

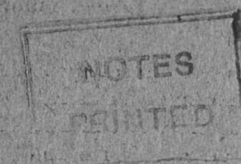
Government of Madras

HOME DEPARTMENT (EDUCATION)

G.O. No. 1435, 25th November 1919

Accountancy Diploma Board

Authorizing the Director of Public Instruction, the Superintendent, Government Press, and the Registrar of Joint Stock Companies to correspond direct with the —, Bombay, in matters connected with the conduct of the Diploma examination and the issue of auditors' certificates and permitting the Superintendent, Government Press, to publish the Board's notification and print the accountancy examination question papers, when necessary.



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READ—the following papers:—

I

Letter—from the Hon'ble Mr. H. SHARP, C.S.I., C.I.E., Officiating Secretary to the Government of India, Department of Education (Education).

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

Dated—Delhi, the 6th March 1919.

No.—249.

With reference to the correspondence ending with the communication from this

(1) Letter from the Government of Bombay, No. 2294, dated the 4th September 1918, and enclosures.

(2) Letter to the Government of Bombay, No. 247, dated the 6th March 1919.

Bombay, as a central examining body for conducting examinations at various centres 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, the Indian Life Assurance Act, 1912, and the Provident Insurance Societies Act, 1912.

2. It will be observed that the scheme now put forward by the Accountancy Diploma Board, Bombay, has been accepted by the Government of India with slight modifications, and the Government of India trust that the modified scheme will meet with the approval of the Government of Madras and that there will be no further difficulty in giving effect to it. I am accordingly to request that, if His Excellency the Governor in Council sees no objection, necessary steps may be taken to give effect to the scheme.

ENCLOSURES

(1)

Letter—from G. A. THOMAS, Esq., I.C.S., Secretary to the Government of Bombay, Educational Department.

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

Dated—Bombay Castle, the 4th September 1918.

No.—2294.

I am directed to refer to your letter No. 761, dated the 7th September 1917, regarding the scheme submitted by this Government 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 which could be recognized 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. It was intimated therein that the other Local Governments had generally approved of this Government's scheme, subject, however, to certain reservations and suggestions in regard to which the Government of India offered their own observations and requested to be furnished with the views of this Government before they proceeded to issue their final orders on the subject.

2. In reply, I am directed to forward herewith copies of letters from the Accountancy Diploma Board, No. 355, dated the 15th January 1918 (with accompaniment) and No. 474, dated the 26th February 1918, and to state that subject to the reservation mentioned below the Governor in

Council is in complete agreement with the views expressed and the suggestions made in the letters of the Board, which, he considers, has taken the reasonable view throughout in dealing with the points raised in your letter and done its best to meet the wishes of the other Local Governments as well as of the Government of India.

3 The reservation referred to in the preceding paragraph relates to the suggestion of the Government of India mentioned in the latter part of paragraph 8 (i) of your letter under reply, which is to the effect that in very exceptional cases Local Governments might give permission to a company to employ as an auditor of its accounts for any one year a man who has not previously been granted a certificate, it being understood that such cases would be reported to the Government of India. Permission would thus be granted to the company and not to the auditor. With reference to this suggestion it will be observed from paragraph 16 of the first letter from the Accountancy Diploma Board that in the opinion of the Board even in very exceptional cases a person who has not previously been granted a certificate should not be authorized to conduct the audit of a Joint Stock Company's accounts even for a single year. In this connexion I am to say that an exceptional case has recently occurred in this Presidency, in which it would have been helpful to this Government if they had been empowered to authorize a company to appoint a competent though technically non-qualified auditor to audit its accounts for a single year. In the light of this experience the Governor in Council is of opinion that it would be advisable to invest Local Governments with the special power referred to above.

4. In conclusion, I am to take this opportunity to reiterate the request made in clause (iv) of this Government's letter No. 8614, Revenue Department, dated the 4th September 1916, to the effect that Local Governments may be empowered to exempt companies registered under section 26 of the Indian Companies Act from the necessity of employing qualified auditors. As stated in the letter referred to such companies do not carry on business for profit and Government auditors' fees are somewhat heavy. Hence the necessity for the proposed concession.

SUB-ENCLOSURES

(i)

Accompaniments to the letter to the Government of India, Department of Education (Education), No. 2294, dated the 4th September 1918.

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

To—the Director of Public Instruction.

Dated—the 15th January 1918.

No.—355.

I am instructed by the Accountancy Diploma Board to acknowledge receipt of your Memorandum No. 8688 of the 12th October 1917 communicating Bombay Government letter No. 95 (Educational) of 11th January 1916 and Government of India letter No. 761 (Educational), of the 7th September 1917, and asking for the opinion of this Board on the points raised in the Government of India letter. I return herewith the original letters referred to above.

2. The Government of India letter was considered and discussed by the Board at a series of meetings held this month and in November and December last, and the following conclusions were reached.

3. It is suggested in paragraph 2 of the Government of India letter that the final certificate, testifying to apprenticeship with a recognized firm and to the good conduct of the candidate, might be formally endorsed by an officer deputed by the Government of India. The Board agree to this suggestion, first because the Bombay Diploma may then be more readily acceptable to other Local Governments, secondly because the auditor's certificate to be granted on the basis of this diploma will authorize the holder to practise not only in his own province but also in other provinces. According to the Board's draft regulation No. 1, no candidate becomes eligible for the diploma unless and until he satisfies all the three conditions laid down therein, with reference to (1) the examination, (2) the practical training, and (3) his character. This diploma will however not entitle the holder to practise as an auditor unless and until a Local Government grants him an auditor's certificate under section 144 of the Indian Companies Act of 1913. The Board think it necessary to emphasize the difference between the diploma granted by this Board and the auditor's certificate granted by the Local Government.

4. Paragraph 2 of the Government of India letter refers to the desire of the Government of Madras to be represented on the Accountancy Diploma Board. The Board consider that, should this be acceded to, such representation would have to be accorded to other provinces as well, that the Board would then become unwieldy, that meetings of the Board could not be fixed so as to suit the conveniences of representatives of all other provinces and that therefore the proposal is impracticable. It would greatly facilitate the work of this Board, should the Board be empowered to correspond direct with a duly authorized representative of the Local Government at each Presidency town on such matters as the recognition of local commercial institutions and of local accountants, the conduct and supervision of the Diploma examination at those centres, as well as the conduct and character of candidates for the diploma.

5. The Board agree to the proposal in paragraph 3 of the Government of India letter that Local Governments should be consulted before auditors practising in provinces other than Bombay are permitted to take apprentices. It would cause considerable delay if each case of proposed apprenticeship had to be individually referred to the Local Government concerned for approval. The Board suggest that the Local Governments of other provinces should be requested to send to the Board at the commencement of every year a list of holders of permanent auditors' certificates whom they consider fit, among those practising in that province, to take and train apprentices. None but those who have thus been selected by the Local Government will in that case be permitted by the Accountancy Diploma Board to take new apprentices during that year. In the opinion of the Board the holder of a permanent unrestricted certificate should, before he takes an apprentice, also obtain similar permission.

The Board's draft regulation No. 12 contemplates previous recognition by the Board in the case of all holders of auditors' certificates under the Indian Companies Act, and paragraph 14 of their original report refers to the classes of accountants who would not be granted such permission. In the case of any holder of a permanent auditor's certificate practising in the Presidency of Bombay, the Board intend to grant the right to take and train apprentices after taking the following circumstances into consideration: (a) how many company audits does he conduct? (b) what is the nature and extent of his audit practice in connexion with the accounts of firms and individuals other than Joint Stock Companies? (c) what is the nature and quality of his work as ascertainable from the Registrar of Companies? (d) does he maintain an office which his apprentices can attend? (e) does he hold a salaried appointment in an office and if so where, and whether it is a whole-time or a part-time appointment? (f) has he the necessary facilities for effectively supervising the work of his apprentices?

6. Among the proposals referred to in paragraphs 4 and 5 of the Government of India letter are (1) that the period of practical training prescribed for undergraduates be increased from 3 to 4 years, (2) that attendance at a recognized institution be made compulsory for graduates, (3) that attendance at a recognized institution be dispensed with in the case of undergraduates. It will be seen from paragraph 3 of the Board's original report on the scheme that, to become a Chartered or Incorporated Accountant, undergraduates are required to serve an apprenticeship of 5 years, that the period of apprenticeship is reduced to 3 years in the case of graduates and that no period of attendance at a recognized institution is prescribed in either case. It is therefore neither desirable nor necessary to require from graduates either a longer period of practical training than 3 years or attendance at a recognized institution. The Board adhere to the view expressed in paragraph 8 of their original report, that in the case of undergraduates the 5 years' course in accounts should consist of practical training for 3 years and attendance at a recognized institution for 2 years and that it is not desirable in their case to dispense with systematic training under competent teachers. If undergraduates are required to undergo practical training for 4 years, the length of their course will be increased from five to six years—a period longer than that required for Chartered or Incorporated Accountants. The Board therefore consider that no change is desirable in the periods of theoretical or practical training prescribed by the Board's draft regulations for graduates or undergraduates, except in the case (dealt with below in paragraph 8) of the Bachelors of Commerce who have specialized in accountancy and auditing.

7. Reference is made in paragraph 5 of the Government of India letter to the difficulty of providing, in some provinces, the necessary teaching for the Board's examination. As pointed out by the Government of India, the maintenance of classes to prepare candidates for the Board's Diploma examination will not be so costly, as the only teachers required for the purpose will be a qualified accountant and a qualified lawyer. If however it is found impracticable to provide the necessary teaching in any province, candidates from that province will have to attend classes conducted in a neighbouring province. One other alternative will be open to such candidates if they have facilities for practical training in their own province, as under the Board's draft regulations Nos. 5 and 12 attendance at a recognized institution is excused if the period of practical training covers 5 years. This latter concession may be made to hold good for five examinations held after the regulations are finally sanctioned by Government, so as to allow enough time for providing the necessary facilities for theoretical training in such provinces.

8. With reference to paragraph 6 of the Government of India letter, the Board have no objection to making the period of practical training extend over 3 years for all graduates, including Bachelors of Commerce who have specialized in Advanced Accounting and Auditing: except in the case of Bachelors of Commerce of the University of Bombay, who enter upon their apprenticeship before the regulations are finally sanctioned, i.e., who have been led to believe that for them a two years' apprenticeship would suffice.

9. The Board consider it unnecessary to require a candidate for the Diploma examination of this Board, as suggested in paragraph 7 (i) of the Government of India letter, to obtain the previous permission of the Local Government in whose jurisdiction he intends to have his office or to work as a restricted certificate holder. In the first place, the mere passing of the examination confers no legal right and will not entitle him to practise as an auditor; in the next place, he will, when studying for the examination at a recognized institution, not be in a position to decide or announce in which province he intends to undergo practical training or to practise

after completing his practical course. His practical training will, however, be under a practising accountant approved by the Local Government of the province where he undergoes such training as indicated in paragraph 5 on page 3 ante.

10. With reference to paragraph 7 (ii) of the Government of India letter, the Board beg to invite attention to their draft regulation No. 12 which rules out holders of *temporary* auditors' certificates and to the reasons given in paragraph 5 of their original report on the scheme. The Board consider that a person, who, in the opinion of the Local Government, does not deserve to be awarded a *permanent* auditor's certificate, cannot be deemed fit to train apprentices in a satisfactory manner. They are further of opinion that the holder of a permanent *restricted* auditor's certificate should be entitled to take apprentices, only, if under the new regulations he is empowered to audit the accounts of all Joint Stock Companies in his province, including Life Assurance Companies and if no other restrictions are imposed on him by his certificate. The Board are therefore of the opinion that the practical training ought to be under (1) a Chartered Accountant, or (2) an Incorporated Accountant or (3) the holder of a permanent auditor's certificate approved by the Local Government of the province where the latter is practising.

11. With reference to the suggestion in paragraph 7 (iii) of the Government of India letter that a restricted certificate may be awarded to candidates passing the Diploma examination of this Board on their completing two years' practical training, the Board consider that in no case should an auditor's certificate of any kind be granted unless the candidate's period of practical training has extended over 3 years. The qualifications necessary for conducting an audit satisfactorily ought not to be lower merely because he holds a restricted certificate and cannot therefore practise in other provinces than his own. The Board invite attention in this connexion to paragraphs 17 and 19 of this reply.

12. With reference to paragraph 7 (iv) of the Government of India letter, the Board are of opinion that permanent unrestricted auditors' certificates should be granted by Local Governments on the basis of the diploma awarded by the Accountancy Diploma Board. Unless, under the proviso to section 144 (i) of the Indian Companies Act of 1913, the Government of India exempt holders of the diploma of this Board from securing auditors' certificates, the diploma holders will have to apply to the Local Government and obtain an auditor's certificate before they can practise in any province. As the law at present stands, auditors' certificates may not be granted by the Government of India or the Accountancy Diploma Board. The functions of this Board may therefore be confined to the granting of the diploma and, as the diploma by itself will not entitle the holder to practise as an auditor, auditors' certificates may be granted by the Local Governments on the basis of this diploma. The Board suggest that unrestricted auditors' certificates awarded to holders of the diploma of this Board might also be endorsed by an officer deputed by the Government of India, as these certificates entitle the holder to practise in more than one province.

