the utilization of the Bombay College of Commerce, now called the Sydenham College of Commerce and Economics, as a central examining body for conducting examinations at various centres in India and for awarding a diploma in accountancy which

could be recognized as a basis for the issue of auditors' certificates under the Indian Companies Act, 1913 (VII of 1913), the Life Assurance Societies Act, 1912 (VI of 1912), and the Provident Insurance Societies Act, 1913 (VII of 1913).

2. The Accountancy Diploma Board has drawn up draft regulations for the award of the diploma in question on the lines of those prescribed for the Chartered and Incorporated Accountants of Great Britain, with such modifications as are necessitated by Indian conditions. His Excellency the Governor in Council has examined these regulations carefully, and has adopted them with certain amendments. I am to forward a copy of the regulations as approved by this Government, together with extracts, paragraphs 1 to 11 and 13 to 20, of a report, dated the 8th September 1915, by the Board explaining the regulations. I am to request that the Government of India may be moved to circulate these papers to other local Governments and Administrations for their consideration and for the suggestion of any alterations in the regulations which they may consider necessary.

3. For the reasons given in paragraph 15 of its report, the Accountancy Diploma Board recommends that unrestricted auditors' certificates be awarded to all holders of the proposed diploma. The Governor in Council approves this recommendation. With regard to the question of giving effect to it, I am to observe that this Government are of opinion that they could make a rule under section 144 (2) of the Indian Companies Act of 1913 providing that persons holding this diploma should be granted unrestricted auditors' certificates. Having regard, however, to the real intention of the recommendation, which is to make the status of these persons similar to that of the members of the Association of Chartered Accountants and other institutions and associations exempted under the proviso to sub-section 1 of section 144 of the Act, they consider that it would be more appropriate if the Government of India were to exempt these persons from the necessity of holding certificates under the proviso to the latter sub-section. I am accordingly to request that the Government of India may be moved to grant the proposed exemption.

SUB-ENCLOSURES.

(1)

The regulations for the award of the Government diploma in accountancy of the Sydenham College of Commerce and Economics Bombay.

1. The diploma in accountancy of the Sydenham College of Commerce and Economics, Bombay, will be awarded by the Government of Bombay, on the recommendation of the Accountancy Diploma Board, to a candidate who has proved to the satisfaction of that Board:—

First.—That he has passed (1) the examination of the Accountancy Diploma Board in accordance with the regulations laid down in paragraphs 2 to 11, or

(2) the examinations prescribed for Degree of Bachelor of Commerce of the University of Bombay with advanced accounting and auditing as his special subject.

Secondly.—That he has received adequate practical training in accounts as prescribed in regulations 12 and 13; and

Thirdly.—That he bears a good moral character, and has attained the age of 23.

Holders of this diploma will be styled "Government Diplomates in Accountancy" (G.D.A.).

I.—EXAMINATION FOR THE DIPLOMA IN ACCOUNTANCY.

2. The examination for the diploma in accountancy will be held on the third Monday in March every year, commencing from March 1917, in Bombay and in such other centres in the different provinces of India as may be selected in consultation with the local Government.

3. Applications for admission to this examination must reach the Secretary to the Accountancy Diploma Board, Bombay, before the 31st December immediately preceding the date of the examination with a fee of Rs. 50 per candidate.

4. A candidate for admission to this examination must have passed the Matriculation Examination of an Indian University or the School Final Examination conducted by a local Government or any other examination which, in the opinion of the Accountancy Diploma Board, is equivalent to these, and, subject to regulations 5 and 6, must produce a certificate in the prescribed form from the head of an institution recognised by the Accountancy Diploma Board that he has, subsequent to passing such an examination, studied for a period of two academic years at such an institution, provided that no such certificate of attendance shall be required from a graduate of one of the Universities of India or of the United Kingdom.

5. A candidate who has received an adequate practical training in accounts, as defined in regulation No. 12, for a period of not less than two years shall be eligible to appear for the diploma examination of this Board up to the year 1920, without being required to produce a certificate of attendance at a recognised institution.

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No. 1131

EDUCATIONAL,

August 1914

6. Every holder of an auditor's certificate granted by a local Government under the Indian Companies Act, 1913, shall be eligible for admission to the examination for the diploma in accountancy, even though he may not satisfy the conditions laid down in regulation No. 4.

7. Candidates for this examination will be examined in the following subjects:—

A. Accountancy and Auditing:—

(1) The principles and practice of book-keeping and accounts including a knowledge of the systems of accounts in use in different classes of business.

(2) Auditing.

* Books recommended—

- L. R. Dicksee's Advanced Accounting.
- Spicer and Pegler's Book-keeping and Accounts.
- L. R. Dicksee's Auditing.
- Spicer and Pegler's Practical Auditing.

B. MERCANTILE LAW.—

The Indian law relating to Contracts, Joint Stock Companies, Life Assurance Companies, Provident Insurance Societies, Negotiable Instruments, Insolvency and Arbitration, Charter Parties, Bill of Lading, Fire and Marine Insurance.

The main provisions of the Indian Stamp and Limitation Acts relating to the above.

* Books recommended—

- Smith's Mercantile Law, Vol. I.
- Stevens' Mercantile Law.

8. (a) Three papers of three hours each will be set in accountancy and auditing as detailed below:—

- 1st paper—General Accounts.
- 2nd paper—Special Accounts.
- 3rd paper—Auditing.

(b) Three papers of three hours each will be set in mercantile law as detailed below:—

- 1st paper—The Law of Contracts and Arbitration.
- 2nd paper—Company and Insolvency Law.
- 3rd paper—Negotiable Instruments, Bills of Lading and Insurance.

9. To pass the examination, a candidate must satisfy the Board that he possesses an adequate knowledge of each of the two subjects referred to in regulation No. 7.

10. Failure to satisfy the Board will not disqualify the candidate from presenting himself at a subsequent examination on a new application being forwarded and a fresh fee paid.

11. As soon as practicable after the conclusion of the examination a list of successful candidates will be published arranged in alphabetical order, such of them as have passed with distinction being placed in the first class.

II. PRACTICAL TRAINING IN ACCOUNTS.

12. A candidate for the diploma in accountancy shall, subject to regulation 13, be required to prove to the satisfaction of the Accountancy Diploma Board that he has, for the period specified below, served as an apprentice or as an assistant to (1) a Chartered Accountant, (2) an Incorporated Accountant, or (3) the holder of a permanent auditor's certificate under the Indian Companies Act, 1913, recognised by the Accountancy Diploma Board.

(a) Two years in the case of Bachelors of Commerce of the University of Bombay who have passed with advanced accounting and auditing as their special subject, over and above the three years that they have studied for the Bachelor of Commerce Degree at a college of commerce affiliated to the University of Bombay.

(b) Three years in the case of graduates of one of the Universities of the United Kingdom or of India other than the graduates in commerce referred to above.

(c) Three years in the case of students of a recognised institution (other than University graduates), over and above the two years that they have attended a recognised institution under regulation No. 4.

(d) Five years in the case of candidates exempted under regulation No. 5 from the production of a certificate of attendance at a recognised institution, inclusive of the practical training in accounts received by them prior to their appearing for the diploma examination of this Board.

13. The holder of an auditor's certificate granted by a local Government under the Indian Companies Act, 1913, shall, on passing the diploma examination of this Board under regulation 6, become eligible for the diploma in accountancy without any further proof of practical training in accounts.

* These books are named as helpful to the students, but are not prescribed as obligatory.

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14. The Accountancy Diploma Board shall have power to frame by-laws providing for the recognition of accountants, the admission and registration of apprentices under regulation No. 12, and the recognition of institutions under regulation No. 4.

(2)
Extract paragraphs 1 to 11 and 13 to 20 of a report, dated the 3rd September 1915, by the Accountancy Diploma Board.

The Accountancy Diploma Board constituted by Government Resolution No. 444, Educational of the 11th February 1915 held three meetings in March 1915, and drafted a set of regulations for the award of a Government diploma in accountancy. These draft regulations were considered at a joint meeting of the Auditors' Council and the Accountancy Diploma Board on the 28th April 1915, and the regulations, as adopted at that meeting, were referred for opinion to the Bombay Chamber of Commerce, the Indian Merchants' Chamber and Bureau, and the Bombay Millowners' Association. The replies of these bodies as well as the representations received from Mr. S. B. Billimorie, the local Secretary to the Corporation of Accountants, Ltd., of Glasgow, and from Mr. S. R. Davar, Barrister-at-Law, the local Secretary to the Central Association of Accountants, Ltd., of London, were considered and discussed at two meetings of the Accountancy Diploma Board in July and August 1915. The accompanying scheme is now submitted, as embodying the final recommendations of this Board, in conformity with paragraph 6 of Government Resolution No. 444, Educational of the 11th February 1915.

2. As, according to the Government of India letter No. 5392-5405-3, Department of Commerce and Industry (Companies), dated the 9th July 1913, this diploma in accountancy is to form the basis for the issue of auditors' certificates under the Indian Companies Act, the Indian Life Assurance Companies' Act, and the Indian Provident Insurance Societies Act, and as the Government of India have, under section 144 (1) of the Indian Companies' Act of 1913, notified that Chartered Accountants of England, Scotland and Ireland and Incorporated Accountants of London shall be entitled to act as auditors without applying for special certificates, the accompanying scheme for a Government diploma in accountancy has been drawn up on the analogy of the regulations prescribed for Chartered and Incorporated Accountants, with modifications adapted to Indian requirements.

3. The following conditions have to be satisfied before a person can become a member of the Institute of Chartered Accountants in England and Wales, or of the Society of Incorporated Accountants and Auditors, London:—

(1) The candidate must first pass the preliminary examination of the Institute or the Society, which is a literary test like the University Matriculation or the Government School Final Examination.

(2) The candidate must then be articled to a practising Chartered or Incorporated Accountant for a period of five years and receive practical training in accounts, the period being reduced to three years in the case of University graduates.

(3) The candidate must pass two successive professional examinations in accountancy, auditing and mercantile law.

4. Preliminary examination.—Instead of conducting a special preliminary (literary) examination, this Board, before allowing a candidate to enter upon his course of training for the Board's diploma, requires him to produce a certificate showing that he has passed the University Matriculation or the Government School Final Examination or an equivalent literary test.

5. Only one exception has been made to this rule, viz., in favour of such persons as were practising as accountants and auditors under the Indian Companies Act of 1882, and have recently been granted auditors' certificates under the Indian Companies Act of 1913. In all cases where these certificates are temporary, the holders may be required by the local Government to pass the diploma examination of the Accountancy Diploma Board in order to become eligible for permanent certificates. Such persons are, under regulation 6, admitted to the examination without being obliged to produce a certificate of having passed the Matriculation or an equivalent examination, and without being required to attend a professional school or college. This is a provisional regulation which provides for the needs of the holders of temporary auditors' certificates.

6. *Professional examination.*—All candidates for the Government diploma in accountancy are, according to the accompanying scheme, required to pass a professional examination in accountancy, auditing and mercantile law. The subjects prescribed by this Board, the extent and scope of the knowledge required, and the standard to be attained, are the same as are required from candidates for the Chartered and Incorporated Accountants' Examinations of London: except that Indian law is prescribed by this Board instead of English law. As explained in a later paragraph, candidates for this diploma will, in the majority of cases, appear for the diploma examination after having attended special courses of lectures for a period of two years at a recognised institution. It has, therefore, been considered unnecessary to institute an Intermediate and a Final examination in professional subjects, as is the practice of the London Institute. Every candidate for this diploma is required to pass one professional examination, which corresponds to the final examination for Chartered and Incorporated Accountants. Bachelors of Commerce of the University of Bombay, who have passed with advanced accounting and auditing as their special subject, are not required to pass the professional examination of this Board, as they study for and pass in these subjects at the examinations for the Bachelor of Commerce degree and as the standard prescribed by the University of Bombay is equally high.

