

Home (1918) Department.
Education

Ordinary SERIES.

G.O. No. 262

DATED 22 - 2 - 18

INDEXED

[Despatch Abstract.]

Legislative Council.

Recording notes connected with the question asked at the meeting of the ----- held on the 12th February 1918 regarding the publication of certain papers relating to the establishment of an Institute of Commerce at Madras.

485 ✓ 1031 ✓ 813 ✓
15 16 17
L. & M. (LEGISLATIVE) DEPARTMENT.

200B
CPO. 233
2-2-18

QUESTION.—No. 144 for the meeting of the Legislative Council to be held on the 12th February 1918.

SUBMITTED that two copies of this Question may be forwarded to the Home (Education) Department with reference to Nos. (1) and (4) of the rules regulating Secretariat procedure in dealing with these Questions in the Legislative Council. Orders regarding admission will be communicated in due course.

V.T.H.
1-2-18.

Leg. U.O. No. 275 / dated 1-2-18

To The Home (Education) Department. with Qn. 144



LOCAL AND MUNICIPAL (LEGISLATIVE) DEPARTMENT.

Home (Education) Department.

The Hon'ble Mr. T. Banga Achariyar.

144 Q.—Will the Government be pleased to lay on the table—

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

(b) the reports of the Director of Public Instruction and of the Committee appointed to report on the establishment of a School of Commerce, and

(c) also G.O. No. 813, Education, dated 15th June 1916.

[Meeting of 12th February 1916.]

Home (Edn) Dept

Lohawar (C)

There appears to be no objection to

No where may be placed

placing G.O. 485 Edn, d/ 5th May 1915 on the table. Order above will perhaps suffice.

The reports of the D.P.I. are two in number

— one a preliminary report appearing at pp 9 to 15

of G.O. No. 1121 Edn, d/ the 27th Oct. 1916 which

formed the basis for the Committee's deliberation

and the other the final report accompanying

the Committee's Proceedings. ^(Copy of the Committee's Proceedings) The latter was

printed at pp 7 to 10 of G.O. No. 813 Edn, d/ the

16th June 1917. It may be observed that

while the preliminary report of the D.P.I.

was yet under consideration there were two

requests — from M. R. Ry. S. Murgayya Chetti

and M. R. Ry. Rao Bahadur P. Theagaraya

Chetti — to be supplied with the report. They were

then informed "that no useful purpose would be

served by communicating the tentative

"suggestions contained therein before they had

been examined". These reports have now been

examined so far as this Govt. is concerned and

the result is the issue of G.O. No. 813 Edn, d/ 16th

June 1917.

Lohawar (C) Though G.O. No. 813 Edn, d/ 16th

Texas 1917 gives the general approval of Govt. to the scheme for the opening of an Institute of Commerce in Madrid, yet the scheme is closely allied with the scheme of the Bank of Govt. for the utilization of the ^{some of the} Sydenham College as a central examining body for the conduct of the commercial exam.

This ~~part~~ of now under refer: to
the Govt. of India and a final
decision against her arrived at
without obtaining the views of
the Govt. of England ~~with~~ on the
points raised in para 2 of letter

No. 10 32/B-2, d/ 6th June 1917. The
papers referred to in enclosures (b) & (c) each cost now
over two pounds. The full draft and: 55
the two remaining sheets of the D.P.D.
Dated.

"Handwritten"
"A copy of - G. No. 485 del."
"d/s to May 1915 is placed on the
"table."