13. The Board agree to the suggestion in the latter portion of paragraph 7 (iv) of the Government of India letter that the holder of an unrestricted auditor's certificate practising in one province and desiring to transfer his office to another province should obtain the permission of the Local Government of that province before transferring his headquarters; the Board, however, consider that such permission should be obtained not merely when the transference takes place within two years but always. An Advocate practising in one High Court is not allowed to transfer his practice to another High Court or even appear and plead before such other Court, unless and until he obtains the permission of the latter Court. On this analogy it will not be unfair to require the holder of an auditor's certificate practising in one province to obtain the previous permission of the Local Government of the province in which he desires to take up work either temporarily or permanently.

14. With reference to paragraph 7 (v) of the Government of India letter, the Board consider that disciplinary control over the holders of auditors' certificates should continue to be vested in the local Government of each province, acting, in Bombay, on the advice of the Auditors' Council, and, in other provinces, on the advice of Bodies similarly constituted, and agree to the suggestion that the Accountancy Diploma Board might nominate three additional members to the Auditors' Council, two of whom would be accountants; the accountants would be members of an exempted Society or the holders of the diploma of this Board or of permanent unrestricted auditors' certificates granted by the Local Government. The Accountancy Diploma Board, sitting in Bombay, will not have the necessary facilities for exercising disciplinary powers over accountants practising in other provinces. As regards the Presidency of Bombay, the Auditors' Council enlarged in the manner indicated above would appear to be the most qualified to exercise disciplinary jurisdiction.

15. With reference to paragraph 8 of the Government of India letter, the Board agree that, till a sufficient supply of diploma holders under the new regulations becomes available, it is desirable to renew the temporary auditors' certificates already granted by Local Governments, and that no permanent certificates should ordinarily be granted to them unless they pass the diploma examination of this Board.

16. With reference to paragraph 8 (i) of the Government of India letter, the Board agree to the suggestion that Local Governments should be empowered to grant to present holders of temporary restricted and temporary unrestricted certificates new temporary restricted certificates, subject to such restrictions as they may determine in each case. The holder of a

temporary unrestricted certificate should however continue to have the right to audit the accounts of Life Assurance Companies in his own province, even after his certificate is converted into the new temporary restricted certificate, unless (1) his work is found to be unsatisfactory or (2) he is called upon to pass the Diploma examination and he fails to pass the same in the prescribed period. The Board also agree to the suggestion that Local Governments should not have power to grant a restricted certificate to any person who has not previously held either a temporary restricted or a temporary unrestricted certificate.

The Board consider that, even in very exceptional cases, a person who has not previously been granted a certificate, should not be authorized to conduct the audit of a Joint Stock Company's accounts even for a single year.

17. The Board agree to the suggestions in paragraph 8 (ii) of the Government of India letter but recommend the omission of the proviso "and provided that the company whose accounts are being audited has not a share capital exceeding Rs. 50,000 paid up." The Board beg to observe that the complexity of an audit does not depend on the amount of paid up capital, but on the nature and the volume of the company's transactions. There are and have been Life Assurance Companies and Provident Insurance Societies, with less than Rs. 50,000 paid up capital, and their accounts are sufficiently complicated to require the services of an experienced auditor; the same may be said of Banking Institutions with a small paid up capital, but a much larger working capital in the form of deposits. The standard of qualifications prescribed for auditors ought to be the same for all companies, except, as a matter of expediency in the transition stages. The Board invite attention to paragraph 11 of this letter where they recommend that no restricted certificates be granted by this Board on the basis of a two years' practical training.

18. The Board agree to the suggestions in paragraph 8 (iii) and 8 (iv) of the Government of India letter, but would add at the end of paragraph 8 (iv) the words "except to holders of the Diploma of the Accountancy Diploma Board".

19. The Board are of the opinion (1) that the holder of a permanent restricted certificate should be empowered to audit the accounts of all Joint Stock Companies (including Life Assurance Companies) in his province, and (2) that the holder of a permanent unrestricted certificate should be empowered to take up audits not only in his own province but in other provinces as well, (3) that this should be the only distinction between the two classes of permanent certificates and that if any other restrictions are imposed on the certificate holder, the certificate awarded should be a temporary and not a permanent certificate, (4) that permanent unrestricted certificates should be held only by the most efficient of the present holders of permanent certificates and by Diploma holders of the Board and (5) that the Board's Diploma, as well as the permanent unrestricted certificate awarded on the basis of the Diploma should be countersigned by an officer deputed by the Government of India. When in course of time the holders of restricted certificates granted to practitioners who do not pass the Diploma examination of this Board retire from practice, all the practising auditors would either be holders of unrestricted certificates granted on the basis of the Board's Diploma or members of exempted societies.

20. The Board beg to add that the regulations would be simpler if the recommendation in paragraph 3 of the Bombay Government's letter No. 95 of 11th January 1916 could be accepted and Diploma holders could be treated like members of exempted societies. The other alternative is to amend section 144 of the Indian Companies Act of 1913, empowering the holders of certificates granted by a Local Government to practise in their own province and reserving to the Government of India the power to grant certificates valid throughout India.

21. The Board beg to append a list of alterations that would have to be made in the Board's draft regulations, if the above recommendations were accepted. The Board take this opportunity of recommending two other simple alterations, with reference to the date of the examination and the text books in Mercantile Law.

22. As copies of the printed regulations and forms of applications for the examination could not be got ready before 31st December 1917, the last date for receiving applications has on this occasion been extended to 31st January 1918 and the date of the examination has been changed from the 3rd Monday in March to the 2nd Monday in April. As time has to be allowed for the receipt of attendance certificates from Heads of Commercial Institutions, the Board consider it expedient to fix, even for all future examinations, the 2nd Monday in April, with power reserved to the Board to fix any other day in April, should the 2nd Monday be found inconvenient in any particular year.

23. The Board consider it not desirable to recommend a text book for Company Law and desire to indicate clearly that the text books recommended are for the subjects other than Company Law. The Board therefore suggest that the subjects included in Mercantile Law be rearranged as in the appended draft and that the two standard Treatises recommended in the original draft regulations, along with S. R. Davar's Indian Mercantile Law be prescribed for the whole course excluding Company Law. The course prescribed in the appended draft is neither more nor less than the course laid down in the original draft regulations.

Enclosures :-

1. Amendments to the draft regulations.
2. Government of India letter No. 761 (Educational) of 7th September 1917.
3. Government of Bombay letter No. 95 (Educational) of 11th January 1916.

(ii)

Amendments to the Draft Regulations for the award of a Government Diploma in Accountancy.

Regulation 2.—*Omit* the words “on the third Monday in March every year, commencing in March 1917” and *add* at the end of the paragraph the words, “commencing on the second Monday in April every year or such other day in April as may be notified in January of that year”.

Regulation 3.—*Omit* the word “December” and *substitute* the word “January”.

Regulation 5.—Alter “1920” into “1922”.

Regulation 7.—*Omit* all words from “B. Mercantile Law” to the end of the regulation, and *substitute* the following:—

“B. Mercantile Law:—

(i) The Indian Law relating to Joint Stock Companies, Life Assurance Companies and Provident Insurance Societies;

(ii) The Indian Law relating to Contracts, Negotiable Instruments, Insolvency and Arbitration;

(iii) Charter Parties, Bills of Lading, Fire and Marine Insurance;

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

*Books recommended for sub-heads ii, iii and iv.

Smith's Mercantile Law, Volume I.

Stevens' Mercantile Law.

S.R. Davar's Indian Mercantile Law.

Regulation No. 12.—*Omit* the words “recognised by the Accountancy Diploma Board” and *substitute* the words “approved by the Local Government of the province where he is practising”.

Regulation No. 12 (a).—*Omit*.

Regulation No. 12 (b).—*Omit* the words “other than the graduates in Commerce referred to above”, and re-number it “12 (c)”.

Regulation No. 12 (c).—Re-number it “12 (b)”.

Regulation No. 12 (d).—Renumber it “12 (a)”.

(iii)

From—K. SUBRAHMANY AYYAR, Esq., B.A., L.T., F.S.A.A., Secretary, Accountancy Diploma Board, Bombay.

To—the Director of Public Instruction.

Dated—the 26th February 1918.

No.—474.

I am instructed by the Accountancy Diploma Board to submit the following representation in continuation of my letter No. 355 of 15th January 1918.

2. The draft regulations for the award of a Government Diploma in Accountancy require undergraduates 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.

3. Regulation No. 4 requires an undergraduate, who applies for admission to the Diploma examination of this Board, to produce a certificate from the head of a recognised institution that he has studied for a period of two academic years at such an institution. This regulation, as at present worded, does not provide for the case of a student whose progress has been unsatisfactory though he has attended the lectures for two years and who is considered by the head of the institution as unfit to appear for the Diploma examination.

4. This question was considered at the last meeting of the Accountancy Diploma Board and the Board arrived at the conclusion that no student should be allowed to appear for the Diploma examination unless he is permitted by the head of his institution. The Board consider that the student cannot be deemed to have received a sound and systematic training unless his progress has been satisfactory.

5. The Board are of opinion that an undergraduate student of a recognised institution who has attended that institution for a period of two academic years but is considered by the head of that institution to be unfit to present himself for the Diploma examination need not attend the lectures for one more year but must attend the preliminary or terminal examination of a recognised institution in a subsequent year and obtain a certificate from the head of that institution that he is fit to present himself for the Board's Diploma examination.

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

6. As draft regulation No. 4 does not require the head of the institution to certify that the candidate is fit to present himself for the examination, the Board recommend the following two amendments to regulation No. 4.—

(1) In regulation No. 4 *add* the words “and is fit to present himself for the examination” after the words “studied for a period of two academic years at such an institution”.

(2) In regulation No. 4 *substitute* the words “provided that no such certificate shall be required” for the words “provided that no such certificate of attendance shall be required”.

(2)

Letter—from the Hon'ble Mr. H. SHARP, C.S.I., C.I.E., Officiating Secretary to the Government of India, Department of Education (Education.)

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

Dated—Delhi, the 6th March 1919.

No.—247.

I am directed to refer to your letter No. 2294, dated the 4th September 1918, regarding 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 a diploma in accountancy which could be recognized 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.

2. In reply, I am to say that, subject to the reservations stated below, the Government of India accept the proposals made in the letters from the Accountancy Diploma Board which accompanied your letter mentioned above, and in which the Local Government have with one exception expressed their entire concurrence.

3. In paragraphs 5 and 10 of the Board's letter, dated the 15th January 1918, it is proposed that the practical training of candidates should be either under (a) members of the six exempted societies, or under (b) holders of permanent unrestricted or permanent restricted auditors' certificates whom the Local Government of the province in which the auditor is practising, considers fit to take and train apprentices. The Government of India accept the proposal but they consider it desirable that some restriction should be placed on the maximum number of apprentices that a practising auditor who is not a member of the six exempted societies may train at any one time. This limit should be fixed by the Local Governments when they select auditors as fit to train apprentices. In the opinion of the Government of India, three apprentices in the case of holders of permanent unrestricted certificates and two apprentices in the case of holders of permanent restricted certificates would probably be the most suitable limit, but they would leave it to the Local Governments to fix their own maximum for each class, in consultation with the Government of Bombay if necessary. The Government of India do not consider a similar restriction to be necessary in the case of the six exempted societies.

4. In paragraph 12 of the Board's letter referred to in the preceding paragraph it is suggested that unrestricted auditors' certificates awarded to holders of the Board's diploma should be endorsed by an officer deputed by the Government of India, as these certificates entitle the holder to practise in more than one province. As the Government of India, have no special means of obtaining any knowledge about the applicant except through the Local Government, they are unable to accept the suggestion; but, as stated in paragraph 2 of this Department letter No. 761, dated the 7th September 1917, they have no objection to an officer deputed by them countersigning the final certificate testifying to apprenticeship with a recognized firm of auditors and to the good conduct of the candidate.

5. As regards paragraph 20 of the Board's letter, I am to say that the Government of India are unable to accept the suggestion that the Board's diploma holders should be treated like the members of the six exempted societies. Such a concession would dispense with the necessity of a diploma holder obtaining a certificate in terms of section 144 (1) of the Companies Act, 1913. The Local Government concerned would thus be deprived of the power of exercising control over the new class of auditors,—a fact, which in the opinion of the Government of India, would be undesirable at least for some time to come, and would probably render the scheme unacceptable to other Local Governments. Nor are the Government of India inclined to consider the alternative proposed by the Board regarding an amendment of the Indian Companies Act, 1913, until sufficient experience has been gained of the working of the Act and it is more definitely known in what directions amendments are necessary.

6. With reference to paragraph 23 of the Board's letter, the Government of India consider that, as the special restrictions relating to the audit of Life Assurance Companies will be discontinued under the proposed scheme, the following books on life assurance, book-keeping and accounts may be recommended by the Board:—

(1) ‘A Treatise on Insurance Companies Accounts’, by Dr. A. E. Sprague.

(2) ‘On the book-keeping of a life office’ by J. J. McLaughlan.

7. I am further to say that while appreciating the views of the Government of Bombay expressed in paragraph 3 of your letter under reply, the Government of India regret that they are unable to give effect to them in the manner suggested in paragraph 4. Action taken on the

lines indicated therein, would necessitate an amendment of the Indian Companies Act, 1913, which for the reasons stated in the letter from the Department of Commerce and Industry, No. 11691, dated the 27th November 1916, the Government of India are not prepared to undertake at present. They are however willing to meet substantially the wishes of the Government of Bombay in regard to the matter and with a view to doing this, they direct that in exceptional cases, local Governments and Administrations may give permission to a person, who under the rules is ineligible for auditing the accounts of joint stock companies, to audit the accounts of any specified company, for any specified financial year; but such cases shall be reported to the Government of India, with a statement of the reasons for the concession.