7. *Representations have been received to the effect that candidates who have passed the professional examinations of the Corporation of Accountants, Limited, of Glasgow, and the General Association of Accountants, Limited, of London, should be exempted from passing the examination of this Board in respect of accountancy and auditing.* The Board is unable to accept this suggestion as the passing of a preliminary literary test like the Matriculation is not in practice insisted on as a condition of admission to the professional examinations of these two Associations. Apart from this consideration, moreover, the Board is not prepared to recognise other professional examinations as equivalent to its own in view of the importance of maintaining a uniformity of standard in the proficiency of the diplomates in accountancy.

8. *Length of the course.*—As in the case of the Chartered and Incorporated Accountants of London, candidates for this diploma are required to go through a five years' course in accounts, the period of such training being reduced from five to three years in the case of University graduates. The Institute and the Society in London require the whole period of five years to be spent in the service of a practising accountant and do not require attendance at a recognised professional institution for purposes of their examinations. The article clerks in London usually attend classes to enable them to pass their professional examinations, but there is no obligation to do so. This Board considers that candidates for its diploma should receive a sound training in mercantile law, as well as the principles of accountancy and auditing, and should for that purpose attend courses of lectures in these subjects at some recognised institution for a period of two years to ensure their undergoing a systematic training under competent teachers. The accompanying scheme, therefore, provides that the five years' training in accounts prescribed for the Government diploma should as a rule consist partly of a course of study at a recognised professional school or college and partly of apprenticeship under a recognised practising accountant.

9. *Undergraduates are required to study the theory for a period of two years at a recognised professional school or college and to undergo practical training under a practising accountant for a period of three years, thus making the total course a period of five years.* Bachelors of Commerce who, after studying accountancy, auditing, mercantile law and allied commercial subjects for a period of three years at the Sydenham College of Commerce and Economics, have taken their Final Examination for the degree with advanced accounting and auditing as their special subject, are required to undergo practical training under a practising accountant for a period of two years, their course of special training being thus made to cover a period of five years in the aggregate. The Board considers that the varied and specialized curriculum provided for these graduates in subjects of both commercial and cultural value will render them highly desirable recruits to the accountancy profession.

10. *All other graduates of an Indian University or of a University of the United Kingdom, as well as those Bachelors of Commerce of the University of Bombay who have taken up some special subject other than advanced accounting, are required to undergo practical training for three years.* They are, on the other hand, exempted from attending a professional school or college for the study of theory.

11. *Candidates who may be unable to attend a school or college are under Regulation No. 5, permitted to appear for the diploma examination of this Board, but are, under regulation*

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letter No. 281, dated the 13th September 1915, from the Secretary to the Accountancy Diploma Board, in which he requests that arrangements may be made for the supply to him of certain publications of such local Governments as may agree to accept the proposed diploma as a basis for the issue of the auditors' certificates in their provinces, and that they may be asked to issue the requisite instructions with respect to the printing of examination papers, the publication in the local Government gazettes of advertisements regarding the conduct of the examination for the award of the proposed diploma, etc.

2. I am to request that, if there is no objection, a copy of the letter from the Secretary to the Accountancy Diploma Board may be forwarded for the necessary action to the several local Governments concerned, together with copies of the regulations for the award of the diploma, so that there may be no delay in holding the first examination under the regulations.

3. I am to add that, if the proposal contained in paragraph 5 (a) of the letter of the Secretary to the Accountancy Diploma Board is carried out, there does not seem to be any necessity to supply him with the Quarterly Civil Lists, but this is a point which the local Governments concerned are in a better position to decide for themselves.

SUB-ENCLOSURES.

(1)

Accompaniment to the letter to the Government of India, Department of Education (Education), No. 96, dated the 11th January 1916.

Letter—from K. SUBRAMANI AYYAR, Esq., B.A., L.T., F.S.A.A., Secretary, Accountancy Diploma Board, Bombay.

To—the Director of Public Instruction.

Dated—the 13th September 1915.

No.—281.

With reference to paragraphs 5 and 6 of my letter No. 51, dated the 1st April 1915, and of your letter No. 933, dated the 21st April 1915, I have the honour to request that the necessary Government sanction may be obtained for the periodical supply to this office of the undermentioned publications of those other local Governments who agree to accept the diploma of the Accountancy Diploma Board as a basis for the issue of auditors' certificates in their provinces:—

A copy of those parts of the local Government gazette which contain educational notifications, examination results, and notifications about the issue of auditors' certificates, and the Quarterly Civil List of such provinces.

2. This Board has to satisfy itself that a candidate for admission to its diploma examination has passed the Matriculation examination, the School Final or an equivalent examination, and must have facilities for ascertaining the terms and conditions on which a candidate that has passed the School Final or an equivalent examination is declared eligible for admission into the colleges of those provinces. In Madras, for instance, an order has recently been passed that holders of Secondary School Leaving Certificates will be eligible for admission into the colleges of the Presidency only if they have secured a certain percentage of marks in each subject. It is therefore necessary for this Board to have easy access to all the educational notifications of those local Governments by whom the diploma of this Board is recognised.

3. As the diploma of this Board is to be awarded only after the candidate has served a period of apprenticeship under a recognised auditor, it is necessary for this Board to have easy access to all notifications regarding the issue of auditors' certificates. The supply of that part of the local Government Gazette which contains such notifications and of the Quarterly Civil List which often contains the latest list of holders of auditors' certificates is therefore necessary.

4. Alterations in the list of auditors' certificates may sometimes be made in a province without such alterations being immediately published in the local Government gazette. Question papers will have to be printed in the Government Press of each province, notifications about the examination will have to be published in every local Government gazette and arrangements made about the conduct of the examination in each province.

5. I therefore beg that local Governments who agree to accept this Board's diploma may be requested—

(a) to 'instruct the officer in charge of the issue of auditors' certificates or the local Registrar of Joint Stock Companies to forward to the Accountancy Diploma Board, Bombay, from time to time every alteration in the list of holders of auditors' certificates, sanctioned by the local Government, so that the latest authorised list may always be available to this Board when disposing of applications regarding to taking of apprentices;

(b) to authorise the officer in charge of the local Government Press to print the necessary question papers for the diploma examination of this Board to be held in that province;

(c) to authorise the officer in charge of the printing of the local Government Gazette to publish free of charge the advertisements of this Board regarding the conduct of the diploma examination in that province; and

(d) to depute an officer in that province who will act as local superintendent of the Board's examination in that province, and empower him to correspond direct with this Board in that connection.

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II

Endorsement No. 1576-1, Educational, dated 9th May 1916.

The letter from the Government of India read above will be referred to the Director of Public Instruction for very early remarks on the detailed scheme for the utilization of the Sydenham College of Commerce and Economics, Bombay, as a central examining body for conducting examinations at various centres and for awarding a diploma in accountancy, and also on the further communication from the Government of Bombay relating to the supply of certain publications to the Accountancy Diploma Board and the conduct of the examination.

P. RAJAGOPALA ACHARIYAR,
Secretary to Government.

Memorandum No. 1371 C./1, dated 15th May 1916.

The accompanying letter from the Government of India with its enclosures regarding the utilization of the Sydenham College of Commerce and Economics, Bombay, as a central examining body for conducting examinations at various centres and for awarding a diploma in accountancy is forwarded to the Registrar of Joint Stock Companies for very early remarks.

(By Order)

E. A. HARVEY,
Deputy Secretary to Government. *and*

To the Registrar of Joint Stock Companies

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C. No. 1659 Ed
9.5.16

No. , EDUCATIONAL, AUGUST 1916
GOVERNMENT OF MADRAS
EDUCATIONAL DEPARTMENT.

READ—the following paper :—

Letter—from the Hon'ble Mr. J. H. STONE, M.A., C.I.E., F.R.H.S., Director of Public Instruction.

To—the Secretary to Government, Educational Department.

Dated—the 8th May 1916.

No.—Ref. on Cur. 3855 of 1915.

I have the honour to submit herewith the draft scheme for the establishment of a college of higher accountancy and auditing in Madras, called for in G.O. No. 485, Educational, dated the 5th May 1915.

The delay in doing this is partly accounted for by my absence from India and partly by the necessity under which I found myself of consulting the Registrar of Joint Stock Companies. Mr. Schmidt has been good enough to furnish me with a valuable note on the whole subject of the expansion of the profession of accountancy and auditing, a copy of which is annexed. It does not seem necessary to further delay the submission of my scheme, but his suggestion that the publication of the details of the whole Bombay scheme which may be expected in July should be awaited, is clearly a good one.

2. I have ventured to call the proposed institution a Commercial Institute rather than a College; because the latter word suggests in this Presidency affiliation to the University. Should the University develop a Faculty of Commerce, the Institute if it secured affiliation would become a College of Commerce.

3. In the staff I propose I have made provision for instruction being given in the more elementary commercial subjects. Whether these should be taken up from the outset is a matter for consideration. I think a complete Government Commercial Institute is much wanted in Madras, if only to set a standard of instruction and attainment in commercial subjects, the present standard being I believe unduly low. If these subjects are provided for, students might be prepared for the Government technical examinations in them. I have not proposed to use these examinations in the higher subjects, and it will be a matter for future consideration whether these subjects should not be deleted from the Technical Examination Scheme and attendance at the Institute made the only means of entrance into the profession of accountancy and auditing.

4. Mr. Schmidt rightly lays great stress on practical training or apprenticeship. I rather incline to the view that this might be concurrent with the course of instruction, the Institute's classes being held to some extent out of business hours or perhaps on a half-time system. These are questions for the settlement of which the advice of the Council is essential and it appears to me if only for this reason the constitution of the Council, or the appointment of a committee which would subsequently be the Council, is the first step to take in the establishment of the Institute.

ENCLOSURES.

(1)

Draft scheme for an Institute of Commerce to be established with a special view to the training of Auditors and Accountants in Madras.

1. *Object.*—The Institute is intended primarily to afford facilities for the training of persons who will be qualified to audit the accounts of companies registered under the Life Assurance Companies Act, 1912, the Provident Insurance Societies Act, 1912, and the Indian Companies Act, 1913.

2. *Location.*—It will be located in Georgetown as being the chief business centre of Madras.

Accommodation.—This will include a library and common rooms for staff and students.

3. *Control.*—Subject to the control of the Government, the Institute will be under the Director of Public Instruction, who will be assisted by an Advisory Council consisting of the Collector of Madras as President, the Principal of the Institute as Secretary, the Registrar of Joint Stock Companies, the Deputy Accountant-General, and members nominated by Government from among the Chartered Accountants, Bankers, and Merchants of Madras, in such a way as to secure due representation of such commercial organizations as the Chamber of Commerce.

4. *Standards of instruction.*—These should be two, that for senior and junior auditors respectively, corresponding in the main with the unrestricted and restricted certificates issued by the Government. For the functions which each class of auditors may be expected to discharge reference is solicited to Mr. Schmidt's note, paragraph 8.

5. *Courses of instruction.*—The course will be for senior auditors four years, but in the case of candidates educated up to not less than the intermediate standard and in special cases it may be reduced to three years by the Director of Public Instruction on the recommendation of the Advisory Council. The course for junior auditors will be three years, or in the case of students of not less than the intermediate examination standard of general education, two years. The courses will include for all students who need it, instruction in English Composition and Precise-writing and in Elementary Mathematics. For senior auditors it will be in the subjects and to the standard of examination of the College of Commerce of Bombay. That for junior auditors will be more restricted in scope and may have to include instruction in Indian methods of keeping accounts. In this connection I would invite reference to Mr. Schmidt's note, paragraph 5.

6. *Qualifications for admission.*—Candidates for admission into the Institute should be holders of completed Secondary School Leaving Certificates, or those who have passed the High School Examination for Europeans, and such others as may in the opinion of the Committee possess sufficient general knowledge to be benefited by the instruction imparted in the Institute.