(b) & (c) The Govt. are unable to furnish the figures as the subject matter is still under correspondence with the Govt. of India.

$$\frac{CR}{4.2 \cdot 18}$$

$$\frac{CR}{52.18}$$

$$\frac{CR}{52.18}$$

1864 2 6.2.18

(J)

(H)

I do not see the least use in publishing
for 688. It has been stated several times
that for intent to establish an Institute
of Commerce. For 683 contains the scheme
for the Institute of Commerce and can be worked out
without a principle. I do not see that
the unsettled question of whether the Hongkong
Examination is to be used for the
purpose must affect it. For, I conceive,
intend to have the Commercial Institute
as a necessary part of the educational
machinery of the province and its staff and
course will be much the same whether the Hongkong
Examination is accepted or not.
The question appears to be whether it is
desirable that at this stage the details of the
scheme should be submitted to public
criticism. I am inclined to think that
criticism beforehand
criticism beforehand would be useful rather
than not.

for 688
6.



It one
(Ed. 11)

The following revised draft
answer based on the Director's suggestion
is submitted
"The Government (a) The Govt: do not consider
that any useful purpose will be served
by publishing the Govt. Order"

best: this a Provisional
And to sign
for 488
for 488
S. S. 16 (J)

Box 2
Cue 7/2
Held

NOTES.

1468

"(b) + (c)" - a copy of G.O.

(H)

"813 Stone (Ed. 2), 1st issue 1st June 1917 which contains the report of the D.P.G. and of the Committee 'as placed on the table'."

7-2-18
CR
7-2-18

CR
7-2-18
May 7/2/18

Conno. 233 B-2
7-2-18

H.E.

If Mr. D.P. 1 - as he states in the last sentence of his note - thinks "criticism by the committee" likely to be useful, is he still unable to advise the publication of the G.O.?

P
7-2-18

Answer signed at night
near 11/10

The following has been settled to be the answer for clause (a) of the question, the answer to clause (b) + (c) to be as above: -

"The G.O. will be laid on the table."

This fo. (48885-5-15) contains

(H)