8. In conclusion, I am to lay down the following procedure as a basis for the framing of regulations in regard to qualifications and appointments of auditors, other than those coming under any one of the six exempted societies:—

(i) A holder of the Government diploma in accountancy awarded by the Sydenham College of Commerce and Economics, Bombay, shall be recognized as an auditor, after he has obtained a certificate in terms of section 144 (1) of the Indian Companies Act, 1913. Such a certificate shall always be an unrestricted one. It will entitle its recipient to practise as an auditor in any part of India besides enabling him to have a place of business in the province, from the Government of which the certificate is obtained. If, however, he desires at any time to have a place of business in some other province, he shall obtain a certificate from the Government of that province as well.

(ii) Local Governments and Administrations are empowered to grant to present holders both of temporary restricted and temporary unrestricted certificates, new restricted certificates, for such periods and subject to such restrictions as they may determine in any case. Holders of such certificates shall be entitled only to conduct audits in the province for which they are granted. The existing special rules which prescribe the qualifications of those eligible for auditing accounts of Provident Insurance Societies and Life Assurance Companies will no longer apply to the holders of such restricted certificates.

(iii) In exceptional cases Local Governments and Administrations may give permission to a person who under the rules is ineligible for auditing the accounts of Joint Stock Companies to audit the accounts of any specified company, for any specified financial year, but such cases shall be reported to the Government of India.

(iv) Holders of unrestricted certificates either already granted, or to be granted by virtue of the Accountancy Board's diploma, will be eligible for auditing the accounts of any company, subject in the case of those already granted by Local Governments and Administrations, to such restrictions as may be stated in their certificates.

(v) Local Governments and Administrations shall not have the power to grant any further unrestricted certificates, save as provided for in clause (i) above.

9. I am to request that, with the permission of His Excellency the Governor in Council, the rules regarding the qualifications of auditors under the Indian Companies Act, 1913, and under the Provident Insurance Societies Act, 1912, as also the draft rules for the award of the Government Diploma in Accountancy of the Sydenham College of Commerce and Economics, Bombay, may be amended on the lines indicated above. The necessary amendments in the rules under the Indian Life Assurance Companies Act, 1912, will be made by the Government of India.

10. I am to add that the scheme as modified by the Government of India, is being commended to other Local Governments and Administrations for their acceptance.

II

Endorsement No. 1028/C-1, Home (Judicial), dated 9th April 1919.

A copy of the letter from the Government of India read above, together with its enclosures, is forwarded to the Registrar of Joint Stock Companies, Madras, who is requested to submit amendments to the rules regarding the qualifications of auditors under the Indian Companies Act, 1913, and under the Provident Insurance Societies Act, 1912, on the lines indicated by the Government of India in paragraphs 7 and 8 of their letter to the Government of Bombay, No. 247, dated the 6th March 1919.

R. RAMACHANDRA RAO,
Secretary to Government.

To the Registrar of Joint Stock Companies, Madras.

III

Letter—from C. M. SCHMIDT, Esq., Registrar of Joint Stock Companies.
To—the Secretary to Government, Home (Judicial) Department.
Dated—Madras, the 11th June 1919.
No.—464-1 Comp.

With reference to Endorsement No. 1028 C-1, Home (Judicial), dated the 9th April 1919, I submit two draft notifications amending the rules regarding the qualification of auditors under the Indian Companies Act, 1913, and under the Provident Insurance Societies Act, 1912, on the lines indicated by the Government of India in their letter to the Government of Bombay, No. 247, Education, dated the 6th March 1919.

2. In the note under draft rule 1 (2) in Annexure I the phraseology of paragraph 8 (i) of the letter of the Government of India just quoted has been followed but the matter is not clear. In paragraph 13 of their letter No. 355, dated the 15th January 1918, the Accountancy Diploma Board of Bombay suggested that it would not be unfair to require the holder of an unrestricted auditor's certificate practising in one province to obtain the previous permission of the Local Government of any other province in which he desires to take up work either temporarily or permanently; but according to paragraph 8 (i) of the letter of the Government of India just quoted a certificate must be obtained from the Local Government of the other province and that only in the event of the holder of an unrestricted certificate granted by the Local Government of one province being desirous at any time of having a place of business in another province. A second auditor's certificate will not be necessary in such a case since the holder of an unrestricted certificate is 'entitled to practice as an auditor in any part of India,' and it is not clear what the Government of India exactly intend.

3. Rule V in Annexure I.—The constitution of an advisory council in connexion with the disciplinary control over the holders of auditors' certificates appears to be desirable;—please see in this connexion paragraph 14 of the letter from the Accountancy Diploma Board, dated 15th January 1918—but mention of this council in the rules does not seem to be required.

ENCLOSURES

(1)

Annexure I.

In exercise of the powers conferred on him by section 144 (2) of the Indian Companies Act, 1913, and in supersession of the previous notifications on the subject, His Excellency the Governor in Council is pleased to make the following rules providing for the grant of certificates entitling the holders thereof to act as auditors of companies:—

RULES.

I. In these rules—

(1) 'Restricted certificate' means a certificate in Form A entitling the holder to act as an auditor of companies within the limits of the Presidency of Madras only and subject to such restrictions as the Local Government may impose under Rule II.

(2) 'Unrestricted certificate' means a certificate in Form B enabling the holder to have a place of business in the province from the Government of which the certificate is obtained and entitling him to act as an auditor of companies throughout British India.

NOTE.—If the holder of an unrestricted certificate desires at any time to have a place of business in another province he shall obtain a certificate from the Government of that province as well.

II. The following two classes of persons shall be eligible to receive certificates authorizing them to audit the accounts of companies:—

Class (1).—Holders of the Government Diploma in Accountancy awarded by the Sydenham College of Commerce and Economics, Bombay, who shall be granted 'Unrestricted' certificates.

Class (2).—Present holders of temporary restricted and temporary unrestricted certificates, who may be granted fresh 'restricted' certificates for such periods and subject to such restrictions as the Local Government may determine in each case.

III. In exceptional cases the Local Government may permit a person who under the rules is ineligible for auditing the accounts of companies to audit the accounts of any specified company for any specified financial year. A report of such cases shall be made to the Government of India.

IV. An application for a certificate under Rule II or for permission to audit the accounts of any specified company under Rule III shall be made to the Secretary to Government, Home (Judicial) Department, through the Registrar of Joint Stock Companies, Madras, and shall in the former case be accompanied by the Government diploma in original.

V. It shall be open to the Local Government at any time and for such cause as they may consider to be sufficient to cancel any certificate granted by them under these rules.

FORM A.

Restricted certificate.

This is to certify that _____ is entitled to act as an auditor of companies, subject to the undermentioned limitations prescribed with reference to the rules regulating the grant of restricted certificates under section 144 (2) of the Indian Companies Act, 1913:—

- (1) Class of company the accounts of which the holder is permitted to audit.
- (2) Language of the accounts which the holder may audit.
- (3) Date of expiry of this certificate.

Date of issue.

Secretary to Government.

FORM B.

Unrestricted certificate.

This is to certify that _____ is entitled to act as an auditor of companies throughout British India subject to the rules for the grant of certificates to auditors published by the Government under section 144 (2) of the Indian Companies Act, 1913.

Date of issue.

Secretary to Government.

NOTES.—(i) This certificate entitles the recipient to practice as an auditor in any part of British India, besides enabling him to have a place of business in the Presidency of Madras. If, however, he desires at any time to have a place of business in some other province he shall obtain a certificate from the Government of that province as well.

(ii) The holder of this certificate is also entitled, in view of the provisions of the rules under the Provident Insurance Societies Act, 1912, and under the Indian Life Assurance Companies Act, 1912, to audit the accounts of Provident Insurance Societies and Life Assurance Companies throughout British India.

(2)

Annexure II.

In exercise of the powers conferred on him by section 24 of the Provident Insurance Societies Act, 1912 (V of 1912), the Governor in Council is pleased to make the following rule in supersession of Rule 16 of the existing rules.

Auditors' qualification.

The following persons shall be entitled to be auditors and to act as such in respect of the accounts of any society, viz.—

(1) Members of the following six bodies, namely—

- (i) the Institute of Chartered Accountants of England and Wales,
- (ii) the Society of Incorporated Accountants and Auditors,
- (iii) the Society of Accountants in Edinburgh,
- (iv) the Institute of Accountants and Actuaries in Glasgow.
- (v) the Society of Accountants in Aberdeen, and
- (vi) the Institute of Chartered Accountants in Ireland.

(2) Members of such other bodies as may from time to time be notified by the Governor-General in Council under the proviso to section 144 (i) of the Indian Companies Act, 1913, as entitled to audit companies' accounts.

(3) Fellows of Associates of the Institute of Actuaries, London, or of the Faculty of Actuaries in Scotland.

(4) The holder of any certificate granted by the Government of Madras under section 144 (2) of the Indian Companies Act, 1913 (VII of 1913), or by any other Local Government in exercise of the same statutory power, provided that such certificate does not restrict the holder from auditing the accounts of insurance companies.

IV

Endorsement No. 547B-2, Home (Education), dated 7th July 1919.

A copy of the letter from the Government of India read above together with its enclosures is forwarded to the Director of Public Instruction who is requested to submit proposals for giving effect to the scheme for the utilization of the Sydenham

College of Commerce and Economics as a central examining body for various centres in India and for awarding diplomas in Accountancy, as finally accepted by the Government of India.

2. The attention of the Director of Public Instruction is invited to paragraph 4 of the letter from the Secretary to the Accountancy Diploma Board to the Director of Public Instruction, Bombay, No. 355, dated the 15th January 1918 and he is requested to state whether he may be appointed to represent this Presidency for the purpose of advising the Diploma Board on the matters referred to therein.

R. RAMACHANDRA RAO,
Secretary to Government.

To the Director of Public Instruction.

V

Letter—from the Hon'ble Mr. R. LITTLEHAILES, Acting Director of Public Instruction.

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

Dated—Madras, the 17th July 1919.

No.—R.C. 6382.

With reference to paragraph 2 of Government Endorsement No. 547 B-2, dated 7th July 1919. I have the honour to state that I shall be glad, if appointed, to represent this Presidency for the purpose of advising the Diploma Board on the matters referred to in the letter of the Secretary to the Accountancy Diploma Board to the Director of Public Instruction, Bombay.

VI

Letter—from C. M. SCHMIDT, Esq., Registrar of Joint Stock Companies.

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

Dated—Madras, the 14th August 1919.

No.—808-1 Comp.

In May last I suggested to the Secretary of the Accountancy Diploma Board, Bombay, that the list of successful candidates in the Government Diploma examination in Accountancy held by the Board should be published in the *Fort St. George Gazette* as such a course would be helpful for reference both to officials and to the public in this Presidency and that if that course were not feasible I might be supplied with a copy of the pass lists regularly. In reply to this suggestion the Secretary writes:—

"It is under contemplation to publish the pass lists and other notifications in the Government gazette of every province. I have asked for permission to correspond direct with the Registrar of Companies as well as with the Superintendent of the Government Central Press in every province and as soon as orders are received on the subject, I shall arrange for the publication of my Board's notifications in the *Fort St. George Gazette*."

"2. I made a similar request in my letter No. 231 of 13th September 1915, which was submitted to the Government of India with the Bombay Government letter No. 96, Educational of 11th January 1916. This was forwarded by the Government of India to all Local Governments in April 1916. I would also refer you to paragraphs 4 and 5 of my letter No. 355 of 15th January 1918 printed as an accompaniment to Government of India letter No. 247, Educational of 6th March 1919. There I have asked for permission to correspond direct with a selected officer in every province on matters connected with the recognition of accountants, apprentices, conduct and supervision of the Diploma examination in each province, publication of notifications, etc., I have received from the Panjab, the Central Provinces and Assam orders on this point where the Registrar of Companies has been authorized to correspond directly with my Board. As soon as similar orders are received from your Government, I shall take steps to publish all my notifications in your gazette and write to you for such help and advice as may from time to time be required."

The Secretary's letter No. 281, dated 13th September 1915 was communicated to the Government of Madras by the Government of India with their letter No. 328, Education, dated 12th April 1916 [pages 2, 7 and 8 of G.O. No. 1131, Home (Education), dated 27th October 1916]. In that letter the Secretary suggested that Local Governments who agree to accept the Board's diploma might 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 authorized list may always be available to this Board when disposing of applications regarding taking of apprentices;

(b) to authorize 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 authorize 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 connexion."

In his letter No. 355, dated the 15th January 1918 [vide Endorsement No. 1028 C-1, Home (Judicial), dated 9th April 1919], the Secretary stated that (1) it would greatly facilitate the work of the Board should the Board be empowered to correspond direct with a duly authorized representative of the Local Government at each Presidency town on such matters as the recognition of local commercial institutions and of local accountants, the conduct and supervision of the Diploma examination at those centres, as well as the conduct and character of candidates for the diploma; and suggested (2) that the Local Governments should be requested to send to the Board at the commencement of every year a list of holders of permanent auditors' certificates whom they consider fit, among those practising in their province, to take and train apprentices.