7. *Examinations.*—The final examination for senior auditors will be either that held by the College of Commerce, Bombay, or a special examination of the same standard conducted by the Commissioner for Government Examinations under a scheme to be drawn up by the Director of Public Instruction in consultation with the Advisory Council and approved by Government. For junior auditors a similar scheme will be drawn up.

Annual and such other periodical examinations as prove necessary will be held by the staff of the Institute, and the first year annual examination will include for such students as have undergone instruction in them, English and Mathematics.

8. *Hours of work.*—The hours of work will be fixed by the Director of Public Instruction in consultation with the Advisory Council.

9. *Staff.*—The staff will consist of a—

Principal	Rs. 750
Law Assistant	250
Book-keeping and Commercial Assistant	200
Typewriting and Shorthand Assistant	100

Besides clerical and menial establishments. Provision might be made for English and Mathematical instruction by part-time appointments from the staffs of other educational institutions. The salary of such would depend on the amount of work necessary.

10. *Fees*.—A fee of Rs. 96 per annum for the Junior Auditor course, and of Rs. 120 for the Senior Auditor course, payable in two terminal instalments in advance, will be charged. Fees for elementary courses if such are instituted can be fixed later.

11. *Holidays and vacations*.—The Institute shall be closed for the Midsummer and Christmas vacations for such periods as may be fixed by Government from time to time on the advice of the Advisory Council, and the other holidays shall be the same as those allowed by Government under the Negotiable Instruments Act.

12. *Registers*.—The registers ordinarily maintained in Government colleges will be kept and such others as may be prescribed by the Council with reference to the special character of the institution.

(2)

Note on the Draft Scheme for an Institute of Accountancy.

My remarks are confined to paragraphs (1) to (6) of the draft scheme.

2. *Paragraph (1) : Object*.—As a verbal amendment, seeing that companies are not registered under the Indian Life Assurance Companies Act, 1912, this paragraph might be recast as shown below :—

"The Institute is intended primarily to afford facilities for the training of persons who will be qualified to audit the accounts of Life Assurance Companies falling within the scope of the Indian Life Assurance Companies Act, 1912, of companies registered under the Indian Companies Act, 1913, and of societies registered under the Provident Insurance Societies Act, 1912."

3. *Paragraph (2) : Location*.—There can be no doubt as to Georgetown being the most suitable locality for the Institute, especially in connection with the question of practical training.

4. *Paragraph (3) : Courses of study*.—In order to gauge the standard of the qualifications expected of the auditors to be trained by the proposed Institute it will be useful to set out—

(i) the statutory provisions which make compulsory the auditing of accounts by qualified auditors, and

(ii) the scope of the certificates now issued by the Government entitling the holders thereof to act as auditors of companies and societies.

(i) (a) *The Indian Companies Act, 1913*.—Section 144 (2) requires the Local Government to make rules providing for the grant of auditors' certificates and prescribing the conditions and restrictions on and subject to which such certificates may be granted. "The holder of such a certificate shall be entitled to act as an auditor of companies throughout British India unless such certificate restricts or limits the exercise of the right."

(b) *The Provident Insurance Societies Act, 1912*.—Section 24 (2) (e) requires the making of a rule by the local Government prescribing the qualifications of auditors of Provident Insurance Societies.

(c) *The Indian Life Assurance Companies Act, 1912*.—Section 39 (2) (a) requires the making of rules by the Governor-General in Council prescribing the qualifications of auditors of Life Assurance Companies.

(ii) The Local Government now issues under section 144 (2) of the Companies Act of 1913 two classes of certificates, viz., "restricted" and "unrestricted" and the rules framed by the authorities concerned under the three Acts mentioned above attach the following privileges to each of these two classes of certificates.

The "restricted" certificate entitles the holder to act as an auditor within the limits of the jurisdiction of the Government by which it is granted—here, the Presidency of Madras—of—

(i) companies incorporated under the Indian Companies Act, 1913,
(ii) Provident Insurance Societies registered under the Provident Insurance Societies Act, 1912, and,
(iii) such of the companies falling within the purview of the Indian Life Assurance Companies Act, 1912, as are mutual life assurance companies, i.e., life assurance companies not having a share capital.

These certificates further restrict the languages the accounts in which the auditor may audit.

"Unrestricted certificates", on the other hand, entitle the holder to audit the accounts of any company, in any language, and in any part of British India. Such a certificate embraces the accounts of life assurance companies in virtue of the rules issued by the Governor-General in

Council under section 39 (2) (c) of the Indian Life Assurance Companies Act, which include amongst those entitled to audit such accounts—

"the holder of a certificate granted by any Local Government under section 144, subsection (1) of the Indian Companies Act, 1913 (VII of 1913), entitling him to act as an Auditor of Companies under the said Act;

"Provided that such certificate does not restrict or limit to any part of British India the right of the holder to act as an auditor."

To the unrestricted class are admitted only applicants of high qualifications whose natural field of operation is the better class of companies and provident insurance societies keeping their accounts in English and on the European system. Restricted certificates are granted to auditors of sufficient qualifications, but of inferior standing, the expenses of whose audit should not press too heavily on the smaller companies.

5. In the second place may be set out the views of the Government of India in the matter of the establishment of a school for auditors. In paragraphs 6 and 7 of the letter from the Department of Commerce and Industry, No. 5392-5455-3, dated the 9th July 1913 (G.O. No. 240, Judicial, 4th February 1914) they suggested that it might be convenient if the examination of the College of Commerce of Bombay were held also in centres outside that city and if institutions in other presidencies and provinces were recognised for the presentation of candidates at the examination which could be held at important commercial centres; but they were also open to the view that Local Governments might prefer to conduct their own examinations, in which case means would have to be devised to ensure a uniform standard in the different provinces for the purposes of the Indian Life Assurance Companies Act, 1912, the prescription of qualifications of auditors under which rests with the Governor-General in Council.

Seeing that the unrestricted certificate gives the holder a free run over the whole of India, in the interests on uniformity, and as a starting ground for an Incorporated Association of Accountants in India—these are early days to think of the latter—it would be better to have the same examinations for the whole of India for testing the competency of candidates for auditors' certificates. But whether this is decided upon or not, there must be training institutes in each presidency and province—at all events we must have one here. The course of study to be prescribed in the proposed institute should, in any event, in order to secure the uniform standard desired by the Government of India, be on the lines of the Bombay course. From a letter dated the 18th February 1916, received from the Secretary to the Accountancy Diploma Board, Bombay (copy annexed), it will be seen that the standard of the Bombay examination will be the same as that laid down for the final examination of chartered and incorporated accountants and that candidates will be examined in (1) Accountancy and Auditing and (2) Indian Mercantile Law.

The subjects prescribed for the final examinations of these two English institutes and those for the Advanced Technical Examination in Madras are set out below:—

Subjects.		
Society of Incorporated Accountants and Auditors.	Institute of Chartered Accountants.	Madras Technical Examinations.
1. Advanced Accounting ..	1. Book-keeping and Accounts.	Book-keeping Advanced— 1. Method and Principles of Single Entry and Double Entry. 2. Maintenance and Preparation of Books of Account required for the business of Joint Stock Companies, Life Insurance Companies, Bankers and other special kinds of business.
2. Partnership and Executors Accounts and Law relating to partners and executors.	2. Partnership and Executors Accounts.	Book-keeping Advanced— 3. Methods and Principles of Auditing accounts and Duties of Auditor.
3. Auditing	3. Auditing	
4. Rights and Duties of Liquidators, Trustees and Receivers.	4. Rights and Duties of Liquidators, Trustees and Receivers.	

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6	Society of Incorporated Accountants and Auditors.	Institute of Chartered Accountants.	Madras Technical Examinations.	
5.	Joint Stock Company and Bankruptcy Law.	5. Principles of the Law of Bankruptcy and of the Law relating to Joint Stock Companies.	5. (Theory and Practice of Commerce and Banking)—	
6.	Mercantile Law	6. Principles of Mercantile Law.	1. Portions of the Indian Companies Act, 1913.	
			2. Indian Insolvent Debtors Act.	
			6. (Theory and Practice of Commerce and Banking)—	
			Bill of Lading, Charter Parties, Marine Insurance, Portions of the Indian Sea Customs Act, Indian Contract Act, Indian Limitation Act, Leading Provisions of the Indian Negotiable Instruments Act, Law and Practice relating to Cheques, Promissory Notes, Bills of exchange and their Negotiation, and Metallic and Paper Currencies of England and India.	
7. Law of Arbitrations and Awards.	7. Law of Arbitrations and Awards.	7.		
8. General Commercial Knowledge.	8.	8. (Commercial Geography Advanced)—	Commercial Geography of the World and History of Commerce.	

It will be seen that in order to bring the higher course of study up to the standard of the Bombay examination the curriculum and the consequent examination should include items 2, 4 and 7. They should also include the whole of—
 the Indian Companies Act,
 the Provident Insurance Societies Act,
 the Indian Life Assurance Companies Act,
 the Co-operative Societies Act, and portions of the Indian Stamp Act.

A knowledge of all these is necessary for an auditor, if he is to perform his duties efficiently. Directors and members of companies are generally peculiarly innocent of any knowledge of Company law and this knowledge is, I have found, not very extensive even among some of their legal advisers.

The details would, however, be for settlement hereafter.
 6. Paragraph (4)—Control.—In Bombay the composition of the corresponding council, viz., the Accountancy Diploma Board, is as shown below :—

- Chairman.*
 (1) The Director of Public Instruction.
Members.
 (2) The Principal of the College of Commerce.
 (3) The Secretary and Treasurer of the Bank of Bombay.
 (4) A senior Chartered Accountant.
 (5) A senior Incorporated Accountant.
 (6) & (7) Two experts in Mercantile Law—one of the members of the Board being appointed by Government from time to time to officiate as Secretary.

The Advisory Council in Madras should in any case include (1), (2) and (3) and, I think, also the Registrar of Joint Stock Companies who comes in close contact with practising auditors. I do not think the Deputy Accountant-General is necessary, as he does not deal with commercial accounts. Otherwise the draft is sufficiently wide to ensure a representative council.

7. Paragraph (5)—*Qualifications for admission*.—The holding of a completed Secondary School-Leaving Certificate should be fixed as the *minimum* qualification for candidates who propose to finish their course with the junior audit examination and the F.A. or the Intermediate examination in arts as that for those who propose to continue for the senior examination.

No age limit appears to be necessary.

8. Paragraph (6)—*Courses of instruction*.—Looking to the peculiarity of this Presidency in possessing a number of registered nidhis or mutual loan associations (about 200 at present) of which the majority keep their accounts in the vernacular, have a limited field of operation and follow a simple system of accounting, and to the fact that the employment of auditors with high qualifications would involve undue expense in their cases, it is indispensable that *two* classes of certified auditors should be recognized, viz., the 'junior' and 'senior'.

In Bombay the proposal has been made—I have not been able to ascertain whether it has been accepted—that a senior auditor shall be authorized to act as the sole auditor of a joint stock company or in conjunction with any other recognized auditor, and a junior auditor as the auditor of a joint stock company in conjunction with another recognized auditor, whether junior or senior, but not as the sole auditor.

The distinctions are good, but in order to provide for the needs of the nidhis to which I have already referred and of those Provident Insurance Societies which are not registered under the Indian Companies Act—the accounts of the latter are also comparatively simple—I would permit a junior auditor also to act within the presidency or province from the Government of which he obtains his license, as the sole auditor of such Provident Insurance Societies and of banking and loan companies registered under the Indian Companies Act whose paid-up capital does not exceed Rs. 50,000. I append a statement showing the distribution of existing companies according to paid-up capital which indicates how this rule would act.