CR
8/2

of answer
P
8/2

M. 5 - 10 p.m. 10. 11. 12. 13. 14. 15. 16. 17. 18. 19. 20. 21. 22. 23. 24. 25. 26. 27. 28. 29. 30. 31. 32. 33. 34. 35. 36. 37. 38. 39. 40. 41. 42. 43. 44. 45. 46. 47. 48. 49. 50. 51. 52. 53. 54. 55. 56. 57. 58. 59. 60. 61. 62. 63. 64. 65. 66. 67. 68. 69. 70. 71. 72. 73. 74. 75. 76. 77. 78. 79. 80. 81. 82. 83. 84. 85. 86. 87. 88. 89. 90. 91. 92. 93. 94. 95. 96. 97. 98. 99. 100. 101. 102. 103. 104. 105. 106. 107. 108. 109. 110. 111. 112. 113. 114. 115. 116. 117. 118. 119. 120. 121. 122. 123. 124. 125. 126. 127. 128. 129. 130. 131. 132. 133. 134. 135. 136. 137. 138. 139. 140. 141. 142. 143. 144. 145. 146. 147. 148. 149. 150. 151. 152. 153. 154. 155. 156. 157. 158. 159. 160. 161. 162. 163. 164. 165. 166. 167. 168. 169. 170. 171. 172. 173. 174. 175. 176. 177. 178. 179. 180. 181. 182. 183. 184. 185. 186. 187. 188. 189. 190. 191. 192. 193. 194. 195. 196. 197. 198. 199. 200. 201. 202. 203. 204. 205. 206. 207. 208. 209. 210. 211. 212. 213. 214. 215. 216. 217. 218. 219. 220. 221. 222. 223. 224. 225. 226. 227. 228. 229. 230. 231. 232. 233. 234. 235. 236. 237. 238. 239. 240. 241. 242. 243. 244. 245. 246. 247. 248. 249. 250. 251. 252. 253. 254. 255. 256. 257. 258. 259. 260. 261. 262. 263. 264. 265. 266. 267. 268. 269. 270. 271. 272. 273. 274. 275. 276. 277. 278. 279. 280. 281. 282. 283. 284. 285. 286. 287. 288. 289. 290. 291. 292. 293. 294. 295. 296. 297. 298. 299. 300. 301. 302. 303. 304. 305. 306. 307. 308. 309. 310. 311. 312. 313. 314. 315. 316. 317. 318. 319. 320. 321. 322. 323. 324. 325. 326. 327. 328. 329. 330. 331. 332. 333. 334. 335. 336. 337. 338. 339. 340. 341. 342. 343. 344. 345. 346. 347. 348. 349. 350. 351. 352. 353. 354. 355. 356. 357. 358. 359. 360. 361. 362. 363. 364. 365. 366. 367. 368. 369. 370. 371. 372. 373. 374. 375. 376. 377. 378. 379. 380. 381. 382. 383. 384. 385. 386. 387. 388. 389. 390. 391. 392. 393. 394. 395. 396. 397. 398. 399. 400. 401. 402. 403. 404. 405. 406. 407. 408. 409. 410. 411. 412. 413. 414. 415. 416. 417. 418. 419. 420. 421. 422. 423. 424. 425. 426. 427. 428. 429. 430. 431. 432. 433. 434. 435. 436. 437. 438. 439. 440. 441. 442. 443. 444. 445. 446. 447. 448. 449. 450. 451. 452. 453. 454. 455. 456. 457. 458. 459. 460. 461. 462. 463. 464. 465. 466. 467. 468. 469. 470. 471. 472. 473. 474. 475. 476. 477. 478. 479. 480. 481. 482. 483. 484. 485. 486. 487. 488. 489. 490. 491. 492. 493. 494. 495. 496. 497. 498. 499. 500. 501. 502. 503. 504. 505. 506. 507. 508. 509. 510. 511. 512. 513. 514. 515. 516. 517. 518. 519. 520. 521. 522. 523. 524. 525. 526. 527. 528. 529. 530. 531. 532. 533. 534. 535. 536. 537. 538. 539. 540. 541. 542. 543. 544. 545. 546. 547. 548. 549. 550. 551. 552. 553. 554. 555. 556. 557. 558. 559. 560. 561. 562. 563. 564. 565. 566. 567. 568. 569. 570. 571. 572. 573. 574. 575. 576. 577. 578. 579. 580. 581. 582. 583. 584. 585. 586. 587. 588. 589. 590. 591. 592. 593. 594. 595. 596. 597. 598. 599. 600. 601. 602. 603. 604. 605. 606. 607. 608. 609. 610. 611. 612. 613. 614. 615. 616. 617. 618. 619. 620. 621. 622. 623. 624. 625. 626. 627. 628. 629. 630. 631. 632. 633. 634. 635. 636. 637. 638. 639. 640. 641. 642. 643. 644. 645. 646. 647. 648. 649. 650. 651. 652. 653. 654. 655. 656. 657. 658. 659. 660. 661. 662. 663. 664. 665. 666. 667. 668. 669. 670. 671. 672. 673. 674. 675. 676. 677. 678. 679. 680. 681. 682. 683. 684. 685. 686. 687. 688. 689. 690. 691. 692. 693. 694. 695. 696. 697. 698. 699. 700. 701. 702. 703. 704. 705. 706. 707. 708. 709. 710. 711. 712. 713. 714. 715. 716. 717. 718. 719. 720. 721. 722. 723. 724. 725. 726. 727. 728. 729. 730. 731. 732. 733. 734. 735. 736. 737. 738. 739. 740. 741. 742. 743. 744. 745. 746. 747. 748. 749. 750. 751. 752. 753. 754. 755. 756. 757. 758. 759. 760. 761. 762. 763. 764. 765. 766. 767. 768. 769. 770. 771. 772. 773. 774. 775. 776. 777. 778. 779. 780. 781. 782. 783. 784. 785. 786. 787. 788. 789. 790. 791. 792. 793. 794. 795. 796. 797. 798. 799. 800. 801. 802. 803. 804. 805. 806. 807. 808. 809. 810. 811. 812. 813. 814. 815. 816. 817. 818. 819. 820. 821. 822. 823. 824. 825. 826. 827. 828. 829. 830. 831. 832. 833. 834. 835. 836. 837. 838. 839. 840. 841. 842. 843. 844. 845. 846. 847. 848. 849. 850. 851. 852. 853. 854. 855. 856. 857. 858. 859. 860. 861. 862. 863. 864. 865. 866. 867. 868. 869. 870. 871. 872. 873. 874. 875. 876. 877. 878. 879. 880. 881. 882. 883. 884. 885. 886. 887. 888. 889. 890. 891. 892. 893. 894. 895. 896. 897. 898. 899. 900. 901. 902. 903. 904. 905. 906. 907. 908. 909. 910. 911. 912. 913. 914. 915. 916. 917. 918. 919. 920. 921. 922. 923. 924. 925. 926. 927. 928. 929. 930. 931. 932. 933. 934. 935. 936. 937. 938. 939. 940. 941. 942. 943. 944. 945. 946. 947. 948. 949. 950. 951. 952. 953. 954. 955. 956. 957. 958. 959. 960. 961. 962. 963. 964. 965. 966. 967. 968. 969. 970. 971. 972. 973. 974. 975. 976. 977. 978. 979. 980. 981. 982. 983. 984. 985. 986. 987. 988. 989. 990. 991. 992. 993. 994. 995. 996. 997. 998. 999. 1000.