No orders appear to have been passed on the foregoing points which fall under three main heads, viz., (1) matters relating to auditors and auditors' certificates, (2) matters educational and (3) printing work.

I would suggest that, if the Government have no objection, they may appoint the Registrar of Joint Stock Companies and the Director of Public Instruction as the officers to correspond with the Bombay Board on matters, relating to auditors and educational matters respectively, as specified below:—

Registrar of Joint Stock Companies.

(1) Auditors and auditors' certificates.

(2) Conduct and character of and all particulars regarding certificated auditors.

(3) Selection of auditors who are fit to take and train apprentices.

(4) Practical training of accountants.

Director of Public Instruction.

(1) Theoretical training and recognition of local commercial institutions for purposes of theoretical training.

(2) Conduct and character of candidates, other than certificated auditors, for the diploma.

(3) Conduct and supervision of the diploma examination in the Madras Presidency.

(4) Examinations to be recognised as equivalent to the Matriculation or the school final examination.

As regards printing work the Secretary of the Board may be permitted to address the Superintendent of the Government Press, Madras, direct.

VII

*Letter—*from the Hon'ble Mr. H. SHARP, C.S.I., C.I.E., Secretary to the Government of India, Department of Education (Education).

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

*Dated—*Simla, the 8th October 1919.

*No.—*1103.

I am directed to refer to the correspondence ending with this Department letter No. 249, dated the 6th March 1919, in regard to 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 which could be recognized as a basis for the issue of auditors' certificates under certain Acts.

2. I am now to forward for information a copy of a letter (with enclosure) from the Government of Bombay No. 2975, dated 20th August 1919, and to request that if there is no objection the arrangements suggested in the letter from the Secretary, Accountancy Diploma Board, may be made by the local Government at as early a date as possible.

ENCLOSURES

(1)

*Letter—*from G. A. THOMAS, Esq., I.C.S., Secretary to the Government of Bombay.
*To—*the Secretary to the Government of India, Department of Education (Education).

*Dated—*Bombay Castle, the 20th August 1919.

*No.—*2975.

I am directed to refer to the Government of India, Department of Education (Education), letters Nos. 247 and 249, dated the 6th March 1919, regarding 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 a diploma in accountancy which could be recognized 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.

2. I am now to enclose a copy of the letter from the Secretary, Accountancy Diploma Board, Bombay, No. 213, dated the 23rd June 1919, and to request that the Government of India may be moved to ask the local Governments and administrations concerned to comply with the requests made by Mr. Ayyar in his letter.

(2)

*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, Poona.

*Dated—*the 23rd June 1919.

*No.—*213.

As the scheme for the award of a Government Diploma in Accountancy has now been finally sanctioned by the Government of India, I have the honour to solicit that local Governments who agree to accept this Board's Diploma may be requested—

(a) to authorize the local Registrar of Joint Stock Companies or other specified officer to correspond direct with the Accountancy Diploma Board on such matters as the conduct and character of candidates for the diploma and the annual list of certified auditors empowered to take apprentices,

(b) to authorize an officer of the educational or other department to correspond direct with this Board on such matters as the recognition of local examinations equivalent to the Matriculation and to arrange for the conduct and supervision of the Board's Diploma Examination in that province,

(c) to authorize the officer in charge of the local Government Gazette to publish free of charge notifications of the Accountancy Diploma Board,

(d) to authorize the officer in charge of the local Government Press to print the necessary question papers for the Diploma examination whenever it is decided to hold the examination in that province.

2. I make this request in accordance with the proposals contained in the last sentence of paragraph 4 and the third sentence in paragraph 5 of my letter No. 355 of 15th January 1918, printed as an accompaniment to Government of India, letter No. 247, Educational of 6th March 1919 and approved by the Government of India in paragraph 2 of their letter. A similar request was submitted in my letter No. 281 of the 13th September 1915 and approved by the Government of Bombay in their No. 96, Educational of 11th January 1916 and circulated among the local Government by the Government of India in April 1916.

3. The Registrars of Joint Stock Companies in the Punjab, the Central Provinces and Assam have already been authorized to correspond direct with this Board. I have not however received any such communications in the case of the other provinces. In the absence of these facilities it becomes difficult to answer various kinds of enquiries I receive from intending candidates in the different provinces.

VIII

*Letter—*from the Hon'ble Mr. R. LITTLEHAILES, M.A., Director of Public Instruction.

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

*Dated—*the 3rd November 1919.

*No.—*R.O. 6382.

In continuation of my R.C. No. 6382, dated 17th July 1919, with reference to endorsement No. 547 B-2, dated 7th July 1919, I have the honour to report that I laid the question raised in the abovenamed endorsement before the Advisory Council of the Institute of Commerce, Madras. The Advisory Council unanimously decided that it should form the body duly authorised and empowered.

(1) to recognize holders of accountant's certificates who might be considered fit to take and train apprentices,

(2) to supervise the conduct and character of the candidates for the diploma and

(3) to control the discipline of holders of certificates of accountants who are in practice.

2. It was at first proposed that a smaller body should constitute the committee but it was pointed out that a larger body was required in order that non-officials might be adequately represented on the Board.

3. I am taking the necessary steps for the recognition of the Institute of Commerce, Madras, and for the holding of an examination in Madras conducted by the Sydenham College of Commerce and Economics, Bombay.

Order—No. 1435, Home (Education), dated 25th November 1919.

The papers read above relate to 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 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, the Indian Life Assurance Companies Act, 1912, and the Provident Insurance Societies Act, 1912.

2. Necessary orders for giving effect to the scheme so far as this Presidency is concerned will be issued separately on receipt of the proposals on the subject called for from the Director of Public Instruction. In the meanwhile the Government authorize the Registrar of Joint Stock Companies, the Director of Public Instruction and the Superintendent, Government Press, Madras, to correspond direct with the Accountancy Diploma Board, Bombay, on matters detailed in paragraph 1 of the Diploma Board Secretary's letter No. 213, dated the 23rd June 1919, forwarded with the Government of India's letter No. 1103, dated the 8th October 1919.

3. The Superintendent, Government Press, is further requested to publish free of charge in the *Fort St. George Gazette* notifications which may be received from time to time from the Accountancy Diploma Board and also to print the necessary question papers for the Diploma examination whenever it is decided to hold the examination in this Presidency.

4. The Director of Public Instruction is requested to expedite the proposals called for in paragraph 1 of Government Endorsement No. 547 B-2, dated the 7th July 1919.

5. Further orders will issue in the Home (Judicial) Department regarding the amendments to the rules relating to the qualifications of auditors under the Indian Companies Act, 1913, and under the Provident Insurance Societies Act, 1912, and also the supply to the Accountancy Diploma Board at the commencement of each year of a list of holders of permanent auditors' certificates who might be fit to take and train apprentices.

6. The following letter will be addressed to the Government of India.

(True extract)

R. RAMACHANDRA RAO,
Secretary to Government.

To the Director of Public Instruction.
" Registrar of Joint Stock Companies.
" Home (Judicial) Department.

GOVERNMENT OF MADRAS

HOME (EDUCATION) DEPARTMENT

No. 1436.

From

M.R. RY. DIWAN BAHADUR

R. RAMACHANDRA RAO AVARGAL,

Secretary to the Government of Madras,

Home (Education) Department,

To

THE SECRETARY TO THE GOVERNMENT OF INDIA,

DEPARTMENT OF EDUCATION.

Dated Fort St. George, the 25th November 1919.

SIR,

With reference to the correspondence ending with your letter No. 1103, dated the 8th October 1919, regarding the utilization of the Sydenham College of Commerce and Economics as a central examining body for the conduct of Accountancy examinations and for the award of diplomas in Accountancy, I am directed to state that orders have issued authorizing the Registrar of Joint Stock Companies, the Director of Public Instruction and the Superintendent, Government Press, Madras, to correspond direct with the Accountancy Diploma Board on the matters referred to in the letter from the Secretary, Accountancy Diploma Board, Bombay, No. 213, dated the 23rd June 1919, and the Superintendent, Government Press, to print the Diploma Board's notifications and question papers. I am to request that the Board may be informed accordingly.

I have the honour to be,

Sir,

Your most obedient servant,

R. RAMACHANDRA RAO,
Secretary to Government.

HOME (EDUCATION) DEPARTMENT.

NOTES CONNECTED WITH G.O. Nos. 1435-36, HOME (EDUCATION),
DATED 25TH NOVEMBER 1919

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

From the Government of India, No. 249, dated the 6th March 1919.

In connexion with the recognition of the Sydenham College of Commerce and Economics, Bombay, as a central examining body for conducting examinations at various centres in India and 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 Act, 1912, and the Provident Insurance Societies Act, 1912, this Government in paragraph 2 of their letter No. 1032/B-2, dated 6th June 1917, requested the Government of India to ascertain whether the Government of Bombay were agreeable to the following stipulations:—

(1) "that the accountancy diploma is awarded by the Government of India instead of by the Bombay Government as provided for in Regulation 1 of the Bombay Regulations; and

(2) "that Madras is represented on the Bombay Accountancy Diploma Board".

2. In their letter No. 761, dated 7th September 1917 (page 1 of G.O. No. 1302 (Education), dated 20th October 1917), the Government of India while informing this Government that they were unable to accept the first stipulation, suggested for the consideration of the Bombay Government that the final certificate testifying to apprenticeship with a recognised firm and to the good conduct of the candidate, might be formally endorsed by an officer deputed by the Government of India, and remitted the second stipulation for the consideration of that Government.

3. The Government of India now forward copies of the correspondence between them and the Government of Bombay on the subject, from which it will be observed that the latter have agreed to the Government of India's suggestion referred to in paragraph 2 above. As regards the representation * of Madras on the

* The second stipulation.
Accountancy Diploma Board, Bombay, the Diploma Board consider that the proposal is impracticable; and the Government of Bombay and the Government of India are in agreement with the views of the Diploma Board.

The Diploma Board consider that their work would be facilitated, should they be empowered to correspond direct with a duly authorized representative of the Local Government at each Presidency town on such matters as the recognition of local commercial institutions and of local accountants, the conduct and supervision of the diploma examination as well as the conduct and character of candidates for the diploma. The Governments of Bombay and India accept the Board's suggestion.

A It may perhaps be desirable to nominate the Director of Public Instruction as the representative of this Presidency for corresponding direct with the Diploma Board on the matters referred to and the Director will no doubt consult the Registrar of Joint Stock Companies whenever necessary.

4. The Government of India request that the necessary steps may be taken to give effect to the scheme as modified by them. Orders have to be passed in regard to the recognition of the Sydenham College of Commerce and Economics, Bombay, as a central examining body for conducting examinations and awarding diplomas in accountancy. Before passing final orders, the Director of Public Instruction may be requested to submit proposals for giving effect to the scheme in consultation with

the Registrar of Joint Stock Companies. The Director of Public Instruction may also be requested to state whether he may be appointed to represent this Presidency for the purpose of advising the Diploma Board on the matters referred to by the Board. The file may be sent to Judicial with reference to the suggestions of the Government of India in paragraphs 7 and 8 of their letter No. 247, dated 6th March 1919, in regard to the qualifications of auditors.

G.N.—31-3-19.

T.K.—31-3-19.

C. RAMANUJA ACHARIYAR—1-4-19.

HOME (JUDICIAL) DEPARTMENT.

Please see paragraphs 7 and 8 of the Government of India letter No. 247, dated 6th March 1919, to the Government of Bombay, in which the Government of India lay down instructions for the framing of regulations in regard to qualifications of auditors. Submitted that a copy of the correspondence may be forwarded to the Registrar of Joint Stock Companies, Madras, who may be requested to submit amendments to the rules regarding the qualifications of auditors under the Indian Companies Act, 1913, and under the Provident Insurance Societies Act, 1912.

A draft memorandum is submitted below for approval.

C.V.V.—3-4-19.

M.V.V.—3-4-19.

C.R.—4-4-19.

After getting the Registrar's reply, the Director of Public Instruction will have to be consulted.

Draft for approval.

R. RAMACHANDRA RAO—5-4-19.

P. R[AJAGOPALA ACHARIYAR]—8-4-19.

[Memorandum No. 1028 C-1, dated 9th April 1919.]

From the Registrar of Joint Stock Companies, No. 464-1-Comp., dated 11th June 1919.

Please see the draft rules for the grant of certificates to auditors forwarded by the Registrar of Joint Stock Companies. The definition of "unrestricted certificate" in draft rule I (2) seems susceptible of improvement. It may perhaps follow the wording of the Government of India in paragraph 8 (i) of their letter to the Government of Bombay. The definition will then be—

This may be accepted as it puts logically the scope of practice first and the place of business next. There is no other difference between this and the Registrar's draft.

C.R.—3-7-19.

"Unrestricted certificate means a certificate in form B enabling its recipient to practise as an auditor in any part of British India besides enabling him to have a place of business in the province from the Government of which the certificate is obtained."

The note under the rule may remain as it is.

In other respects the draft rules seem all right and may be approved. The old rules are contained in G.Os. Nos. 2173, dated 11th September 1915, and 673, dated 11th March 1916.

With reference to the Registrar's remarks in paragraph 2 of his letter, as regards rule I (2) it is submitted that whatever be the intention of the Government of India the draft rule follows the wording of the Government of India and we need not perhaps go behind it.