9. Under the rules at present in force the "restricted certificate" restricts the languages the accounts in which may be audited. The question of vernacular languages does not enter into the proposed senior and junior examinations, but since several companies, more especially nidhis, keep their accounts in the vernacular, it will be necessary to restrict the work of, at all events, the junior auditors to the vernaculars with which they are acquainted. This matter may be left to the decision of each Local Government by whom licenses are granted. In respect of senior auditors, seeing that no restriction as regards language has hitherto been imposed on the holders of unrestricted certificates (on this point a reference may be made to paragraphs 2 and 3 of the letter from the Government of Madras, No. 281, Judicial, dated the 4th February 1914, and paragraph 7 of the letter from the Government of India, Department of Commerce and Industry, No. 1206-8, dated the 24th idem) this immunity may be continued, as looking to the probable standing of this class it may fairly be expected that in dealing with vernacular accounts they would engage the assistance of a qualified auditor acquainted with the language.

Junior auditors will know sufficient English to conduct the audit of accounts in that language. As regards vernaculars their acquaintance might be admitted so far as concerns the vernaculars which they took up for their school course or any other vernacular in which they passed a recognized test.

10. The next point is as regards the length of the college course. Four years for the senior course and two years for the junior seems to be sufficient; but I would make an exception in the case of auditors who at present hold temporary certificates under section 144 (2) of the Indian Companies Act, 1913 (there are now 59 of them). These might be exempted from the requirements of possessing the prescribed general educational qualifications and of undergoing the training for the junior or senior audit course but should be required to sit for the examination either in the junior or senior grade within a period of three years from the date of its institution. A similar exemption might be granted to persons who already hold the local diploma certificate in commerce.

11. Last, but not least, comes the question of a provision for the practical training of these two classes of auditors, which in my opinion is an essential. The practical training or apprenticeship might be served either before or after passing the examinations and candidates might be allowed to undergo it simultaneously with their theoretical training during the vacation of the Institute and during leisure hours of the day.

A relaxation would have to be made in the case of existing holders of auditor's certificate who pass the junior or senior examination since they will all possess experience.

As regards others, the period of practical training might be limited to two years of apprenticeship under a qualified auditor being defined as a member of any of the bodies exempted from a certificate with reference to section 144 (1) of the Indian Companies Act, 1913, or a senior auditor.

As in the case of apprenticeship under High Court Vakils, it may be provided that this apprenticeship under a qualified auditor need not necessarily be served under one master and that the auditor under whom the apprenticeship is served must himself have had three years' practical experience and be actually practising as an auditor during the whole period of the apprenticeship.

It is understood that the Government of Bombay have under consideration the question of a three years' apprenticeship with a respectable firm following on the period of theoretical training, but it is not clear how they would define 'a respectable firm'.

12. The details of the whole of the Bombay scheme will, I believe, be ready by July next and it might be useful to await their publication before issuing final orders here.

C. M. SCHMIDT,

Registrar of Joint Stock Companies.

1st April 1916.

Sub-Enclosures.

(1)

Letter—from K. SUBRAMANYA AYYAR, Esq., B.A., L.T., F.S.A.A., Secretary, Accountancy Diploma Board, Bombay.

To—the Hon'ble Mr. C. M. SCHMIDT, Registrar of Joint Stock Companies.

Dated—the 18th February 1916.

No.—403/5.

With reference to your letter of the 8th instant, addressed to the Principal of the Government College of Commerce, Bombay, about the Accountancy examinations to be conducted by this Board, I have the honour to state that the scheme drafted by this Board was submitted to the Government of Bombay a few months ago and that it has been approved with a few alterations by the Bombay Government and submitted to the Government of India for final orders. It is expected that the Government of India will forward the scheme to the different Local Governments with their remarks. I believe the Madras Government must have received it from the Government of India by this time, or may receive it during the course of the next month. After the Government of India receive replies from the different Local Governments, the sanction of the Government of India is expected to be forwarded to the Bombay Government. It is only then that the scheme will be finally sanctioned and published.

2. I hope to be able to publish, by July next, the scheme as finally approved by the Government of India. The first Diploma examination will be held in March 1917, and all holders of temporary auditor's certificates will be eligible to appear for that examination, and will be granted the Diploma of this Board on their passing such examination, without any further proof of practical training.

3. Candidates will be examined in—

(1) Accountancy and Auditing;

(2) Indian Mercantile Law;

the standard of the examination being the same as that laid down for the Chartered and Incorporated Accountants' Final examinations.

(2)

Joint Stock Companies.

	With paid-up capital.					Total.
	Of or below Rs. 50,000.	Between			Exceeding Rs. 5,00,000.	
		Rs. 50,000 and 1,00,000.	Rs. 1,00,000 and 3,00,000.	Rs. 3,00,000 and 5,00,000.		
(1)	(2)	(3)	(4)	(5)	(6)	(7)
1. Banking and Loan Companies ..	94	47	39	4	6	190
2. Insurance	8	1	..	..	..	9
3. Trading	45	6	9	2	10	72
4. Mills and Presses	16	13	11	1	10	51
5. Tea and Planting	3	4	6	3	..	16
6. Mining	2	2	2	..	..	6
7. Breweries	..	1	..	..	..	1
8. Sugar manufacturing	..	..	..	..	1	1
9. Others	6	..	..	..	..	6
Total of 2 to 9 ..	80	27	28	6	21	162
Grand Total ..	174	74	67	10	27	352

I note that the supply of publications is made contingent on the acceptance of the Bombay scheme by a local Government. I should however be decidedly against supplying the information asked for in paragraph 2 of the letter of the Secretary of the Accountancy Diploma Board, Bombay. It would be for the Government to furnish a list of candidates for the examination, whose general education had reached the matriculation standard and information to enable the Accountancy Board to check

such a list would be unnecessary. It is most undesirable that the Accountancy Board should have any pretext to meddle with Departmental or University affairs. These are the only educational publications asked for. (4)

It seems premature to enter into such details as the printing of examination papers and the appointment of a local Superintendent of the examination.

Letter—from the Hon'ble Mr. C. M. SCHMIDT, Registrar of Joint Stock Companies.

To—the Secretary to Government, Judicial Department.

Dated—Madras, the 26th June 1916.

No.—86-Comp.

I have the honour to reply to Memorandum No. 1371 C-1, Judicial, dated the 15th ultimo, forwarding for my remarks the letter from the Government of India, Department of Education, No. 323, dated the 12th April 1916, regarding the utilization of the Sydenham College of Commerce and Economics at Bombay as a central examining body for conducting examinations at various centres and for awarding a diploma in accountancy which would be recognised as a basis for the issue of auditor's certificates under the Indian Companies Act, 1913, the Indian Life Assurance Companies Act, 1912, and the Provident Insurance Societies Act, 1912.

2. As the subjects are connected closely, I enclose copy of a note which I sent recently to the Director of Public Instruction on his scheme for the establishment of an Institute of Accountancy in Madras, drafted with reference to G.O. No. 485, Educational, dated the 5th May 1915. (Y)

As stated therein (paragraph 5) I am in favour of instituting for the whole of India the same examinations for testing the competency of candidates for auditor's certificates, and so far as auditors with qualifications similar to those of Chartered Accountants are concerned the proposed examination for the Diploma of Accountancy of the Sydenham College would, subject to the remarks I have to offer on the draft regulations, appear to meet the requirements of the case admirably; but as indicated in paragraphs 8 and 9 of my note of the 1st April 1916, the original proposal made in Bombay which seems to have been abandoned, viz., to have two classes of auditors—a senior and a junior—is preferable if modified slightly. The conditions in this Presidency demand some such classification as would create a class of junior auditors whose services would be available for companies of small means, e.g., midhis, the majority of which keep their accounts in the vernacular, have a limited field of operation, follow a simple system of accounting and cannot afford heavy auditor's fees. Under this classification a senior auditor—i.e., a Diplomat in Accountancy—might be authorized to act as the sole auditor of a joint stock company or in conjunction with any recognized auditor; whilst a junior auditor would be entitled to act as sole auditor only as regards the accounts of (a) Provident Insurance Societies not registered under the Indian Companies Act and (b) Banking and Loan Companies with paid-up capital not exceeding, say, Rs. 50,000, being required in all other cases to audit in conjunction with a senior auditor, and his audit of accounts in a vernacular being restricted to the vernaculars specified in his certificate.

For the junior class it would also be better to have a single examination for the whole of India of a simpler type than that laid down for the Diploma in Accountancy, and admission to this might be granted to those who have passed the matriculation examination of an Indian University or the school final examination of a local Government or some equivalent educational test. The course of practical training might be limited to about eighteen months under (a) a Chartered or Incorporated Accountant or (b) a Diplomat in Accountancy or (c) the holder of a permanent, restricted or unrestricted, auditor's certificate granted by a local Government.

These junior auditors might be given some such style as "Certificated Accountants".

E. Jagannathan

If the Sydenham College is not prepared to have the double examination, the recruitment of this junior class must be left to the local Government with its local institute, but I would recommend the centralization of all examinations.

3. Subject to this alteration in the main features of the scheme, which will, if accepted, necessitate an amplification of the draft regulations of the Accountancy Diploma Board of Bombay, the latter, so far as they concern the creation and recognition of a superior class of auditors, appear to call for the remarks which follow:—

(i) *Regulation No. 1.*—(1) In paragraph 4 *infra* I refer to the inadvisability of vesting in a single local Government the power to grant or to withdraw or to cancel a diploma which will give the holder a status as an auditor throughout India.

(2) It would not be expedient to associate the term "Government" with the style of the Diplomate in Accountancy since its use might lead to a misapprehension in the minds of the public that the Government held themselves responsible for the actions of the Diplomates and that companies whose accounts were audited by them were under the direct supervision of the Government. In this connection I may refer to paragraph 8 of my letter No. 79 Comp. of the 13th instant in which I cited the case of public auditors appointed by the Treasury in England under the Friendly Societies Act and the Industrial and Provident Societies Act, who are not treated as public servants, draw no salaries, have no claim to pension and are not permitted to assume the title of "Government Auditors," but describe themselves as "Public Auditors under the Friendly Societies Act, 1896, and the Industrial and Provident Societies Act, 1893." In this view the style of "Diplomate in Accountancy" or "Public Diplomate in Accountancy" should suffice. I have already suggested the style of "Certificated Accountant" for the class from which junior auditors would be found.

(ii) *Regulation No. 3.*—If two examinations are instituted the fee for the junior might be Rs. 25.

(iii) *Regulation No. 4.*—I consider that the minimum qualification for admission to the examination for a diploma in accountancy should be the Intermediate Examination in Arts of an Indian University or some educational test considered as equivalent thereto. The subjects of advanced accountancy and auditing and of mercantile law require a higher general educational level than that of a matriculate and it has to be remembered that the course of theoretical training is to extend to two academic years only.

(iv) *Regulations No. 4-6.*—(i) The Institute of Accountancy proposed to be started in this Presidency will, it may be taken for granted, be treated as one "recognised by the Accountancy Diploma Board" and the exemptions contemplated by regulations 5 and 6 will bridge the break until those who enter that institution are qualified to appear for the examination.

(ii) The suggestions in paragraph 5 of my note of the 1st April appear to be sufficient to bring the course of study in the Madras Institute up to the standard of the examination for the diploma.

(iii) In order to meet exceptional cases of candidates who have not received a practical training in accounts or who are not already holders of auditors' certificates granted by a local Government but who have undergone theoretical training either by passing technical account tests prescribed by a local Government or by attendance at the "Schools of Commerce" hitherto existing, the Accountancy Diploma Board should take power in the regulations to exempt from the conditions laid down in regulation No. 4 any person or class of persons who in its opinion have had sufficient theoretical training, the grant of such exemptions being limited up to the year 1920.

(iv) In Regulation No. 6 I would also fix a limiting period within which a holder of an auditor's certificate granted by a local Government would be permitted to appear for examination.

(v) Should it be decided to institute two examinations, a senior and a junior, regulations Nos. 5 and 6 altered as proposed by me might apply to both.