The following has been settled to be the answer for clause (a) of the question, the answer to clause (b) + (c) to be as above: -

a mass of tabular statements and ~~memoranda~~ submitted to the Registrar of Joint Stock Companies. It seems sufficient if the fo. alone were reprinted & placed on the E.O. The ~~great~~ requisition in the question is only for the fo. No useful purpose will be served by reprinting the other matter in that fo.

(14) As regards fo. no 813 of 16. 6. 17 the private communications from Mr. J. Laidlaw & the Augr, Munugayze Chetti & others need not be printed. It will be enough if Mr. Stone's letter on pages 7 to 10 & the order alone were printed in the agenda.

(9) This letter from Mr. Stone refers to the original scheme submitted by him in May 1916. The Addl. members will surely want this. This is printed with fo. no 1131 of 27. 10. 16 which appointed the Committee - pages 9-14 of the fo.; & the fo. itself is reread in fo. no 813 of 16. 6. 17. We may therefore in reprinting fo. 813 of 16. 6. 17 for the Council print

(1) the D.P.D. letter of 8. 5. 16.

(2) fo. 1131 of 27. 10. 16 - ~~reprint~~

11-9-14 of fo. 8131
27. 10. 16

(9)

NOTES.

Page 7

H. 7507/813
6.6.17

- (3) the D.P.I. letter No. 3855 of 2.3.17
(4) Jo. 813 of 6.6.17 (order.)

CR
8.2.18

My 17/2

The following is the
final form of the question and
answer

- 136 Q.—Will the Government be pleased to lay on the table—
(a) G.O. No. 489, Educational, dated 5th May 1915,
(b) the reports of the Director of Public Instruction and of the Committee appointed to
report on the establishment of a School of Commerce, and
(c) also G.O. No. 813, Education, dated 16th June 1917?
136 A.—(a) The Government order will be laid on the table.
(b) & (c) A copy of G.O. No. 813, Home (Education), dated the 16th June
1917, which contains the reports of the Director of Public Instruction and
of the Committee is placed on the table.†

Papers
regarding
establishment
of a School of
Commerce.

Leg. Sec. Sec. Sec.

Resolving notes
concerned with
question asked at the
meeting of the
held on the 12th
regarding the
publication of certain
papers relating to
the establishment of
an Institute of
Commerce at Madras

2 The notes may be

Copy 262 dated 22.2.18

Recorded.

CR
20.2.18

CR
21.2.18

Rest with
copy to the D.P.I.

CR
27/2/18

APPENDIX XIII.