With these remarks, the file may be returned to the Educational Department who have to consult the Director of Public Instruction on this and on the other points at issue—vide Secretary's note, dated 5th April 1919, at page 2 ante.

M.V.V.—1-7-19.

C. RAMANUJA ACHARIYAR—3-7-19.

HOME (JUDICIAL) DEPARTMENT.

Please put up draft reference to the Director of Public Instruction for Secretary's approval.

C.R.—3-7-19.

A draft endorsement is submitted for approval.

G.N.—5-7-19.

T.K.—5-7-19.

C.R.—6-7-19.

R. RAMACHANDRA RAO—7-7-19.

[Endorsement No. 547/B-2, dated 7th July 1919.]

From the Director of Public Instruction, No. 6382, dated 17th July 1919.

Submitted that the proposals called for in paragraph 1 of Endorsement No. 547/B-2, dated 7th July 1919, may be awaited. The Director of Public Instruction may be reminded on 15th August 1919 if no reply is received in the meanwhile. We may inform the Bombay Government when giving effect to the scheme that the Director of Public Instruction has been appointed to represent this Presidency for the purpose of advising the Diploma Board.

G.N.—23-7-19.

T.K.—23-7-19.

C.R.—26-7-19.

R.R.—29-7-19.

HOME (JUDICIAL) DEPARTMENT.

From the Registrar of Joint Stock Companies, No. 808-1-Comp., dated 14th August 1919.

Please see the suggestions of the Registrar of Joint Stock Companies on the subject of corresponding with the Accountancy Diploma Board, Bombay, and paragraphs 4 and 5 of the letter No. 355, dated 15th January 1918, from the Secretary, Accountancy Diploma Board, printed as accompaniment to Government of India letter No. 247, dated 6th March 1919.

The Educational Department have considered it desirable to nominate the Director of Public Instruction as the representative of this Presidency, for corresponding direct with the Accountancy Diploma Board. A reference has been made to the Director of Public Instruction, who has given his consent to be appointed to represent this Presidency on the Diploma Board.

Mr. Schmidt suggests that both the Registrar of Joint Stock Companies and the Director of Public Instruction may be appointed as the officers to correspond with the Board, for the reasons given by him in the concluding paragraph of his letter. The letter from the Accountancy Board, however, makes mention of only 'a duly authorized representative of the Local Government'. In the Punjab, the Central Provinces and Assam, the Registrar of Companies has been authorized to correspond directly with the Board. It is therefore for consideration whether the Registrar's proposals should be accepted or whether the Director of Public Instruction should be appointed as representative who should perform his duties in this capacity, in consultation with the Registrar of Joint Stock Companies.

P.S.A.—22-8-19.

C.V.—23-8-19.

There is no harm in naming two representatives for the two sets of objects mentioned by the Registrar. They are quite separate. The Director of Public Instruction has absolutely no information about auditors' certificates which is a matter closely connected with the working of the Indian Companies Act. We have, on the other hand, already recognized the Director of Public Instruction as the chief correspondent in respect of the institute and matters connected with it. The Registrar's proposal may be approved.

C. RAMANUJA ACHARIYAR—25-8-19.

I agree.

The draft may simply permit the Accountancy Board to correspond with the Director of Public Instruction, Registrar of Joint Stock Companies and the Superintendent, Government Press, direct. It is not necessary to specify the particular matter on which each of these officers should be consulted. If any receive a letter within the province of another the letter can be transferred and points requiring orders may be referred to Government.

Evidently no orders are required regarding the conduct of the diploma examination in this Presidency. Orders to print lists of passed candidates.

Regarding list of certificated auditors, do we not furnish a periodical return to India? Is this based on a return from the Registrar? which would be the better course—the Registrar or the Secretariat to furnish the list to the Accountancy Board?

R. RAMACHANDRA RAO—26-8-19.

The queries raised by the Secretary in the concluding paragraph of his note above are answered seriatim:—

(1) A list of auditors who are granted *new* certificates or whose certificates are *renewed* is furnished to the Government of India at the beginning of every quarter of year. The list is not a consolidated one but includes both temporary and permanent certificate holders.

(2) The list is not based on a return from the Registrar of Joint Stock Companies. As auditors' certificates are granted and renewed by the *Government* the necessary information is available in this office and the list is prepared without any reference to the Registrar. At the same time the Registrar of Joint Stock Companies prepares every year a *consolidated list* of both temporary and permanent auditors in the Presidency brought up to date and sends one or two spare copies of it for our reference.

(3) As the Secretariat is already in the habit of sending periodical returns of certified auditors to Government of India it may, it is submitted, send a similar return to the Accountancy Diploma Board also. The Accountancy Board requires a list only at the commencement of every year. For orders whether an annual or a quarterly statement should be furnished. Again the Board wants the list of only *permanent* auditors who are considered fit, by the Local Government to take and train apprentices. The question as to how many permanent auditors are eligible to train apprentices is a matter to be decided in consultation with the Registrar of Joint Stock Companies, and the return can therefore be furnished only after a reference is made to the Registrar. There seems, however, no necessity to furnish the Accountancy Board with such a return this year, as the new scheme put forward by the Board has not yet been given full effect to.

The main file on the subject of correspondence with the Board has been dealt with by the Educational Department—and final orders will have to be passed by that department. Submitted that the case may now go to the Educational Department.

P.S.A.—28-8-19.

C.V.—30-8-19.

C.R.—3-9-19.

About the return, I think that it is better that it goes from this office (*Judicial* section).

R.R.—5-9-19.

HOME (EDUCATION) DEPARTMENT.

Submitted that this may lie over pending receipt of proposals called for to give effect to the scheme. On receipt of the proposals the two cases will be clubbed and orders taken on the various points.

E.A.V.—5-9-19.

C. RAMANUJA ACHARIYAR—10-9-19.

R. RAMACHANDRA RAO—11-9-19.

From the Government of India, Department of Education, No. 1103, dated 8th October 1919.

The Director of Public Instruction has not submitted the proposals called for in paragraph 1 of Endorsement No. 547/B-2, dated 7th July 1919, in spite of three reminders. In view of the present reminder from India we may perhaps issue orders forthwith complying with the requests in paragraph 1 of Mr. Subrahmanya Ayyar's letter and ask the Director of Public Instruction to expedite his proposals adverted to above.

2. Subject to orders a draft order is submitted. It disposes also of the letter from the Inspector-General of Registration so far as it relates to 'Education'. If approved, it may go to Judicial for acceptance with reference to paragraph 5 thereof.

E.A.V.—24-10-19.

T.K.—30-10-19.

C.R.—30-10-19.

R.R.—31-10-19.

HOME (JUDICIAL) DEPARTMENT.

The draft order may be accepted in this department and the file returned to Educational. Orders will issue in this department in regard to paragraph 5 on receipt of a copy of proceedings in this case.

P.S.A.—3-11-19.

R.V.S.—6-11-19.

C.R.—9-11-19.

R.R.—10-11-19.

HOME (EDUCATION) DEPARTMENT.

From the Director of Public Instruction, R.C. No. 6382, dated 3rd November 1919.

In the Director's letter received since the draft in this case was put up, he says that the Advisory Council appointed in G.O. No. 1553, Education, dated 4th December 1919, should form the body duly authorized and empowered to deal with the specific matters mentioned in the letter. This however does not seem to preclude the appointment of the Director of Public Instruction and the Registrar of Joint Stock Companies as the officers authorized to correspond direct with the Diploma Board. If either of them receives any communication from the Board, he may place it before the full Advisory Council. If this view is accepted, the drafts may issue. Paragraph 4 of the draft order may also stand since *final* proposals to give effect to the scheme are still due from the Director. (Since disposed of by G.O. No. 1458, Home (Education), dated 25th November 1919).

2. The notifications in the linked file received from Mr. Subrahmanya Ayyar may be forwarded to the Superintendent, Government Press, for publication with reference to the present orders.

E.A.V.—15-11-19.

T.K.—15-11-19.

C.R.—16-11-19.

R.R.—17-11-19.

A. R. K[NAPP]—22-11-19.

R.R.—24-11-19.

[G.O. Nos. 1435-36, Home (Education), dated 25th November 1919.]

Accountancy Diploma Board.

Authorising the D.P.I. and the Registrar of Joint Stock Companies to correspond direct with the Bombay, in matters connected with the conduct of the Diploma examination and the issue of auditors' certificates and permitting the Supdt. Govt. Press to publish the Board's notification and print the accountancy examination question papers, *when necessary.*

READ AGAIN G.O. No., dated 191 .

" " " " 191 .

READ ALSO:-

C. No. 547/B, From the Govt. of India, No. 249, dated 6-3-1919. 191 .

Dept. of Education, From the I.G. of Regn. No. 464-1 dated 11-6-1919

" " 1411 B, D.P.I. R.C. 6382/19 dated 17-7-1919 191 .

,,, I.G. of Registration, ,, 808-1/Comp. dated 14-8-19.

" " 2063/B, " Govt. of India, Dept. of Education, No. 1103, dated 8-10-1919.

ORDER.

No. 1435 dated 28-11-1919

P.S.

The papers read above relate to the scheme for the utilization of the Sydenham College of Commerce & Economics, Bombay, 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, the Indian Life Assurance Companies Act, 1912 and the Provident Insurance Societies Act, 1912.

2. Necessary orders for giving effect to the scheme so far as this Presidency is concerned will be issued separately on receipt of the proposals on the *subject* called for from the D.P.I. In the meanwhile the Government

authorize the Registrar of Joint Stock Companies, the D.P.I. and the Superintendent, Govt. Press, Madras, to correspond direct with the Accountancy Diploma Board, Bombay, on matters detailed in para 1 of the Diploma Board Secretary's letter No.213, dated the 23rd June 1919, forwarded with the Govt. of India's letter No.1103, dated the 8th October '19

3. The Supdt. Govt. Press, is further requested to publish free of charge in the Fort St. George Gazette notifications which ~~may~~ ^{be} receive from time to time from the Accountancy Diploma Board and also to print the necessary question papers for the Diploma examination whenever it is decided to hold the examination in this Presidency.

4. The D.P.I. is requested to expedite the proposals called for in para 1 of Govt. Endt. No.547 B-2, dated the 7th July 1919.

5. Further orders will issue in the Home (Judicial) Department regarding the amendments to the rules relating to the qualifications of auditors under the Indian Companies Act, 1913, and under the Provident Insurance Societies Act, 1912, and also the supply to the Accountancy Diploma Board at the commencement of each year of a list of holders of permanent auditors' certificates who might be fit to take and train apprentices.

6. The following letter will be addressed to the Govt. of India:-

b. 10, N.F.

b. 27, c.f.

b. 26 c.f.

b. 27, c.f.

b. 19, c.f.

b. 12-18, c.f.
b. 4-6, N.F.

Supdt. Govt. Press, b. 12, N.F.

To the D.P.I.
Regd. of J.S.Cos.
Home (Jud.) Dept.

Letter. 1436
Mis. 25.11.19

To

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

Sir,

With reference to the correspondence ending with your letter No.1103, dated the 8th October 1919 re: the utilization of the Sydenham College of Commerce & Economics as a central examining body for the conduct of accountancy examinations and for the award of diplomas in accountancy, I am directed to state that orders have issued authorising the Registrar of Joint Stock Companies, the D.P.I., and the Supdt. Govt. Press, Madras, to correspond direct with the Accountancy Diploma Board on the matters referred to in the letter from the Secy. Accountancy Diploma Board, Bombay No.213, dated the 23rd June 1919 to request that the Board may be informed accordingly.

I have etc.

and the Superintendent to print the Diploma Board's notifications and question papers. Jan

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Press.
Arrangement affl.

GOVERNMENT OF INDIA
DEPT. OF EDUCATION
15

G.O. No. 1435, 25th November 1919
Accountancy Diploma Board

3 please
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fully
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Authorizing the Director of Public Instruction, the Superintendent, Government Press, and the Registrar of Joint Stock Companies to correspond direct with the —, Bombay, in matters connected with the conduct of the Diploma examination and the issue of auditors' certificates and permitting the Superintendent, Government Press, to publish the Board's notification and print the accountancy examination question papers, when necessary.

READ—the following papers :—

I
Letter—from the Hon'ble Mr. H. SHARP, C.S.I., C.I.E., Officiating Secretary to the Government of India, Department of Education (Education).
To—the Secretary to the Government of Madras, Home (Education) Department.
Dated—Delhi, the 6th March 1919.
No.—249.

With reference to the correspondence ending with the communication from this Department No. 762, dated the 7th September 1917, I am directed to forward, for information, a copy of the correspondence noted on the margin regarding the scheme for the utilization of the Sydenham College of Commerce and Economics, 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, the Indian Life Assurance Act, 1912, and the Provident Insurance Societies Act, 1912.

1. Letter from the Government of Bombay, No. 2294, dated the 4th September 1918, and enclosures.
2. Letter to the Government of Bombay, No. 247, dated the 6th March 1919.

Bombay, as a central examining body for conducting examinations at various centres 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, the Indian Life Assurance Act, 1912, and the Provident Insurance Societies Act, 1912.

2. It will be observed that the scheme now put forward by the Accountancy Diploma Board, Bombay, has been accepted by the Government of India with slight modifications, and the Government of India trust that the modified scheme will meet with the approval of the Government of Madras and that there will be no further difficulty in giving effect to it. I am accordingly to request that, if His Excellency the Governor in Council sees no objection, necessary steps may be taken to give effect to the scheme.