(vi) *Regulations Nos. 7 and 8.*—If two examinations are instituted a simpler syllabus for the junior would be required. That in the draft should suffice for the diploma in accountancy but in regulation 7, under B. *MERCANTILE LAW*, after "provident insurance societies" might be added "co-operative societies" and "charitable societies" as it is advisable that the services of the diplomates in accountancy should be utilized by the larger co-operative societies for auditing their accounts under section 17 of the Co-operative Societies Act, 1912.

(vii) *Regulations Nos. 9 to 11.*—These would apply to both examinations if two were held.

(viii) *Regulation No. 12.*—(i) The course of practical instruction is apparently either to precede or succeed the passing of the examination [paragraph 13 of the Board's report and clause (d) of regulation No. 12]. Except in the case of graduates, the draft regulations will make the total course of attendance at a recognized institution and practical training cover a period of five years. In my note of the 1st April (paragraphs 10 and 11) I advocated a total course of four years, but the longer period appears to be better.

(ii) For the junior class I should say that a course of practical training covering a period of 18 months should suffice.

The Accountancy Diploma Board recommends that unrestricted certificates should be awarded to all holders of the proposed diploma in accountancy (paragraph 15 of their report dated the 3rd September 1915), but the Government of Bombay consider (paragraph 3 of letter No. 95, Educational, dated 11th January 1916) that it would be more appropriate if the Government of India were, under the proviso to section 144 (1) of the Indian Companies Act, 1913, to exempt these persons from the necessity of holding certificates. The latter view is no doubt correct, but the question arises as to the authority who would then take disciplinary measures against diplomates in cases of professional misconduct. If, as recommended by the Board, they were holders of unrestricted certificates the Local Government which issued the certificate would, under authority of the rules framed by it under section 144 (2), cancel or suspend a certificate; but if the diplomates are to be viewed as exempted members the authority which grants the diploma, i.e., the Government of Bombay (regulation No. 1) should take power in this respect. As these diplomates are to carry weight throughout India with reference to the requirements of section 144 of the Indian Companies Act, the vesting of the power to grant, withdraw or cancel them in a single local Government appears to be an undesirable arrangement and in this view the authority should be the Accountancy Diploma Board or better still the Government of India. In any case, as the Accountancy Diploma Board is to be the central examining authority for the whole of India it will be necessary for it to enrol as a member a representative from each Presidency and Province.

5. It seems also to be necessary that the Diploma Board should be empowered to frame by-laws regulating the conduct of diplomates and on this point I would refer to my letter No. 79 Comp. of the 13th instant.

6. Incidentally, from this matter arises the question of the necessity for the continuance of the Government technical examinations in accountancy. A multiplicity of tests is to be avoided.

7. Turning to the question of *supply of publications*, in paragraph 2 of his letter of the 13th September 1915, Mr. Subrahmanya Ayyar states that the Board (i) has to satisfy itself that a candidate for admission to its diploma examination has passed the Matriculation examination, the School Final or an equivalent examination and (ii) must have facilities for ascertaining the terms and conditions on which a candidate who has passed the School Final or an equivalent examination is declared eligible for admission into the colleges of the province concerned.

The Board will find it cumbersome to have in its records numerous volumes of gazettes and to wade through them to find out whether a particular candidate has passed an examination. It would be simpler for it to require a candidate to forward his Matriculation or other University certificate or the School Final register along with his application with the additional precaution that the application should be transmitted to the Board through the Registrar of the University or the Commissioner for Government Examinations, as the case may be, of the Presidency or Province to which the candidate belongs.

With reference to the request in paragraph 5 (a) of the same letter the least round-about course would be for the Government to supply the Accountancy Board from time to time with copy of all its orders regarding the grant or withdrawal of auditors' certificates.

HOME (EDUCATION) DEPARTMENT.
NOTES CONNECTED WITH G.O. Nos. 1131-32, HOME (EDUCATION),
DATED 27TH OCTOBER 1916.

[SUBJECT.—Scheme for the utilization of the Sydenham College of Commerce and Economics, Bombay, as a central examining body for conducting accountancy examinations at various centres and for awarding a diploma in accountancy.]

Previous papers :

G.O.	260-61,	Judicial,	4th Feb.	1914
"	369,	Educational,	2nd Apr.	"
"	1478,	Judicial,	3rd July	"
"	485,	Educational,	5th May	1915
"	590	"	5th June	"
Mis.	374	"	4th Apr.	1916

From the Government of India, dated 12th April 1916, No. 328.

Please see paragraphs 6 and 7 of the Government of India's letter on pages 3 and 4 of G.O. No. 260, Judicial, dated the 4th February 1914, from which it will appear that the Government of India already suggested that it might be a convenience if the examinations in Accountancy held by the Bombay Government in connection with the College of Commerce in Bombay, could be held in centres outside Bombay, the certificates awarded on its results being recognised as valid throughout India. In their reply to India this Government agreed to accept the diploma granted by the Bombay College of Commerce as a sufficient qualification for the eventual grant of permanent certificates to auditors in this Presidency, but stated that, until an examining agency was established in this Presidency, this Government should be consulted in the framing of regulations for the examinations held by the Bombay College and should make its own rules for the apprenticeship and presentation of candidates. This Government were also of opinion that some adaptation of the papers to varying local conditions might also be desirable in order to test the candidate's ability to audit vernacular accounts and that the examination itself should be conducted at not less than three or four centres in this Presidency. In conclusion this Government stated they were not then in possession of a comprehensive knowledge of the requirements of this Presidency and that the information which they possessed led them to think that it might eventually be found necessary to make special provision for training and examining candidates within the Presidency itself—vide paragraphs 4 and 7 of letter No. 261, Judicial, dated the 4th February 1914.

2. Subsequently the Government had under their consideration the question of providing facilities for the training of auditors in this Presidency, and in paragraph 2 of G.O. No. 435, Educational, dated the 5th May 1915, they stated that they would be prepared to consider the question of establishing a college of higher accountancy and auditing in Madras which would fully serve the needs of the Presidency and requested the Director of Public Instruction to submit detailed proposals therefor.

* Since received.

These proposals have not yet been received from the Director of Public Instruction.

3. In August last the Hon'ble Mr. Sharp expressed the desire to see the detailed scheme for the establishment of an institution for training auditors and accountants

2 NOTES TO G.O. No. 1131-32, HOME (EDUCATION), 27TH OCTOBER 1916

in Madras, before any action was taken upon it by this Government, in view of certain developments which were then taking place in Bombay. He also subsequently forwarded a copy of the Bombay Government's resolution on the Bombay developments referred to above, and stated that he was asking that Government to expedite matters, so that the Madras Government might be able to consider the possibility of an examination common to the two (Madras and Bombay) institutions, as such an arrangement would make for convenience and efficiency. ^{side pages 4 and 7 of papers} The Bombay Government's resolution has been forwarded to the Director of Public Instruction for utilization in connection with the preparation of the scheme for the establishment of a college of higher accountancy and auditing in Madras.

4. The Government of India have now forwarded the detailed scheme of the Bombay Government for the utilization of their college, now called the Sydenham College of Commerce and Economics, as a central examining body for conducting examinations at various centres and for awarding a diploma in Accountancy which could be recognised as a basis for the issue of certificates to auditors under the Indian Companies Act, 1913, the Indian Life Assurance Companies Act, 1912, and the Provident Insurance Societies Act, 1912; and they wish to be favoured with an opinion on the scheme at a very early date. It is submitted that the scheme and the further communication from the Government of Bombay may in the first instance be

P.R.—9-5-16. referred to the Director of Public Instruction for remarks. A draft endorsement is submitted below for approval.

* Issued as endorsement No. 1576-1, Educational, 9th May 1916. 5. After issue of the file may be forwarded to the Judicial Department for obtaining the views of the Inspector-General of Registration on the scheme.

A.R.—6-5-16.
T.K.—6-5-16.

Yes.

P. RATAGOPALA ACHARIYAR—9-5-16.
[Endorsement No. 1576-1, Education, dated 9th May 1916.]
To the Judicial Department.

JUDICIAL DEPARTMENT.

A draft memorandum to the Registrar of Joint Stock Companies is submitted.
A.V.S.—12-5-16.
M.V.V.—12-5-16.

Issue.

E. A. HARVEY—15-5-16.
[Memorandum No. 1371-C/1, dated 15th May 1916.]
To the Educational Department.

EDUCATIONAL DEPARTMENT.

From the Director of Public Instruction, No. 3855/15, dated 8th May 1916.
In accordance with paragraph 2 of G.O. No. 485, Educational, dated the 5th May 1915, the Director of Public Instruction has submitted a draft scheme for the establishment of a college of higher accountancy and auditing in Madras. In the concluding portion of his note on the draft scheme (paragraph 12 on page 15 current file) Mr. Schmidt has suggested that it might be useful to await the publication of the Bombay Government scheme before issuing final orders. The Director of Public Instruction has also agreed with this view (paragraph 1 on page 9 current file).

2. The Government of India have recently forwarded for the opinion of this Government a copy of the Bombay Government letter regarding the utilization of the Bombay College of Commerce as a central examining body for conducting examinations at various centres in India and for awarding diplomas in accountancy. The Bombay scheme has been referred to the Director of Public Instruction and the Inspector-General of Registration for remarks. It seems desirable to have these

remarks also before finally dealing with the scheme now submitted by the Director of Public Instruction so that any alteration which might be suggested in the scheme with reference to the Bombay scheme may also be carried out. It is therefore for

Yes.
P.R.—30-5-16.

orders whether the consideration of the proposal now submitted by the Director of Public Instruction may lie over pending the receipt of the remarks of the Director of Public Instruction and the Inspector-General of Registration on the Bombay scheme referred to above.

3. In this connection attention is solicited to the demi-official correspondence on pages 4 and 6 of papers flagged "S" wherein the Government of India desired to see the scheme before any action was taken upon it in view of certain developments which were then taking place in Bombay.

Must we not say how far the scheme is acceptable to Government?

P.R.—30-5-16.

A copy of the Director's letter with its enclosures may, it is submitted, be forwarded to the Government of India. A draft demi-official is submitted for approval.

A.S.—26-5-16.
T.K.—27-5-16.

From pages 4 and 6 of the papers flagged "S," it will appear that the Government of India wished to see the scheme before any action was taken upon it and that this Government promised to send a copy of the scheme as soon as it was formulated by the Director of Public Instruction and before taking any action. It was therefore thought that the Government of India might be furnished with an advance copy of the Director's scheme. Should it be considered desirable to state as to how far the scheme is acceptable to this Government, it is submitted that the scheme will have to be examined in detail which can be done only after the receipt of the remarks of the Director of Public Instruction and the Inspector-General of Registration on the Bombay scheme, as stated in the concluding portion of paragraph 2 of the office-note above. It is therefore for orders whether a copy of the Director's scheme may be forwarded to the Government of India in advance for information or whether it may be forwarded along with the views of this Government after detailed examination.

A.S.—2-6-16.
T.K.—2-6-16.

I have no objection to the scheme being sent up in advance: but you must add that a detailed examination is being made and that the views of this Government will follow.

P. RAJAGOPALA ACHARIYAR—6-6-16.

A revised draft demi-official is submitted for approval.

A.S.—8-6-16.
T.K.—8-6-16.

P.R.—10-6-16.

Demi-official—from the Hon'ble Diwan Bahadur P. RAJAGOPALA ACHARIYAR, Avargal, C.E., Secretary to the Government of Madras, Educational Department.

To—the Hon'ble Sir E. D. MACLAGAN, K.C.I.E., C.S.I., I.C.S., Secretary to the Government of India/Department of Education.

Dated—Ootacamund, the 10th June 1916.
No.—1659-1, Educational.

With reference to the correspondence ending with Mr. Sharp's demi-official No. 274, Education, dated the 27th October 1915, regarding the proposal to establish an institution for training auditors and accountants in Madras, I am directed to forward in advance a copy of the

4. NOTES TO G.O. Nos. 1131-32, HOME (EDUCATION), 27TH OCTOBER 1916

letter from the Director of Public Instruction, Madras, No. 3855/15, dated the 8th May 1916, relating to the establishment of an Institute of Commerce in Madras and to add that the scheme is being subjected to detailed examination and that the views of this Government will follow.