[Vide answer to question No. 136 (a) asked by the Hon'ble Mr. T. Ranga Achariyar at the meeting of the Legislative Council held on the 12th February 1918, page 25 supra.]

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

The auditing of the accounts of companies registered under the Life Assurance Companies Act, 1912, the Provident Insurance Societies Act, 1912, and the Indian Companies Act, 1913, by qualified auditors, having been made compulsory by the provisions of those Acts, the Government have had, for some time past, under consideration, the question of making suitable provision for the training of auditors in this Presidency. Three alternative courses are open, namely--

- (i) the development of the School of Commerce at Calicut;
- (ii) the transfer of that school to Madras and its further development at the latter place;
- (iii) the establishment of a wholly new institution in Madras.

2. The first course has been objected to on the grounds that Calicut is remote from the Commercial centre of the Presidency and from the east coast districts and that a school at Calicut will not give adequate facilities for the training of the Tamil auditors required for auditing the accounts of joint stock companies, a great majority of which are kept either in English or in Tamil. Against the transfer of the Calicut school to Madras it has been urged that the school has lately been provided with good buildings and that the mercantile community of the west coast would feel the want of a commercial school on that coast. In view of these objections the Government will 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. The Director of Public Instruction will accordingly be requested to submit detailed proposals in this regard.

(True extract)

P. RAJAGOPALA ACHARIYAR,
Secretary to Government.

APPENDIX XIV.

[Vide answer to question No. 136 (b) & (c) asked by the Hon'ble Mr. T. Ranga Achariyar at the meeting of the Legislative Council held on the 12th February 1918, page 25 supra.]

G.O. No. 813, Home (Education), dated 16th June 1917.

Read—the following papers:—

I

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 Précis-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 connexion 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 connexion 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 hereof 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, and,
(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, sub-section (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. 5392-5435-3, 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 of 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:—

Society of Incorporated Accountants and Auditors.	Institute of Chartered Accountants.	Subjects.	
		Madras Technical Examinations.	
1. Advanced Accounting ...	1. Book-keeping and Accounts.	Book-keeping Advanced— 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)— 1. Portions of the Indian Companies Act, 1913. 2. Indian Insolvent Debtors Act	
6. Mercantile Law.	6. Principles of Mercantile Law.	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.		
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 licence, 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 licences 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-B, 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 141 (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.

1st April 1916.

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

II

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 Roes, 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.

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

To—the Secretary to Government, Home (Education) Department.
Dated—Madras, the 2nd March 1917.

No.—R.C. 3855/15.

With reference to paragraph 3 of G.O. No. 1131, Home (Education), dated 27th October 1916, I have the honour to state that a meeting of the committee appointed by Government to consider the scheme for the establishment of a college of higher accountancy and auditing in Madras met in my office under my presidency on the 16th December last at which the draft scheme submitted to Government with my letter R.C. No. 3855/1915, dated 8th May 1916, was fully discussed and to submit herewith a copy of the proceedings of the meeting.

2. It will be observed from the above proceedings that the committee are of opinion that the Sydenham College of Commerce and Economics, Bombay, should be utilized as a central examining body for diplomas in Accountancy provided that the diplomas are awarded by the Government of India, and that Madras is represented on the Accountancy Diploma Board. They are further strongly of opinion that there should be in India only one such Examining Board which may conveniently be "the Bombay Board." The modifications suggested by the committee and by Mr. C. M. Schmidt in a separate letter No. 5-Camp, dated 16th January 1917, are embodied in the accompanying draft scheme which I have prepared.

3. The main changes are noted on below:—

Paragraph 3.—It is proposed to add to the Advisory Council the Director of Public Instruction as President and to substitute the "Chambers of Commerce" for the "Deputy Accountant-General." M.R.Ry. Vidya Sagara Pandya Avargal seems to be under the impression that it was the intention of the conference to include the "Director of Industries" either in place of the "Deputy Accountant-General" or in place of or in addition to the "Collector of Madras." I think that he is wrong in thinking that the conference wished to make this a definite recommendation, but it is a point that might well be considered when the council comes to be constituted.