ENCLOSURES

(1)
Letter—from G. A. THOMAS, Esq., I.C.S., Secretary to the Government of Bombay, Educational Department.
To—the Secretary to the Government of India, Department of Education (Education).
Dated—Bombay Castle, the 4th September 1918.
No.—2294.

I am directed to refer to your letter No. 761, dated the 7th September 1917, regarding the scheme submitted by this Government 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 which could be recognized 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. It was intimated therein that the other Local Governments had generally approved of this Government's scheme, subject, however, to certain reservations and suggestions in regard to which the Government of India offered their own observations and requested to be furnished with the views of this Government before they proceeded to issue their final orders on the subject.

2. In reply, I am directed to forward herewith copies of letters from the Accountancy Diploma Board, No. 355, dated the 15th January 1918 (with accompaniment) and No. 474, dated the 26th February 1918, and to state that subject to the reservation mentioned below the Governor in Council is in complete agreement with the views expressed and the suggestions made in the letters of the Board, which, he considers, has taken the reasonable view throughout in dealing with the points raised in your letter and done its best to meet the wishes of the other Local Governments as well as of the Government of India.

3. The reservation referred to in the preceding paragraph relates to the suggestion of the Government of India mentioned in the latter part of paragraph 8 (i) of your letter under reply, which is to the effect that in very exceptional cases Local Governments might give permission to a company to employ as an auditor of its accounts for any one year a man who has not previously been granted a certificate, it being understood that such cases would be reported to the Government of India. Permission would thus be granted to the company and not to the auditor. With reference to this suggestion it will be observed from paragraph 16 of the first letter from the Accountancy Diploma Board that in the opinion of the Board even in very exceptional cases a person who has not previously been granted a certificate should not be authorized to conduct the audit of a Joint Stock Company's accounts even for a single year. In this connexion I am to say that an exceptional case has recently occurred in this Presidency, in which it would have been helpful to this Government if they had been empowered to authorize a company to appoint a competent though technically non-qualified auditor to audit its accounts for a single year. In the light of this experience the Governor in Council is of opinion that it would be advisable to invest Local Governments with the special power referred to above.

4. In conclusion, I am to take this opportunity to reiterate the request made in clause (iv) of this Government's letter No. 8614, Revenue Department, dated the 4th September 1916, to the effect that Local Governments may be empowered to exempt companies registered under section 26 of the Indian Companies Act from the necessity of employing qualified auditors. As stated in the letter referred to such companies do not carry on business for profit and Government auditors' fees are somewhat heavy. Hence the necessity for the proposed concession.

(2)

Accompaniments to the letter to the Government of India, Department of Education (Education), No. 2294, dated the 4th September 1918.

Letter—from K. SUBRAHMANYA AYYAR, Esq., B.A., LT., F.S.A.A., Secretary, Accountancy Diploma Board, Bombay.

To—the Director of Public Instruction.

Dated—the 15th January 1918.

No.—355.

I am instructed by the Accountancy Diploma Board to acknowledge receipt of your Memorandum No. 8688 of the 12th October 1917 communicating Bombay Government letter No. 95 (Educational) of 11th January 1916 and Government of India letter No. 761 (Educational), of the 7th September 1917, and asking for the opinion of this Board on the points raised in the Government of India letter. I return herewith the original letters referred to above.

2. The Government of India letter was considered and discussed by the Board at a series of meetings held this month and in November and December last, and the following conclusions were reached.

3. It is suggested in paragraph 2 of the Government of India letter that the final certificate, testifying to apprenticeship with a recognized firm and to the good conduct of the candidate, might be formally endorsed by an officer deputed by the Government of India. The Board agree to this suggestion, first because the Bombay Diploma may then be more readily acceptable to other Local Governments, secondly because the auditor's certificate to be granted on the basis of this diploma will authorize the holder to practise not only in his own province but also in other provinces. According to the Board's draft regulation No. 1, no candidate becomes eligible for the diploma unless and until he satisfies all the three conditions laid down therein, with reference to (1) the examination, (2) the practical training, and (3) his character. This diploma will however not entitle the holder to practise as an auditor unless and until a Local Government grants him an auditor's certificate under section 144 of the Indian Companies Act of 1913. The Board think it necessary to emphasize the difference between the diploma granted by this Board and the auditor's certificate granted by the Local Government.

4. Paragraph 2 of the Government of India letter refers to the desire of the Government of Madras to be represented on the Accountancy Diploma Board. The Board consider that, should this be acceded to, such representation would have to be accorded to other provinces as

well, that the Board would then become unwieldy, that meetings of the Board could not be fixed so as to suit the conveniences of representatives of all other provinces and that therefore the proposal is impracticable. It would greatly facilitate the work of this Board, should the Board be empowered to correspond direct with a duly authorized representative of the Local Government at each Presidency town on such matters as the recognition of local commercial institutions and of local accountants, the conduct and supervision of the Diploma examination at those centres, as well as the conduct and character of candidates for the diploma.

5. The Board agree to the proposal in paragraph 3 of the Government of India letter that Local Governments should be consulted before auditors practising in provinces other than Bombay are permitted to take apprentices. It would cause considerable delay if each case of proposed apprenticeship had to be individually referred to the Local Government concerned for approval. The Board suggest that the Local Governments of other provinces should be requested to send to the Board at the commencement of every year a list of holders of permanent auditors' certificates whom they consider fit, among those practising in that province, to take and train apprentices. None but those who have thus been selected by the Local Government will in that case be permitted by the Accountancy Diploma Board to take new apprentices during that year. In the opinion of the Board the holder of a permanent unrestricted certificate should, before he takes an apprentice, also obtain similar permission.

The Board's draft regulation No. 12 contemplates previous recognition by the Board in the case of all holders of auditors' certificates under the Indian Companies Act, and paragraph 14 of their original report refers to the classes of accountants who would not be granted such permission. In the case of any holder of a permanent auditor's certificate practising in the Presidency of Bombay, the Board intend to grant the right to take and train apprentices after taking the following circumstances into consideration: (a) how many company audits does he conduct? (b) what is the nature and extent of his audit practice in connexion with the accounts of firms and individuals other than Joint Stock Companies? (c) what is the nature and quality of his work as ascertainable from the Registrar of Companies? (d) does he maintain an office which his apprentices can attend? (e) does he hold a salaried appointment in an office and if so where, and whether it is a whole-time or a part-time appointment? (f) has he the necessary facilities for effectively supervising the work of his apprentices?

6. Among the proposals referred to in paragraphs 4 and 5 of the Government of India letter are (1) that the period of practical training prescribed for undergraduates be increased from 3 to 4 years, (2) that attendance at a recognized institution be made compulsory for graduates, (3) that attendance at a recognized institution be dispensed with in the case of undergraduates. It will be seen from paragraph 3 of the Board's original report on the scheme that, to become a Chartered or Incorporated Accountant, undergraduates are required to serve an apprenticeship of 5 years, that the period of apprenticeship is reduced to 3 years in the case of graduates and that no period of attendance at a recognized institution is prescribed in either case. It is therefore neither desirable nor necessary to require from graduates either a longer period of practical training than 3 years or attendance at a recognized institution. The Board adhere to the view expressed in paragraph 8 of their original report, that in the case of undergraduates the 5 years' course in accounts should consist of practical training for 3 years and attendance at a recognized institution for 2 years and that it is not desirable in their case to dispense with systematic training under competent teachers. If undergraduates are required to undergo practical training for 4 years, the length of their course will be increased from five to six years—a period longer than that required for Chartered or Incorporated Accountants. The Board therefore consider that no change is desirable in the periods of theoretical or practical training prescribed by the Board's draft regulations for graduates or undergraduates, except in the case (dealt with below in paragraph 8) of the Bachelors of Commerce who have specialized in accountancy and auditing.

7. Reference is made in paragraph 5 of the Government of India letter to the difficulty of providing, in some provinces, the necessary teaching for the Board's examination. As pointed out by the Government of India, the maintenance of classes to prepare candidates for the Board's Diploma examination will not be so costly, as the only teachers required for the purpose will be a qualified accountant and a qualified lawyer. If however it is found impracticable to provide the necessary teaching in any province, candidates from that province will have to attend classes conducted in a neighbouring province. One other alternative will be open to such candidates if they have facilities for practical training in their own province, as under the Board's draft regulations Nos. 5 and 12 attendance at a recognized institution is excused if the period of practical training covers 5 years. This latter concession may be made to hold good for five examinations held after the regulations are finally sanctioned by Government, so as to allow enough time for providing the necessary facilities for theoretical training in such provinces.

3. The Government of India letter of the 15th January 1919, No. 1435, Home (Education), 25th November 1919, is received. The Board have considered the letter and the suggestions made therein. The Board are of opinion that the proposal in paragraph 3 of the Government of India letter, that Local Governments should be consulted before auditors practising in provinces other than Bombay are permitted to take apprentices, is a desirable one. It would greatly facilitate the work of this Board, should the Board be empowered to correspond direct with a duly authorized representative of the Local Government at each Presidency town on such matters as the recognition of local commercial institutions and of local accountants, the conduct and supervision of the Diploma examination at those centres, as well as the conduct and character of candidates for the diploma.

4. The Board agree to the proposal in paragraph 3 of the Government of India letter that Local Governments should be consulted before auditors practising in provinces other than Bombay are permitted to take apprentices. It would cause considerable delay if each case of proposed apprenticeship had to be individually referred to the Local Government concerned for approval. The Board suggest that the Local Governments of other provinces should be requested to send to the Board at the commencement of every year a list of holders of permanent auditors' certificates whom they consider fit, among those practising in that province, to take and train apprentices. None but those who have thus been selected by the Local Government will in that case be permitted by the Accountancy Diploma Board to take new apprentices during that year. In the opinion of the Board the holder of a permanent unrestricted certificate should, before he takes an apprentice, also obtain similar permission.

5. The Board's draft regulation No. 12 contemplates previous recognition by the Board in the case of all holders of auditors' certificates under the Indian Companies Act, and paragraph 14 of their original report refers to the classes of accountants who would not be granted such permission. In the case of any holder of a permanent auditor's certificate practising in the Presidency of Bombay, the Board intend to grant the right to take and train apprentices after taking the following circumstances into consideration: (a) how many company audits does he conduct? (b) what is the nature and extent of his audit practice in connexion with the accounts of firms and individuals other than Joint Stock Companies? (c) what is the nature and quality of his work as ascertainable from the Registrar of Companies? (d) does he maintain an office which his apprentices can attend? (e) does he hold a salaried appointment in an office and if so where, and whether it is a whole-time or a part-time appointment? (f) has he the necessary facilities for effectively supervising the work of his apprentices?

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Accompaniments to the letter to the Government of India, Department of Education (Education), No. 2294, dated 14th November 1919.

Letter from K. Subramanyam Aiyar, Esq., M.A., LL.B., Esq., Secretary, Accountancy Diploma Board, Bombay.

To the Director of Public Instruction, Madras.

Dated the 15th January 1919.

No. 357.

I am instructed by the Accountancy Diploma Board to acknowledge receipt of your letter of the 15th January 1919, No. 2294, and to inform you that the Board have considered the letter and the suggestions made therein. The Board are of opinion that the proposal in paragraph 3 of the Government of India letter, that Local Governments should be consulted before auditors practising in provinces other than Bombay are permitted to take apprentices, is a desirable one. It would greatly facilitate the work of this Board, should the Board be empowered to correspond direct with a duly authorized representative of the Local Government at each Presidency town on such matters as the recognition of local commercial institutions and of local accountants, the conduct and supervision of the Diploma examination at those centres, as well as the conduct and character of candidates for the diploma.

4. The Board agree to the proposal in paragraph 3 of the Government of India letter that Local Governments should be consulted before auditors practising in provinces other than Bombay are permitted to take apprentices. It would cause considerable delay if each case of proposed apprenticeship had to be individually referred to the Local Government concerned for approval. The Board suggest that the Local Governments of other provinces should be requested to send to the Board at the commencement of every year a list of holders of permanent auditors' certificates whom they consider fit, among those practising in that province, to take and train apprentices. None but those who have thus been selected by the Local Government will in that case be permitted by the Accountancy Diploma Board to take new apprentices during that year. In the opinion of the Board the holder of a permanent unrestricted certificate should, before he takes an apprentice, also obtain similar permission.

5. The Board's draft regulation No. 12 contemplates previous recognition by the Board in the case of all holders of auditors' certificates under the Indian Companies Act, and paragraph 14 of their original report refers to the classes of accountants who would not be granted such permission. In the case of any holder of a permanent auditor's certificate practising in the Presidency of Bombay, the Board intend to grant the right to take and train apprentices after taking the following circumstances into consideration: (a) how many company audits does he conduct? (b) what is the nature and extent of his audit practice in connexion with the accounts of firms and individuals other than Joint Stock Companies? (c) what is the nature and quality of his work as ascertainable from the Registrar of Companies? (d) does he maintain an office which his apprentices can attend? (e) does he hold a salaried appointment in an office and if so where, and whether it is a whole-time or a part-time appointment? (f) has he the necessary facilities for effectively supervising the work of his apprentices?