HOME (JUDICIAL) DEPARTMENT.

From the Registrar of Joint Stock Companies, dated the 26th June 1916, No. 86-Comp.

The views of the Inspector-General of Registration have been obtained and are at pages 17-19, current file. Submitted that this file may be sent to Educational for consideration of the Inspector-General's remarks along with the Director of Public Instruction's reply if this has been received in that department.

A.V.S.—30-6-16.

M.V.V.—30-6-16.

E. A. HARVEY—3-7-16.

To the Educational Department.

EDUCATIONAL DEPARTMENT.

From the Director of Public Instruction, dated the 31st May 1916, R.O.C. No. 3855.

The remarks of the Director of Public Instruction and the Registrar of Joint Stock Companies have been received.

The Registrar of Joint Stock Companies is in favour of instituting for the whole of India the proposed examination for the diploma of accountancy of the Sydenham College at Bombay. As regards the main features of the scheme Mr. Schmidt considers that it is preferable to have two classes of auditors—a senior and a junior—as the conditions of this Presidency demand some such classification as would create a class of junior auditors whose services would be available for companies of small means, e.g., *nidhis*—the majority of which keep their accounts in the vernacular, follow a simple system of accounting and cannot afford heavy audit fees. While a senior auditor—a diplomate in accountancy—can act as the sole auditor of a joint stock company, a junior auditor would be entitled to do so only as regards the accounts of (a) provident insurance societies not registered under the Indian Companies Act and (b) banking and loan companies with paid-up capital not exceeding, say, Rs. 50,000; and in other cases he should audit in conjunction with a senior auditor, the former's audit of accounts (in vernacular) being restricted to the vernaculars specified in his certificate. Mr. Schmidt also considers it better to have a single examination for the whole of India of a relatively simple type for the junior class of auditors, admission being granted to those who have passed the Matriculation Examination of an Indian University or the School Final Examination of a Local Government or some equivalent test. The course of practical training might be limited to about eighteen months under a qualified practising auditor. The junior auditors may be styled "certificated accountants."

If the Sydenham College is not prepared to have the proposed double examination, Mr. Schmidt is of opinion that the recruitment of the junior class must be left to the Local Government.

In this connection attention is solicited to paragraphs 3 and 4 of letter to the Government of India, No. 261, Judicial, dated the 4th February 1914, in which this Government have already informed India of the existence of *nidhis* or mutual loan associations in this Presidency and have also stated that an expensive audit would press heavily on many societies of this class. We may therefore, it is submitted, now urge on the Government of India the desirability of the Sydenham College holding a double examination, one for the senior and another for the junior class of auditors. If that college is not prepared to do so, provision may be made for the junior class of men in the Institute of Commerce which it is proposed to establish in Madras.

The remarks of the Registrar of Joint Stock Companies on the draft Regulations are dealt with below:—

Regulation 1.—"The diploma in accountancy of the Sydenham College of Commerce and Accountancy will be awarded by the Government of Bombay, on the recommendation of the Accountancy Diploma Board, to a candidate who has proved to the satisfaction of the Board . . ."

Mr. Schmidt considers it inadvisable to vest in a single Local Government the power to grant, or to withdraw, or to cancel, a diploma which will give the holder status as an auditor throughout India. He suggests that the authority should be the Accountancy Diploma Board, or better still the Government of India, and his reasons are given in paragraph 4 on page 10, current file. It seems desirable that such authority should be the Accountancy Diploma Board itself instead of the Government of India, as it may be convenient to address the latter every time that it is desired by the Local Government to withdraw or cancel a diploma; and further it would seem desirable to reserve the Government of India as appellate authority in these cases. Moreover, as observed by Mr. Schmidt, it is the Accountancy Diploma Board who should be the central examining authority for the whole of India and it is therefore necessary for it to enrol as a member a representative from each Presidency and Province. Consequently it would seem desirable that that Board should have also the power to grant or withdraw, or cancel diplomas.

Regulation 1 also provides that the "holders of this diploma will be styled 'Government Diplomates in Accountancy'."

Mr. Schmidt rightly objects to associate the term "Government" with the style of the Diplomate in Accountancy, as its use may possibly lead to misapprehension in the minds of the public that the Government hold themselves responsible for the actions of the diplomates. He therefore suggests the style of "Diplomate in Accountancy" or "Public Diplomate in Accountancy." The latter style seems to be better and may, it is submitted, be agreed to. His suggestion to use the expression "Certificated Accountants" for the junior auditors may also be accepted.

Regulation 2 provides for the selection of centres in the different provinces in consultation with the Local Government. No remarks are called for.

Regulation 3 prescribes a fee of Rs. 50 per candidate for admission to the examination. Mr. Schmidt suggests a fee of Rs. 25 for the junior auditors' examination. His suggestion may be accepted.

Regulation 4 provides that "a candidate for admission to this examination must have passed the Matriculation Examination of an Indian University or the School Final Examination conducted by a Local Government or any other examination which in the opinion of the Accountancy Diploma Board is equivalent to these . . ."

Mr. Schmidt considers that the minimum qualification for admission should be the Intermediate Examination in Arts of an Indian University, or some educational test considered as equivalent thereto, his ground being that the subjects of advanced accountancy and auditing and mercantile law require a higher general educational level than that of a Matriculate and that the course of theoretical training is to extend to two academic years only. It is submitted that Mr. Schmidt's suggestion may be agreed to.

Regulation 5 provides that a candidate who has received adequate practical training in accounts as defined in regulation 12, for a period of not less than two years, shall be eligible to appear for the diploma examination up to the year 1920 without the production of a certificate of attendance at a recognised institution; and

Regulation 6 provides for the admission to the examination of every holder of an auditor's certificate granted by a Local Government under the Indian Companies Act, 1913, even though he may not satisfy the conditions laid down in Regulation 4.

In order to meet the case of candidates who have undergone theoretical training by passing technical Account tests prescribed by a Local Government or by attendance at existing schools of commerce, Mr. Schmidt suggests that the Accountancy Diploma Board should take power to exempt from the conditions laid down in regulation 4 any person or class of persons who in its opinion have had sufficient theoretical training, the grant of such exemptions being allowed up to the year 1920. Mr. Schmidt also suggests that in regulation 6 a limit may be fixed within which the holder of an auditor's certificate may be permitted to appear for the examination. Submitted that these suggestions seem to be reasonable and may be accepted.

8. Regulation 7 prescribes the subject in which the candidates will be examined. Mr. Schmidt suggests that the Indian law relating to co-operative societies and charitable societies may be added under *B. Mercantile Law* on the ground that the services of the Diplomates in Accountancy could be utilised by the larger co-operative societies for auditing their accounts. He also suggests that, if two examinations are instituted, a simpler syllabus for the junior auditors would be required. Submitted that these suggestions may be approved. cap/

9. Regulation 12 prescribes a five years' course in accounts—two years in a recognised professional institution and three years' apprenticeship course under a practising accountant—the period being reduced from five to three years' practical training in the case of graduates of a University.

In connection with the scheme for the establishment of an Institute of Commerce in Madras, Mr. Schmidt has suggested a four years' course, inclusive of two years' practical training under a qualified auditor who is actually practising as an auditor during the period of apprenticeship. Mr. Schmidt, however, now considers that the longer period is the better one. It is however submitted that, if the Intermediate examination is prescribed as the minimum qualification for admission, it seems sufficient to prescribe a four years' course—two years' theoretical and two years' practical—as it is likely that a longer course than that may deter many students from entering the profession the prospects in which are rather uncertain at present. cap/

For the junior class of auditors Mr. Schmidt would prescribe a practical course of 18 months. The suggestion may be accepted.

10. Mr. Schmidt suggests that the Accountancy Diploma Board should be empowered to frame by-laws regulating the conduct of diplomates. It seems desirable to have such a provision and it may be embodied at the end of regulation 14 which empowers the Board to frame by-laws providing for the recognition of accountants, admission and registration of apprentices under regulation 12 and the recognition of institutions. wg.

11. Mr. Schmidt doubts the necessity for the continuance of the existing Government Technical Examinations in Accountancy. It is submitted that these may be abolished after the Bombay scheme comes into operation.

12. As regards the supply of certain publications to the Accountancy Diploma Board, the printing of question papers and the conduct of examinations, referred to in the letter of the Secretary of that Board, the Director of Public Instruction is against the supply of all the educational notifications required in paragraph 2 thereof on the ground that it is most undesirable that the Board should have any pretext to meddle with departmental or University affairs. He therefore suggests that the Government may furnish the Board with a list of candidates for the examination whose general education had reached the Matriculation standard. Mr. Schmidt however suggests that it would be simpler for the Board to require a candidate to forward his Matriculation or other University certificate, or the School Final Register (along with his application) through the Registrar of the University or the Commissioner for Government Examinations as the case may be. wg.

Mr. Schmidt's suggestion is perhaps better, but it has to be presumed that the Registrar of the University or the Commissioner would not be unwilling to undertake the work gratuitously.

As regards the request in paragraph 5 (a) of the Secretary's letter regarding the supply by the Registrar of Joint Stock Companies of alterations in the list of holders of auditors' certificates, Mr. Schmidt suggests that the Government may supply the Accountancy Board from time to time with copies of all orders regarding the grant or withdrawal of auditor's certificates. The suggestion may be accepted as being the simplest course.

As observed by the Director of Public Instruction, it is premature to enter into such details as the printing of examination papers and the appointment of the local superintendent of the examination referred to in paragraphs 5 (b) to (d) of the Secretary's letter.

13. As in several important particulars the scheme submitted by the Director of Public Instruction differs from the Bombay scheme, the Director (in his remarks on the latter) states that his "scheme might usefully be modified to bring it into line with the Bombay scheme or it may be that local circumstances will make some divergence inevitable." He therefore suggests that the whole question be referred to a committee or advisory council. It is for consideration whether, before the scheme

This may, I think, be done.

P.R.—13-8-16.

is subjected to detailed examination, it may, as suggested by the Director of Public Instruction, be referred to a

Committee. If so, the question of its constitution will have to be considered.

14. In paragraph 3 of his scheme on page 10, current file, the Director of Public Instruction proposes that the Advisory Council should consist of—

- (1) the Collector of Madras as President,
- (2) the Principal of the Institute of Commerce as Secretary,
- (3) the Registrar of Joint Stock Companies,
- (4) the Deputy Accountant-General, and
- (5) members nominated by Government from among the chartered accountants,

bankers and merchants of Madras in such a way as to secure due representation of such commercial organisations as the Chamber of Commerce.

15. In his note on the Director's scheme Mr. Schmidt remarks that the Advisory Council in Madras should in any case include (1) the Director of Public Instruction, (2) the Principal of the Institute of Commerce and (3) the Secretary and Treasurer of the Bank of Madras, as well as the Registrar of Joint Stock Companies who comes in close contact with practising auditors. He does not think that the

I agree.

P.R.—13-8-16.

Deputy Accountant-General is necessary on the Council, as he does not deal with commercial accounts. For the same reason

it would appear that the Collector of Madras too need not be included in the Council.

16. In the Bombay scheme the Accountancy Diploma Board consists of—

- (1) The Director of Public Instruction, Bombay—Chairman.
- (2) The Principal of the College of Commerce.
- (3) The Secretary and Treasurer, Bank of Bombay.
- (4) A senior Chartered Accountant.
- (5) A senior Incorporated Accountant.
- (6) and (7) Two experts in Mercantile Law.

One of the members of the Board is appointed by Government from time to time to officiate as Secretary.

17. It is for consideration whether the Committee may for the present be composed of—

These three are necessary.
P.R.—13-8-16.