Paragraph 4.—The standard of instruction is to be that of the Bombay Accountancy Diploma. The committee did not accept Mr. Schmidt's proposal that there should be two standards of instruction (a) for senior and (b) for junior auditors as it was held that the recognition of two grades of auditors would restrict unduly the field of the senior class, and Mr. Schmidt finally agreed to the omission of the provision for such distinction as the whole question of the status of midhis in regard to which junior auditors would be mainly required is under consideration and if these societies are removed, as it is proposed that they should be, from the purview of the Indian Companies Act, 1913, the rules under the Nidhis Act to be framed if passed could provide for the requisite qualification of their auditors.

Paragraph 9.—The constitution of the staff is given in this paragraph. Particulars of the clerical and menial establishments will be furnished when Government orders on the draft scheme have been received.

ENCLOSURES

(1)

Proceedings of the Committee on the proposed Institute of Commerce in Madras.

The committee considered the draft scheme of the Director of Public Instruction submitted to Government with his letter Ref. on Cur. No. 3855/1916, dated 8th May 1916, and consider that it may be adopted with the modification stated below.

They are also of opinion that the Sydenham College of Commerce and Economics, Bombay, may be utilized as a central examining body for diplomas in Accountancy provided that the diplomas are awarded by the Government of India and that Madras is represented on the Accountancy Diploma Board. They are further strongly of opinion that there should be in India only one such examining board which may conveniently be the Bombay Board.

The following modifications in the draft scheme include those made necessary by adopting the Bombay examination. The paragraphs are those of the draft scheme:—

1. Object.—Substitute "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."

2. *Control*.—Add to Council Director of Public Instruction, President, omit Deputy Accountant-General and read Chambers of Commerce.

3. *Standard of instruction*.—Substitute "that the Bombay Accountancy Diploma."

4. *Courses of instruction*.—Substitute "this will be for students of the Matriculation standard three years and for those of the Intermediate in Arts Standard two years. The course will include for all students who need it instruction in English composition and précis writing and in elementary mathematics, and these subjects will be a main part of the first year's work of the students of the Matriculation standard. Students who need it will also receive a grounding in general commercial subjects."

5. The course in the college will be preceded or followed by apprenticeship for three years to either (1) a practising accountant belonging to any of the institutions and associations mentioned in the notification of the Government of India, Department of Commerce and Industry, No. 1626-6, dated 14th March 1914, (2) the holder of an auditor's certificate under the Indian Companies Act of 1913 recognized for this purpose by the council of the institute.

During the term of apprenticeship the council will call for such reports of the progress of the apprentices as they may consider necessary and the grant of the diploma will be subject to these being satisfactory.

6. *Qualifications for admission*.—Insert after "should be" "at least Matriculation or." Add "Persons may also be admitted to the institute under rules framed by the council, who do not intend qualifying for the diploma."

7. *Examinations*.—(Substitute for first paragraph): "The final examination will be that held by the Accountancy Diploma Board, Bombay. There will be an examination at the end of the first year of the three-year course success in which will be a condition of promotion to the second year class."

8. *Hours of work*.—Add "The classes of the institute will be held so far as proves practicable out of business hours."

9. *Staff*.—Substitute "The staff will consist of—

	RS.
Principal, Indian Educational Service, on initial pay of	750
Law Assistant	250
Book-keeping and Commercial Assistant	200—10—250
Type-writing and Shorthand	100—10—150
English Assistant	100—10—150
Mathematics Assistant	100—10—150

10. *Fees*.—These will be for the first year of the three-year course, those charged in the Presidency College for the first University year, for the two-year course and the second and third years of the three-year course, those charged in the Presidency College for the third and fourth University year complete courses.