6. Among the proposals referred to in paragraphs 4 and 5 of the Government of India letter are (1) that the period of practical training prescribed for undergraduates be increased from 3 to 4 years, (2) that attendance at a recognized institution be made compulsory for graduates, (3) that attendance at a recognized institution be dispensed with in the case of undergraduates. It will be seen from paragraph 3 of the Board's original report on the scheme that, to become a Chartered or Incorporated Accountant, undergraduates are required to serve an apprenticeship of 5 years, that the period of apprenticeship is reduced to 3 years in the case of graduates and that no period of attendance at a recognized institution is prescribed in either case. It is therefore neither desirable nor necessary to require from graduates either a longer period of practical training than 3 years or attendance at a recognized institution. The Board adhere to the view expressed in paragraph 8 of their original report, that in the case of undergraduates the 5 years' course in accounts should consist of practical training for 3 years and attendance at a recognized institution for 2 years and that it is not desirable in their case to dispense with systematic training under competent teachers. If undergraduates are required to undergo practical training for 4 years, the length of their course will be increased from five to six years—a period longer than that required for Chartered or Incorporated Accountants. The Board therefore consider that no change is desirable in the periods of theoretical or practical training prescribed by the Board's draft regulations for graduates or undergraduates, except in the case (dealt with below in paragraph 8) of the Bachelors of Commerce who have specialized in accountancy and auditing.

7. Reference is made in paragraph 5 of the Government of India letter to the difficulty of providing, in some provinces, the necessary teaching for the Board's examination. As pointed out by the Government of India, the maintenance of classes to prepare candidates for the Board's Diploma examination will not be so costly, as the only teachers required for the purpose will be a qualified accountant and a qualified lawyer. If however it is found impracticable to provide the necessary teaching in any province, candidates from that province will have to attend classes conducted in a neighbouring province. One other alternative will be open to such candidates if they have facilities for practical training in their own province, as under the Board's draft regulations Nos. 5 and 12 attendance at a recognized institution is excused if the period of practical training covers 5 years. This latter concession may be made to hold good for five examinations held after the regulations are finally sanctioned by Government, so as to allow enough time for providing the necessary facilities for theoretical training in such provinces.

8. With reference to paragraph 6 of the Government of India letter, the Board have no objection to making the period of practical training extend over 3 years for *all* graduates, including Bachelors of Commerce who have specialized in Advanced Accounting and Auditing: except in the case of Bachelors of Commerce of the University of Bombay, who enter upon their apprenticeship before the regulations are finally sanctioned, i.e., who have been led to believe that for them a two years' apprenticeship would suffice.

9. The Board consider it unnecessary to require a candidate for the Diploma examination of this Board, as suggested in paragraph 7 (i) of the Government of India letter, to obtain the previous permission of the Local Government in whose jurisdiction he intends to have his office or to work as a restricted certificate holder. In the first place, the mere passing of the examination confers no legal right and will not entitle him to practise as an auditor, in the next place, he will, when studying for the examination at a recognized institution, not be in a position to decide or announce in which province he intends to undergo practical training or to practise after completing his practical course. His practical training will, however, be under a practising accountant approved by the Local Government of the province where he undergoes such training as indicated in paragraph 5 above.

10. With reference to paragraph 7 (ii) of the Government of India letter, the Board beg to invite attention to their draft regulation No. 12 which rules out holders of *temporary* auditors' certificates and to the reasons given in paragraph 5 of their original report on the scheme. The Board consider that a person, who, in the opinion of the Local Government, does not deserve to be awarded a *permanent* auditor's certificate, cannot be deemed fit to train apprentices in a satisfactory manner. They are further of opinion that the holder of a permanent *restricted* auditor's certificate should be entitled to take apprentices, only, if under the new regulations he is empowered to audit the accounts of all Joint Stock Companies in his province, including Life Assurance Companies and if no other restrictions are imposed on him by his certificate. The Board are therefore of the opinion that the practical training ought to be under (1) a Chartered Accountant, or (2) an Incorporated Accountant or (3) the holder of a permanent auditor's certificate approved by the Local Government of the province where the latter is practising.

11. With reference to the suggestion in paragraph 7 (iii) of the Government of India letter that a restricted certificate may be awarded to candidates passing the Diploma examination of this Board on their completing two years' practical training, the Board consider that in no case should an auditor's certificate of any kind be granted unless the candidate's period of practical training has extended over 3 years. The qualifications necessary for conducting an audit satisfactorily ought not to be lower merely because he holds a restricted certificate and cannot therefore practise in other provinces than his own. The Board invite attention in this connexion to paragraphs 17 and 19 of this reply.

12. With reference to paragraph 7 (iv) of the Government of India letter, the Board are of opinion that permanent unrestricted auditors' certificates should be granted by Local Governments on the basis of the diploma awarded by the Accountancy Diploma Board. Unless, under the proviso to section 144 (i) of the Indian Companies Act of 1913, the Government of India exempt holders of the diploma of this Board from securing auditors' certificates, the diploma holders will have to apply to the Local Government and obtain an auditor's certificate before they can practise in any province. As the law at present stands, auditors' certificates may not be granted by the Government of India or the Accountancy Diploma Board. The functions of this Board may therefore be confined to the granting of the diploma and, as the diploma by itself will not entitle the holder to practise as an auditor, auditors' certificates may be granted by the Local Governments on the basis of this diploma. The Board suggest that unrestricted auditors' certificates awarded to holders of the diploma of this Board might also be endorsed by an officer deputed by the Government of India, as these certificates entitle the holder to practise in more than one province.

13. The Board agree to the suggestion in the latter portion of paragraph 7 (iv) of the Government of India letter that the holder of an unrestricted auditor's certificate practising in one province and desiring to transfer his office to another province should obtain the permission of the Local Government of that province before transferring his headquarters; the Board, however, consider that such permission should be obtained not merely when the transference takes place within two years but always. An Advocate practising in one High Court is not allowed to transfer his practice to another High Court or even appear and plead before such other Court, unless and until he obtains the permission of the latter Court. On this analogy it will not be unfair to require the holder of an auditor's certificate practising in one province to obtain the previous permission of the Local Government of the province in which he desires to take up work either temporarily or permanently.

will that the Board would then be empowered to make the necessary arrangements for the practical training of all graduates, including Bachelors of Commerce who have specialized in Advanced Accounting and Auditing: except in the case of Bachelors of Commerce of the University of Bombay, who enter upon their apprenticeship before the regulations are finally sanctioned, i.e., who have been led to believe that for them a two years' apprenticeship would suffice.

9. The Board consider it unnecessary to require a candidate for the Diploma examination of this Board, as suggested in paragraph 7 (i) of the Government of India letter, to obtain the previous permission of the Local Government in whose jurisdiction he intends to have his office or to work as a restricted certificate holder. In the first place, the mere passing of the examination confers no legal right and will not entitle him to practise as an auditor, in the next place, he will, when studying for the examination at a recognized institution, not be in a position to decide or announce in which province he intends to undergo practical training or to practise after completing his practical course. His practical training will, however, be under a practising accountant approved by the Local Government of the province where he undergoes such training as indicated in paragraph 5 above.

10. With reference to paragraph 7 (ii) of the Government of India letter, the Board beg to invite attention to their draft regulation No. 12 which rules out holders of *temporary* auditors' certificates and to the reasons given in paragraph 5 of their original report on the scheme. The Board consider that a person, who, in the opinion of the Local Government, does not deserve to be awarded a *permanent* auditor's certificate, cannot be deemed fit to train apprentices in a satisfactory manner. They are further of opinion that the holder of a permanent *restricted* auditor's certificate should be entitled to take apprentices, only, if under the new regulations he is empowered to audit the accounts of all Joint Stock Companies in his province, including Life Assurance Companies and if no other restrictions are imposed on him by his certificate. The Board are therefore of the opinion that the practical training ought to be under (1) a Chartered Accountant, or (2) an Incorporated Accountant or (3) the holder of a permanent auditor's certificate approved by the Local Government of the province where the latter is practising.

11. With reference to the suggestion in paragraph 7 (iii) of the Government of India letter that a restricted certificate may be awarded to candidates passing the Diploma examination of this Board on their completing two years' practical training, the Board consider that in no case should an auditor's certificate of any kind be granted unless the candidate's period of practical training has extended over 3 years. The qualifications necessary for conducting an audit satisfactorily ought not to be lower merely because he holds a restricted certificate and cannot therefore practise in other provinces than his own. The Board invite attention in this connexion to paragraphs 17 and 19 of this reply.

12. With reference to paragraph 7 (iv) of the Government of India letter, the Board are of opinion that permanent unrestricted auditors' certificates should be granted by Local Governments on the basis of the diploma awarded by the Accountancy Diploma Board. Unless, under the proviso to section 144 (i) of the Indian Companies Act of 1913, the Government of India exempt holders of the diploma of this Board from securing auditors' certificates, the diploma holders will have to apply to the Local Government and obtain an auditor's certificate before they can practise in any province. As the law at present stands, auditors' certificates may not be granted by the Government of India or the Accountancy Diploma Board. The functions of this Board may therefore be confined to the granting of the diploma and, as the diploma by itself will not entitle the holder to practise as an auditor, auditors' certificates may be granted by the Local Governments on the basis of this diploma. The Board suggest that unrestricted auditors' certificates awarded to holders of the diploma of this Board might also be endorsed by an officer deputed by the Government of India, as these certificates entitle the holder to practise in more than one province.

13. The Board agree to the suggestion in the latter portion of paragraph 7 (iv) of the Government of India letter that the holder of an unrestricted auditor's certificate practising in one province and desiring to transfer his office to another province should obtain the permission of the Local Government of that province before transferring his headquarters; the Board, however, consider that such permission should be obtained not merely when the transference takes place within two years but always. An Advocate practising in one High Court is not allowed to transfer his practice to another High Court or even appear and plead before such other Court, unless and until he obtains the permission of the latter Court. On this analogy it will not be unfair to require the holder of an auditor's certificate practising in one province to obtain the previous permission of the Local Government of the province in which he desires to take up work either temporarily or permanently.

14. With reference to paragraph 7 (v) of the Government of India letter, the Board consider that disciplinary control over the holders of auditors' certificates should continue to be vested in the local Government of each province, acting, in Bombay, on the advice of the Auditors' Council, and, in other provinces, on the advice of Bodies similarly constituted, and agree to the suggestion that the Accountancy Diploma Board might nominate three additional members to the Auditors' Council, two of whom would be accountants; the accountants would be members of an exempted Society or the holders of the Diploma of this Board or of permanent unrestricted auditors' certificates granted by the Local Government. The Accountancy Diploma Board, sitting in Bombay, will not have the necessary facilities for exercising disciplinary powers over accountants practising in other provinces. As regards the Presidency of Bombay, the Auditors' Council enlarged in the manner indicated above would appear to be the most qualified to exercise disciplinary jurisdiction.

15. With reference to paragraph 8 of the Government of India letter, the Board agree that, till a sufficient supply of Diploma holders under the new regulations becomes available, it is desirable to renew the temporary auditors' certificates already granted by Local Governments, and that no permanent certificates should ordinarily be granted to them unless they pass the Diploma examination of this Board.

16. With reference to paragraph 8 (i) of the Government of India letter, the Board agree to the suggestion that Local Governments should be empowered to grant to present holders of temporary restricted and temporary unrestricted certificates new temporary restricted certificates, subject to such restrictions as they may determine in each case. The holder of a temporary unrestricted certificate should however continue to have the right to audit the accounts of Life Assurance Companies in his own province, even after his certificate is converted into the new temporary restricted certificate, unless (1) his work is found to be unsatisfactory or (2) he is called upon to pass the Diploma examination and he fails to pass the same in the prescribed period. The Board also agree to the suggestion that Local Governments should not have power to grant a restricted certificate to any person who has not previously held either a temporary restricted or a temporary unrestricted certificate.

The Board consider that, even in very exceptional cases, a person who has not previously been granted a certificate, should not be authorized to conduct the audit of a Joint Stock Company's accounts even for a single year.

17. The Board agree to the suggestions in paragraph 8 (ii) of the Government of India letter but recommend the omission of the proviso "and provided that the company whose accounts are being audited has not a share capital exceeding Rs. 50,000 paid up." The Board beg to observe that the complexity of an audit does not depend on the amount of paid up capital, but on the nature and the volume of the company's transactions. There are and have been Life Assurance Companies and Provident Insurance Societies, with less than Rs. 50,000 paid up capital, and their accounts are sufficiently complicated to require the services of an experienced auditor; the same may be said of Banking Institutions with a small paid up capital, but a much larger working capital in the form of deposits. The standard of qualifications prescribed for auditors ought to be the same for all companies, except, as a matter of expediency in the transition stages. The Board invite attention to paragraph 11 of this letter where they recommend that no restricted certificates be granted by this Board on the basis of a two years' practical training.

18. The Board agree to the suggestions in paragraph 8 (iii) and 8 (iv) of the Government of India letter, but would add at the end of paragraph 8 (iv) the words "except to holders of the Diploma of the Accountancy Diploma Board".