- (1) the Director of Public Instruction, Madras as Chairman.
- (2) the Secretary and Treasurer of the Bank of Madras.
- (3) the Registrar of Joint Stock Companies.

8 NOTES to G.O. Nos. 1131-32, HOME (EDUCATION), 27TH OCTOBER 1916

(4) Certain number of members nominated by Government from among the chartered accountants, bankers and merchants.

As regards (4) some of the persons fit for nomination appear to be—

- | | |
|---|---|
| Nos. (2) and (3) may be taken.
P.R.—13-8-16. | (1) Messrs. Frazer and Ross,
Chartered Accountants.
(2) Vidya Sagar Pandya.
(3) F. H. Oakley.
(4) Rao Bahadur A. Krishna-
swami Rao. |
|---|---|

The last three persons hold permanent unrestricted certificates granted by the Madras Government in accordance with rules made under section 144 (2) of the Indian Companies Act.

17. Orders are solicited as to whether the whole question may be referred to a committee the constitution of which is recommended by Mr. Stone, or whether a reply may be sent to the Government of India embodying the remarks of the Registrar of Joint Stock Companies with such modifications as may seem necessary. The Government of India have asked for an early reply and a reminder has recently been received from that Government.

The remarks of the Judicial Department may be obtained u.o. in the first instance.

T.K.—23-7-16.

A Committee may be appointed to deal with the whole question and report thereon and it may consist of—

- (1) The Director of Public Instruction as Chairman,
- (2) Sir Bernard Hunter of the Madras Bank,
- (3) The Registrar of Joint Stock Companies,
- (4) Mr. Vidya Sagar Pandya of the Indian Bank, and
- (5) Mr. F. H. Oakley.

P. RAJAGOPALA ACHARIYAR—13-8-16.

Demi-official—from T. E. MOIR, Esq., I.C.S., Private Secretary to His Excellency the Governor.

To—the Hon'ble Diwan Bahadur P. RAJAGOPALA ACHARIYAR AVANGAL, C.I.E., Secretary to Government, Home (Education) Department.

Dated—Government House, Ootacamund, the 14th August 1916.

Would you kindly give me information as to Mr. F. H. Oakley who is suggested as a member of this Committee. There is a Mr. H. Oakley shown as a Public Accountant and Auditor (page 1945 of Lawrence Asylum Press Almanack) while I find that Mr. F. H. Oakley is shown as an Accountant and Auditor (page 1755). The leading firm of Accountants in Madras is Messrs. Frazer and Ross—in fact they are the only chartered Accountants—and perhaps Mr. Ian Fraser would be a more helpful member than Mr. Oakley. His Excellency would be glad to have your views on this matter.

It may not be possible for His Excellency to see you as usual at 12 noon to-day. I shall ring you up at 11-45 a.m. in office and let you know definitely.

Submitted that Mr. Oakley referred to in the note is Mr. F. H. Oakley who is Cf. Nos. 1, 2 and 25 on page 3 of Judicial shown on page 1755 of the Asylum Press Almanack as an Accountant and Auditor.

He is one of the three to whom the local Governments have granted an unrestricted permanent certificate under the Indian Companies Act. The Government Order granting Mr. Oakley the certificate is not available at Ootacamund and some further particulars about him would be available there.

Mr. Ian Frazer is a partner of Messrs. Frazer and Ross, the only chartered Accountants in Madras. There seems to be no objection to his nomination on the Committee.

C. RAMANUJA ACHARIYAR—13-5-16.

Mr. Ian Frazer may be put in instead of Mr. F. H. Oakley: or better still both of them may be appointed to the Committee, in which case the total number of members would be six, which does not appear to be too large.

P.R.—15-8-16.

To the Private Secretary to His Excellency the Governor.

PRIVATE SECRETARY'S OFFICE.

From enquiries made His Excellency is of the opinion that Mr. Oakley would hardly carry sufficient weight in these matters. His name may therefore be omitted.

(By order)

T. E. MOIR—21-8-16.

HOME (EDUCATION) DEPARTMENT.

May not both the files be made into one and disposed of by a single Government Order?

P. RAJAGOPALA ACHARIYAR—22-8-16.

Though both the files deal with the same subject, it is respectfully submitted

Since combined.

that orders will have to issue separately on the two schemes since one requires a reply to the Government of India on the Bombay scheme and on the other a Government Order has to issue approving or otherwise the Director of Public Instruction's scheme for the establishment of an Institute in Madras. The Government of India will have to be replied as soon as the report of the proposed Committee is received, while orders on the establishment of the Institute may have to be deferred till Financial is prepared to provide funds for the establishment of the institute. In these circumstances, it is for orders whether the files may be kept distinct.

2. Before appointing Sir Bernard Hunter and others as members of the Committee it will have to be ascertained whether the non-official members are willing to serve on the Committee. If so, the draft letter below is for approval.

3. Before issue of the letter it is submitted that the files may be circulated to the Honourable Member (Registration).

A.S.—24-8-16.

T.K.—25-8-16.

The files may be thrown into one after the letter to the three non-officials issues.

C. RAMANUJA ACHARIYAR—27-8-16.

P.R.—28-8-16.

A draft letter to the Government of India is submitted below for approval.

A.S.—24-8-16.

T.K.—25-8-16.

C.R.—27-8-16.

P.R.—28-8-16.

[Issued as Letter No. 1659-2, Education, dated the 29th August 1916.]

[Issued as Letter No. 1659-3, Education, dated the 29th August 1916.]

Letter from Ian Fraser, Esq., dated the 31st August 1916.

Letter from Sir Bernard Hunter, Secretary and Treasurer, Bank of Madras, dated the 31st August 1916 (S.P. No. 147/419).

Demi-official—from SIR BERNARD HUNTER, Kt., Secretary and Treasurer, Bank of Madras.

To—the Hon'ble Diwan Bahadur P. RAJAGOPALA ACHARIYAR AVARGAL, C.I.E.,

Secretary to Government, Home (Education) Department.

Dated—the 31st August 1916.

No.—147/60.

With reference to my letter of date to your official address, I regret I am unable to accept Government's invitation to join the Committee appointed to enquire into the schemes for establishing an Institute or College of Commerce and Economy, as I observe that one of my colleagues would be Mr. Vidya Sagar Pandya. Since Mr. Pandya's advent in Madras he has

steadily worked to bring about racial ill-feeling in the mercantile community of Madras, and from a former experience I know it would be quite impossible for me to work with him on a committee. I must add that in my opinion a man who has shown himself to be so lacking in the sense of responsibility as Mr. Pandya did in his memorandum to the Royal Commission on Indian Finance is not a fitting person to sit on a committee of the importance of the one now proposed.

Demi-official—from the Hon'ble Mr. J. H. Stone, C.I.E., Director of Public Instruction.

To—the Hon'ble Diwan Bahadur P. RAJAGOPALA ACHARIYAR Avargal, C.I.E., Secretary to Government, Home (Education) Department.

Dated—Ootacamund, the 4th September 1916.

No.—C. 31/Confid.

Sir Bernard Hunter informs me that he is unable to serve on Institute of Commerce Committee and suggests the name of Dr. Gilbert Slater. I do not know what the constitution of the committee is, but since I presume that the question of instruction in economics will arise, the suggestion seems worth considering.

Letter from Pandit Vidya Sagar Pandya, dated the 2nd September 1916.

Of the non-official gentlemen who were invited to join the proposed committee in connection with the establishment of an Institute of Higher Accountancy and Auditing in Madras and the utilization of the Sydenham College of Commerce and Economics, Bombay, as a central examining body for the award of diplomas

P.R.—7-9-16.

in Accountancy, Mr. Ian Frazer and Pandit Vidya Sagar Pandya have expressed their willingness to serve thereon.

2. Sir Bernard Hunter of the Madras Bank finds himself unable to accept the invitation for personal reasons set out in his demi-official communication above.

Quite out of the question, I think, to go back on the proposal.

P.R.—7-9-16.

Pandit Vidya Sagar has, however, consented to serve on the committee and it would be a delicate matter to reverse this arrangement. The Hon'ble Mr. Stone

suggests that Dr. Slater, the University Professor of Economics, may be put in Sir Bernard's place and adds that, since the question of instruction in economics may arise, his suggestion is worth considering. Orders are solicited whether the recommendation may be accepted.

E.A.V.—6-9-16.

N.K.—6-9-16.

Perhaps another who has *practical* dealings in the subject may be preferable.

C. RAMANUJA ACHARIYAR—6-9-16.

Please see Sir Bernard Hunter's demi-official and Mr. Stone's demi-official above. I support the latter's proposal to appoint Mr. Slater to the Committee.

High as is my opinion of Sir Bernard Hunter, I feel that we should not, on his account, oust the only Indian on the Committee.

P. RAJAGOPALA ACHARIYAR—7-9-16.

The previous point should be examined, viz., whether Mr. Vidya Sagar Pandya is the only possible and most suitable Indian representative?

P[ENTLAND]—8-9-16.

With reference to His Excellency's orders above, it is submitted that there does not appear to be a wide field for the selection of an Indian representative on the proposed committee. There are only two Indian gentlemen, viz., Vidya Sagar Pandya and Rao Bahadur A. Krishnaswami Rao, who have been granted permanent unrestricted certificates by the Local Government in accordance with the rules framed

under the Indian Companies Act, 1913. Rao Bahadur A. Krishnaswami Rao does not appear to have any special experience of commercial matters. He was however employed in the Indian Accounts Department for over 33 years as auditor, superintendent and as gazetted officer in charge of Works Audit Department and has carried out the inspection of the accounts of Executive Engineers of the Public Works Department. It was in view of his practical experience of audit work referred to above and the need for having a third auditor qualified to audit the accounts of Life Assurance Companies, which can be done only by the holder of an unrestricted

Pages 2, 5 and 6 of the notes to G.O. 1478, Judicial, 3rd July 1914.

G.O. 811, Judicial, 6th April 1914.

certificate (section 39 of the Indian Life Assurance Companies Act) that he was granted in 1914 a permanent unrestricted certificate.

It thus appears that Rao Bahadur A. Krishnaswami Rao is the only other qualified Indian that can be put on the committee. It is doubtful whether he will be useful on the present committee.

E.A.V.—9-9-16.

N.K.—9-9-16.

C. RAMANUJA ACHARIYAR—9-9-16.

Is Mr. Pandya's memorandum to the Royal Commission on Indian Finance available?

P. RAJAGOPALA ACHARIYAR—11-9-16.

The memorandum referred to is submitted.

E.A.V.—11-9-16.

N.K.—11-9-16.

C.R.—11-9-16.

There are two questions which His Excellency has asked above—firstly whether Mr. Vidya Sagar Pandya is the only *possible* Indian, and secondly whether he is the most *suitable* Indian. Taking the second question first, I assume that the query is with reference to Sir Bernard Hunter's demi-official at pages 9 and 10 above. Sir Bernard refers to the memorandum submitted by Mr. Vidya Sagar Pandya to the Royal Commission on Indian Finance and on the strength of that memorandum he considers that Mr. Pandya is not a fitting person to sit on a committee of the kind now proposed. I have now obtained a copy of the memorandum referred to. It may be noted in passing that the South Indian Chamber of Commerce has placed on record its general concurrence with the opinions of Mr. Vidya Sagar Pandya. If we now condemn Mr. Pandya for the memorandum we also in a way condemn the South Indian Chamber of Commerce which has concurred in it. Proceeding to the memorandum itself I feel that I am not competent to judge of it. I am however quite prepared to believe that there is a deal of bad Political economy in it but this I fear is not unusual in productions of this type. Sir Bernard Hunter is presumably objecting to what Mr. Vidya Sagar Pandya has said of the Presidency Banks in general and of the Madras Bank in particular. Please see the portions marked by me in blue chalk at pages, 8, 12, 14, 15, 17, 18, 19, 20, 21, 23, 24, 25 and 27. I am not surprised that Sir Bernard has refused to sit with Mr. Pandya after what the latter has said of the Madras Bank. And I would also confess that, had I seen this memorandum in advance, I should not have proposed that Sir Bernard Hunter and Mr. Vidya Sagar Pandya should sit together on any committee, as it is pretty certain that they would paralyse one another. Sir Bernard Hunter has also alleged against Mr. Vidya Sagar Pandya that the latter has, since his advent to Madras, steadily worked to bring about racial ill-feeling in the mercantile community of Madras. I have no information about this, and while I recognise that weight should attach to what Sir Bernard says in a matter like this, I would point out that it is not safe to act on a general assertion. If matters are looked into closely it will probably be found that the number of people who have, consciously or unconsciously, helped to

Handwritten notes:
10/11/16
Wf. X

12 NOTES TO G.O. Nos. 1131-32, HOME (EDUCATION), 27TH OCTOBER 1916
develop racial animosity in South India is surprisingly large. I would deprecate as inexpedient the vetoing of Mr. Vidya Sagar Pandya solely on this ground.