Add "10 (a) *Attendance*.—To be eligible for admission to the examination students must have attended three-fourths of the working days in each year which must not be fewer than 150."

(2)

Draft scheme for the proposed Institute of Commerce to be established with a special view to the training of auditors and accountants in Madras.

Object.—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.

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 Director of Public Instruction as President, the Principal of the institute as Secretary; the Collector of Madras, the Registrar of Joint Stock Companies 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 Chambers of Commerce.

4. *Standard of instruction*.—This shall be the same as that of the Bombay Accountancy diploma.

5. *Courses of instruction.*—This will be for students of the Matriculation standard three years and for those of the Intermediate in Arts standard two years. The course will include for all students who need it instruction in English Composition and Précis-writing and in Elementary Mathematics and these subjects will be a main part of the first year's work of the students of the Matriculation standard. Students who need it will also receive a grounding in general commercial subjects.

The course in the college will be preceded or followed by apprenticeship for three years to either (1) a practising accountant belonging to any of the institutions and associations mentioned in the notification of the Government of India, Department of Commerce and Industry, No. 1629-6, dated 14th March 1914, (2) the holder of an auditor's certificate under the Indian Companies Act of 1913 recognized for this purpose by the council of the institute.

During the term of apprenticeship the council will call for such reports of the progress of the apprentices as they may consider necessary and the grant of the diploma will be subject to these being satisfactory.

6. *Qualifications for admission.*—Candidates for admission into the institute should be at least Matriculates or holders of Completed Secondary School-Leaving Certificates or those who have passed the High School examinations for Europeans and such others as may in the opinion of the committee possess sufficient knowledge to be benefited by the instruction imparted in the institute. Persons who do not intend qualifying for the diploma may also be admitted to the institute under rules framed by the council.

7. *Examinations.*—The final examination will be that held by the Accountancy Diploma Board, Bombay. There will be an examination at the end of the first year of the three-year course success in which will be a condition of promotion to the second-year class.

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. The classes of the institute will be held so far as proves practicable out of business hours.

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

	RS.
Principal, Indian Educational Service, on initial pay of ...	750
Law Assistant	250
Book-keeping and Commercial Assistant	200—10—250
Type-writing and Shorthand "	100—10—150
English Assistant	100—10—150
Mathematics Assistant	100—10—150

besides clerical and menial establishments.

10. *Fees.*—These will be for the first year of the three-year course those charged in the Presidency College for the first University year, for the two-year course and the second and third years of the three-year course those charged in the Presidency College for the third and fourth University year complete courses.

10. (a) *Attendance.*—To be eligible for admission to the examination students must have attended three-fourths of the working days in each year which must not be fewer than 150.

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.

Order—No. 813, Home (Education), dated 6th June 1917.

With his letter read above the Director of Public Instruction submits the recommendations of the committee constituted in G.O. No. 1131, Home (Education), dated the 27th October 1916, to consider the draft scheme for the establishment of an Institute of Commerce in Madras with a view to the training of public accountants and auditors. The Government are generally inclined to approve of the scheme as modified with reference to the conclusions of the committee and to give effect to it as soon as it is suitable to do so.

2. The Director of Public Instruction is informed that the Government have also decided to recognize 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 subject to certain conditions. The Director is requested to elaborate his proposals in respect of the scheme for the Institute of Commerce in Madras on the above lines and submit them to Government.

(True extract)

R. RAMACHANDRA RAO,
Secretary to Government.

To the Director of Public Instruction.
 „ Registrar of Joint Stock Companies } with a copy of the scheme.
 „ Home (Judicial) Department }

When given for copying
 When copied
 When examined
 When signed

191

READ AGAIN G.O. No.
 191

DATED

CURRENT No.

ENCLOSURES TO C. No.

ORDER OF GOVERNMENT

A A A A A A A

LETTER OF GOVERNMENT.

STATEMENT WITH DITTO.

PAYERS NOT FILED UP, BEING MEANT FOR DISPATCH
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