2. I shall now take up the first question, whether Mr. Vidya Sagar Pandya is the only possible Indian. I fear that he is so. There are only two Indians holding permanent unrestricted certificates, Mr. Vidya Sagar Pandya and Rao Bahadur A. Krishnaswami Rao. The latter has had no commercial experience at all, having been throughout a Government servant in the Public Works Accounts Department. Mr. Vidya Sagar Pandya occupies a somewhat important position in the Indian mercantile community in Madras; he has a certain volume of influence, due partly to his position as Secretary of the only Indian Bank in the city run on western lines, and partly also I think to his personality which is a somewhat forceful one. It would rather be a pity to set his back up and also the backs of the Indian community by passing him over after asking him if he would serve on the proposed committee.

P. RAJAGOPALA ACHARIYAR—16-9-16.

Extract from a private letter dated the 18th September 1916 from M.R.Ry. Diwan Bahadur C. Karunakara Menon Avargal, to the Hon'ble Diwan Bahadur P. Rajagopal Achariyar Avargal, C.I.E.

I notice a paragraph in the "Madras Mail" that a committee is to be formed to deal with the matter of establishment of a School of Commerce and Accountancy in Madras and I presume that you will put in some Indian members. I would suggest the name, in this connection, of Mr. C. Gopala Menon, who has had long experience both as a commercial teacher and practical merchant. He was for a long time Superintendent of the Pachaiyappa's commercial school and he has also been a Government Examiner in Commerce. He is a certificated Associate of the Institute of Bankers, London. He is at present dabash of Messrs. Wilson & Co., besides being a Trustee of the Madras Harbour Trust. I trust you will do what is possible to include his name, as I feel sure that he will prove very useful. He is also intimately acquainted with the modern methods of commercial education as shown by his contributions to the press.

Please see the notes on page 7 of notes with G.O. No. 100, Marine, dated the 23rd March 1916, regarding Mr. Gopala Menon. He was reported to possess "high character" and to be of "good commercial standing."

Perhaps these papers may be submitted to His Excellency the Governor for consideration in connection with the file relating to the institution of a college for Accountant/circulated to His Excellency on the 17th instant. This may be useful in case an alternative nomination to Mr. Vidya Sagar Pandya is considered desirable.

C. RAMANUJA ACHARIYAR—10-9-16.

To the Private Secretary to His Excellency the Governor—

Please add this to the main file which has been already submitted. Mr. C. Gopala Menon is evidently a good man, though he does not hold one of our certificates. His record appears to have been unobjectionable; and if Mr. Pandya is vetoed, I would suggest Mr. C. Gopala Menon as the Indian member of the proposed committee.

P.R.—20-9-16.

From M.R.Ry. K. Subrahmanya Ayyar, dated 18th September 1916.

Issue.

P.R.—22-9-16.

A draft acknowledgment is submitted for approval. After issue, the communication may be circulated to His Excellency the Governor in continuation of the main file circulated on the 17th instant.

E.A.V.—22-9-16.

N.K.—22-9-16.

C.R.—22-9-16.

[Issued as Letter No. 3423-1, dated the 23rd September 1916.]

To the Private Secretary to His Excellency the Governor—

Please add this paper also to the main file which has gone up to His Excellency. Mr. K. Subrahmanya Ayyar is a Madras man but he has been now for a long time in Bombay. I believe that there is a paper containing Mr. Subrahmanya Ayyar's suggestions in the file already submitted. In case Mr. Vidya Sagar Pandya is vetoed, Mr. K. Subrahmanya Ayyar may be considered.

P. RAJAGOPALA ACHARIYAR—23-9-16.

His Excellency does not propose to reconsider the nomination of Mr. Vidya Sagar Pandya who will remain a member of the committee. Sir Bernard Hunter's refusal must be accepted as final. In his place His Excellency desires that Mr. Thonger of Messrs, Spencer & Co. should be invited to serve.

(By Order)

T. E. MOIR—29-9-16.

Let me have draft letter to Mr. Thonger (of Messrs, Spencer & Co.) at once.

P.R.—30-9-16.

The draft letter below is submitted for approval.

E.A.V.—30-9-16.

N.K.—30-9-16.

C. RAMANUJA ACHARIYAR—30-9-16.

P.R.—1-10-16.

[Letter No. 1659-4, dated the 2nd October 1916.]

From J. H. Thonger, Esq., dated the 4th October 1916.

Mr. Thonger finds himself unable to accept the invitation. For orders as to the nomination of another gentleman.

E.A.V.—7-10-16.

N.K.—7-10-16.

C.R.—7-10-16.

Mr. Thonger declines. Orders solicited.

P.R.—7-10-16.

His Excellency wishes Rao Bahadur M. A. Parthasarathi Ayyangar of the Bank of Madras to be invited to serve on the committee.

(By Order)

T.E.M.—17-10-16.

A draft letter asking M.R.Ry. Rao Bahadur M. A. Parthasarathi Ayyangar if he is willing to serve on the committee is submitted for approval.

E.A.V.—19-10-16.

T.K.—19-10-16.

C.R.—20-10-16.

P.R.—20-10-16.

[Letter No. 3575-1, Education, dated the 20th October 1916.]

From M.R.Ry. Parthasarathi Ayyangar, dated the 21st October 1916.

M.R.Ry. Parthasarathi Ayyangar has consented to serve on the committee.

A draft order is submitted below for approval.

A.S.—23-10-16.

T.K.—23-10-16.

C.R.—23-10-16.

His Excellency and Honourable Member, Registration for approval.

P.R.—24-10-16.

P[ENTLAND]—26-10-16.

P. S. S[IVASWAMI AYYAR]—27-10-16.

Issue.

P.R.—27-10-16.

[G.O. Nos. 1131-32, Home (Education), dated 27th October 1916.]

ORDINARY.

PRESS SLIP.

PREFERENCE.

Very URGENT (a).

DEPARTMENT.

Current No. dated 191 ..

G.O. No. *1131-32* dated *6. 27. 10.* 1916.

Number of MS. pages sent { Correspondence *38*
(b) Notes *47*

Brief subject.....

(c) Number of copies required when struck off (not including copies for columns and editors' table which are retained in the Press).	E. T. copies to supply requisitions for purchase by the public.	Complete correspondence and orders.	Notes.
FOR RECORD.*			
Madras Records	4	<i>25</i>	<i>20</i>
Ooty Records		<i>4</i>	<i>4</i>
For filing with original			
Total ..		<i>30</i>	<i>25</i>

FOR ISSUE.†

Signature copies.....	Complete G.O.	(b) Special issue copies of G.O.		Notes.
		No.	Papers.	
India Office.....	<i>1</i>	<i>6</i>		
Govt. of India..... Dept.	<i>4</i>			
Revenue Department.....				
Public Works Department.....				
Local and Municipal Department.....				
Educational Department..... Dept.				
Public Dept.....				
Judicial Dept.....	<i>4</i>			
Political.....				
Financial Dept.....				
Marine Dept.....				
Ecclesiastical Dept.....				
Total ..				
Spare copies { The <i>D.P. 2</i>	<i>10</i>			
The <i>Govt. of India</i>	<i>10</i>			
The <i>Public Works</i>	<i>20</i>			
The <i>Revenue</i>				
The <i>Local and Municipal</i>				
The <i>Educational</i>				
The <i>Public</i>				
The <i>Judicial</i>				
The <i>Political</i>				
The <i>Financial</i>				
The <i>Marine</i>				
The <i>Ecclesiastical</i>				
Total ..	<i>186</i>			

INSTRUCTIONS FOR THE SECRETARIAT.

(a) If a paper is marked to be printed urgently, the Superintendent of the section concerned should sign the Press slip. The Superintendent should exercise a careful discretion in the matter.

(b) Each letter, memorandum, or order, or set of orders, in the file of correspondence should be headed in succession with the Roman numeral I, II, III, etc., the number being written in red ink or blue chalk above the item. The particular papers to be printed in the special issue-copies should be indicated by the Roman numeral (I, II, etc.) by which that item has been headed in the correspondence file. All matter, including marginal remarks or references, to be printed should be written in ink and matter which should not be printed should be encircled. Initials and signatures that are not quite legible should be re-written distinctly.

(b) For rules regarding printing of notes, see rule 315 of the office Manual.

(c) The number of copies and the details of distribution should be filled in by the Superintendent or Referencer concerned.

(d) In the absence of special instructions to the Press to keep matter standing for a specified period, ordinary papers of 8 pages and under will be kept standing for one week, and larger papers for two weeks only. The type of notes and of all confidential papers is distributed immediately after striking.

(e) This slip, properly and completely filled in, should accompany every paper sent to Press; it will be returned by the Press when proofs are furnished; it should be sent to the Press when a call is made for revised proofs or when a corrected proof is sent for striking. When finally returned by Press it should be filed with the original order or letter.

INSTRUCTIONS FOR THE PRESS.

(a) If, in the opinion of the Superintendent of the Press, a paper has been marked urgent unnecessarily, he should send the Press slip to the Registrar with a remark to that effect.

(b) Unless a note to the contrary is made against the matter, pencil entries should not be printed. The Superintendent of the Press may bring to the notice of the Registrar any instance of incomplete or careless editing.

(c) Signature copies of letters to the Secretary of State or to the Government of India should be printed on hand-made paper.

(d) This slip should be returned by the Press to the Secretariat when proofs are furnished; it will be sent back to the Press when proofs are returned corrected and should be finally returned to the Secretariat when struck-off copies are supplied.

(e) The names of the Secretary and Members should be printed in full when they occur on the right hand side, only the first time when they appear on the left side, the initials alone being printed later.

* Copies distributed on † (Press Clerk).

† Copies distributed on † (Press Despatcher).

‡ To be initialled and dated.

TO PRESS, MADRAS OOTY.

A

B

C

Please send proof in duplicate. The papers have been carefully edited.

Proof returned corrected. Please strike off and send number of copies as indicated.

As the matter is clear manuscript and has been carefully edited, (b) proof need not be sent. Please print and supply number of copies as indicated.

Type may be released after usual interval at once.

Type may be released after usual interval.

Referencer.
Clerk.

Referencer.
Clerk.

Referencer.
Clerk.

Supdt.

Supdt.

Supdt.

SPECIAL INSTRUCTIONS.

As the Committee has to be constituted at once the E.O. will have to be printed very urgently

TO BE FILLED IN BY THE PRESS.

Diary.		Initials of Press official.	
Received in Press on.....			
First proof furnished on.....			
Call for revised proof received on.....			
Revised proof furnished on.....			
Corrected proof received for striking on.....			
Final copies supplied on.....			

Account of copies.	Complete copies.	Notes.	Issue copies.	Special E.T. edition
Supplied to Secretariat for Record.....				
" " " Issue.....				
" " " for Extra E.T. copies to supply requisitions for sale to the public.				4
For Volumes.....				
For supply to newspapers and institutions admitted to the privileges of the E.T.				
Total ...				