19. The Board are of the opinion (1) that the holder of a permanent restricted certificate should be empowered to audit the accounts of all Joint Stock Companies (including Life Assurance Companies) in his province, and (2) that the holder of a permanent unrestricted certificate should be empowered to take up audits not only in his own province but in other provinces as well, (3) that this should be the only distinction between the two classes of permanent certificates and that if any other restrictions are imposed on the certificate holder, the certificate awarded should be a temporary and not a permanent certificate, (4) that permanent unrestricted certificates should be held only by the most efficient of the present holders of permanent certificates and by Diploma holders of the Board and (5) that the Board's Diploma, as well as the permanent unrestricted certificate awarded on the basis of the Diploma should be countersigned by an officer deputed by the Government of India. When in course of time the holders of restricted certificates granted to practitioners who do not pass the Diploma examination of this Board retire from practice, all the practising auditors would either be holders of unrestricted certificates granted on the basis of the Board's Diploma or members of exempted societies.

V. J. J.

20. The Board beg to add that the regulations would be simpler if the recommendation in paragraph 3 of the Bombay Government's letter No. 95 of 11th January 1916 could be accepted and Diploma holders could be treated like members of exempted societies. The other alternative is to amend section 144 of the Indian Companies Act of 1913, empowering the holders of certificates granted by a Local Government to practise in their own province and reserving to the Government of India the power to grant certificates valid throughout India.

21. The Board beg to append a list of alterations that would have to be made in the Board's draft regulations, if the above recommendations were accepted. The Board take this opportunity of recommending two other simple alterations, with reference to the date of the examination and the text books in Mercantile Law.

22. As copies of the printed regulations and forms of applications for the examination could not be got ready before 31st December 1917, the last date for receiving applications has on this occasion been extended to 31st January 1918 and the date of the examination has been changed from the 3rd Monday in March to the 2nd Monday in April. As time has to be allowed for the receipt of attendance certificates from Heads of Commercial Institutions, the Board consider it expedient to fix, even for all future examinations, the 2nd Monday in April with power reserved to the Board to fix any other day in April, should the 2nd Monday be found inconvenient in any particular year.

23. The Board consider it not desirable to recommend a text book for Company Law and desire to indicate clearly that the text books recommended are for the subjects other than Company Law. The Board therefore suggest that the subjects included in Mercantile Law be rearranged as in the appended draft and that the two standard Treatises recommended in the original draft regulations, along with S. R. Davar's Indian Mercantile Law be prescribed for the whole course excluding Company Law. The course prescribed in the appended draft is neither more nor less than the course laid down in the original draft regulations.

Enclosures :-

1. Amendments to the draft regulations.
2. Government of India letter No. 761 (Educational) of 7th September 1917.
3. Government of Bombay letter No. 95 (Educational) of 11th January 1916.

Amendments to the Draft Regulations for the award of a Government Diploma in Accountancy.

Regulation 2.—*Omit* the words "on the third Monday in March every year, commencing in March 1917" and *add* at the end of the paragraph the words, "commencing on the second Monday in April every year or such other day in April as may be notified in January of that year".

Regulation 3.—*Omit* the word "December" and *substitute* the word "January".

Regulation 5.—*Alter* "1920" into "1922".

Regulation 7.—*Omit* all words from "B. Mercantile Law" to the end of the regulation, and *substitute* the following :-

- "B. Mercantile Law" :-
- (i) The Indian Law relating to Joint Stock Companies, Life Assurance Companies and Provident Insurance Societies;
 - (ii) The Indian Law relating to Contracts, Negotiable Instruments, Insolvency and Arbitration;
 - (iii) Charter Parties, Bills of Lading, Fire and Marine Insurance;
 - (iv) The main provisions of the Indian Stamp and Limitation Acts relating to the above.

*Books recommended for sub-heads ii, iii and iv.

Smith's Mercantile Law, Volume I.

Stevens' Mercantile Law.

S.R. Davar's Indian Mercantile Law.

Regulation N. 12.—*Omit* the words "recognised by the Accountancy Diploma Board" and *substitute* the words "approved by the Local Government of the province where he is practising".

Regulation No. 12 (a) —*Omit*.

Regulation No. 12 (b).—*Omit* the words "other than the graduates in Commerce referred to above", and re-number it "12 (c)".

Regulation No. 12 (c).—Re-number it "12 (b)".

Regulation No. 12 (d).—Re-number it "12 (a)".

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

No. 1435, HOME (EDUCATION), 25TH NOVEMBER 1917.
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 26th February 1918.
 No.—474.

2. The draft regulations for the award of a Government Diploma in Accountancy require undergraduates 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.

4. This question was considered at the last meeting of the Accountancy Diploma Board and the Board arrived at the conclusion that no student should be allowed to appear for the Diploma examination unless he is permitted by the head of his institution. The Board considers that the student cannot be deemed to have received a sound and systematic training unless his progress has been satisfactory.

6. As draft regulation No. 4 does not require the head of the institution to certify that the candidate is fit to present himself for the examination, the Board recommend the following two amendments to regulation No. 4.—

(2) In regulation No. 4 *substitute* the words "provided that no such certificate shall be required" for the words "provided that no such certificate of attendance shall be required".

To—the Secretary to the Government of Bombay, Educational Department.
Dated—Delhi, the 6th March 1919.
No.—247.

2. In reply, I am to say that, subject to the reservations stated below, the Government of India accept the proposals made in the letters from the Accountancy Diploma Board which accompanied your letter mentioned above, and in which the Local Government have with one exception expressed their entire concurrence.

3. In paragraphs 5 and 10 of the Board's letter, dated the 15th January 1918, it is proposed that the practical training of candidates should be either under (a) members of the six exempted societies, or under (b) holders of permanent unrestricted or permanent restricted auditors' certificates whom the Local Government of the province in which the auditor is practising, considers fit to take and train apprentices. The Government of India accept the proposal but they consider it desirable that some restriction should be placed on the maximum number of apprentices that a practising auditor who is not a member of the six exempted societies may train at any one time. This limit should be fixed by the Local Governments when they select auditors as fit to train apprentices. In the opinion of the Government of India,

three apprentices in the case of holders of permanent unrestricted certificates and two apprentices in the case of holders of permanent restricted certificates would probably be the most suitable limit, but they would leave it to the Local Governments to fix their own maximum for each class, in consultation with the Government of Bombay if necessary. The Government of India do not consider a similar restriction to be necessary in the case of the six exempted societies.

4. In paragraph 12 of the Board's letter referred to in the preceding paragraph it is suggested that unrestricted auditors' certificates awarded to holders of the Board's diploma should be endorsed by an officer deputed by the Government of India, as these certificates entitle the holder to practise in more than one province. As the Government of India have no special means of obtaining any knowledge about the applicant except through the Local Government, they are unable to accept the suggestion; but, as stated in paragraph 2 of this Department letter No. 761, dated the 7th September 1917, they have no objection to an officer deputed by them countersigning the final certificate testifying to apprenticeship with a recognized firm of auditors and to the good conduct of the candidate.

5. As regards paragraph 20 of the Board's letter, I am to say that the Government of India are unable to accept the suggestion that the Board's diploma holders should be treated like the members of the six exempted societies. Such a concession would dispense with the necessity of a diploma holder obtaining a certificate in terms of section 144 (1) of the Companies Act, 1913. The Local Government concerned would thus be deprived of the power of exercising control over the new class of auditors, a fact, which in the opinion of the Government of India, would be undesirable at least for some time to come, and would probably render the scheme unacceptable to other Local Governments. Nor are the Government of India inclined to consider the alternative proposed by the Board regarding an amendment of the Indian Companies Act, 1913, until sufficient experience has been gained of the working of the Act and it is more definitely known in what directions amendments are necessary.

6. With reference to paragraph 23 of the Board's letter, the Government of India consider that, as the special restrictions relating to the audit of Life Assurance Companies will be discontinued under the proposed scheme, the following books on life assurance, book-keeping and accounts may be recommended by the Board:—

- (1) 'A Treatise on Insurance Companies Accounts', by Dr. A. E. Sprague.
- (2) 'On the book-keeping of a life office' by J. J. McLauchlan.

7. I am further to say that while appreciating the views of the Government of Bombay expressed in paragraph 3 of your letter under reply, the Government of India regret that they are unable to give effect to them in the manner suggested in paragraph 4. Action taken on the lines indicated therein, would necessitate an amendment of the Indian Companies Act, 1913, which for the reasons stated in the letter from the Department of Commerce and Industry, No. 11691, dated the 27th November 1916, the Government of India are not prepared to undertake at present. They are however willing to meet substantially the wishes of the Government of Bombay in regard to the matter and with a view to doing this, they direct that in exceptional cases, local Governments and Administrations may give permission to a person, who under the rules is ineligible for auditing the accounts of joint stock companies, to audit the accounts of any specified company, for any specified financial year; but such cases shall be reported to the Government of India, with a statement of the reasons for the concession.

8. In conclusion, I am to lay down the following procedure as a basis for the framing of regulations in regard to qualifications and appointments of auditors, other than those coming under any one of the six exempted societies:—

(i) A holder of the Government diploma in accountancy awarded by the Sydenham College of Commerce and Economics, Bombay, shall be recognized as an auditor, after he has obtained a certificate in terms of section 144 (1) of the Indian Companies Act, 1913. Such a certificate shall always be an unrestricted one. It will entitle its recipient to practise as an auditor in any part of India besides enabling him to have a place of business in the province, from the Government of which the certificate is obtained. If, however, he desires at any time to have a place of business in some other province, he shall obtain a certificate from the Government of that province as well.

(ii) Local Governments and Administrations are empowered to grant to present holders both of temporary restricted and temporary unrestricted certificates, new restricted certificates, for such periods and subject to such restrictions as they may determine in any case. Holders of such certificates shall be entitled only to conduct audits in the province for which they are granted. The existing special rules which prescribe the qualifications of those eligible for auditing accounts of Provident Insurance Societies and Life Assurance Companies will no longer apply to the holders of such restricted certificates.

three appointments in the case of holders of permanent restricted certificates would probably be the most suitable limit, but they would leave it to the Local Government to fix their own maximum for each class, in consultation with the Government of Bombay, if necessary. The Government of India do not consider a similar restriction to be necessary in the case of the six exempted societies.

4. In paragraph 12 of the Board's letter referred to in the preceding paragraph it is suggested that unrestricted certificates awarded to holders of the Board's diploma should be cancelled by an officer deputed by the Government of India, as these certificates entitle the holder to practice in more than one province. As the Government of India have no special means of obtaining any knowledge about the applicant except through the Local Government, they are unable to accept the suggestion; but, as stated in paragraph 2 of this Department's letter No. 761, dated the 7th September 1917, they have no objection to an officer deputed by the Government of India, in consultation with the Local Government, to investigate the final certificate testing to appointment with a recognized firm of auditors and to the good conduct of the candidate.

5. As regards paragraph 2 of the Board's letter, I am to say that the Government of India are unable to accept the suggestion that the Board's diploma holders should be treated like the members of the exempted societies. Such a concession would deprive the power of extending the necessity of a diploma holder obtaining a certificate in terms of section 144 (1) of the Companies Act, 1913. The Local Government concerned would thus be deprived of the power of extending control over the new class of auditors—a fact, which in the opinion of the Government of India, would be undesirable at least for some time to come, and would probably render the scheme unworkable to other Local Governments. Not are the Government of India inclined to consider the alternative proposed by the Board regarding an amendment of the Indian Companies Act, 1913, until sufficient experience has been gained of the working of the Act and it is more definitely known in what directions amendments are necessary.

6. With reference to paragraph 23 of the Board's letter, the Government of India consider that, as the special restrictions relating to the audit of Life Assurance Companies will be discontinued under the proposed scheme, the following books on life assurance, book-keeping and accounts may be recommended by the Board:—

(1) A Treatise on Insurance Companies Accounts, by Dr. A. E. Phipps.

(2) On the book-keeping of a life office, by J. J. Molanaghan.

7. I am further to say that while appreciating the views of the Government of Bombay expressed in paragraph 8 of your letter under reply, the Government of India regret that they are unable to give effect to them in the manner suggested in paragraph 4. Action taken on the lines indicated therein, would necessitate an amendment of the Indian Companies Act, 1913, which for the reasons stated in the letter from the Department of Commerce and Industry, No. 1189, dated the 27th November 1916, the Government of India are not prepared to undertake at present. They are however willing to meet substantially the wishes of the Government of Bombay in regard to the matter and with a view to doing this, they direct that in exceptional cases, Local Governments and Administrations may give permission to a person who under the rules is ineligible for auditing the accounts of joint stock companies to audit the accounts of any specified company, for any specified financial year; but such cases shall be reported to the Government of India, with a statement of the reasons for the concession.

8. In conclusion, I am to lay down the following procedure as a basis for the framing of regulations in regard to qualifications and appointments of auditors, other than those coming under any one of the six exempted societies:—

(i) A holder of the Government diploma in accountancy awarded by the Sydenham College of Commerce and Economics, Bombay, shall be recognized as an auditor, after he has obtained a certificate in terms of section 144 (1) of the Indian Companies Act, 1913. Such a certificate shall always be an unrestricted one. It will entitle its recipient to practice as an auditor in any part of India besides enabling him to have a place of business in the province from the Government of which the certificate is obtained. If, however, he desires at any time to have a place of business in some other province, he shall obtain a certificate from the Government of that province as well.

(ii) Local Governments and Administrations are empowered to grant to present holders both of temporary restricted and temporary unrestricted certificates, new restricted certificates for such periods and subject to such restrictions as they may determine in any case. Holders of such certificates shall be entitled only to conduct audits in the province for which they are granted. The existing special rules which prescribe the qualifications of those eligible for auditing accounts of Provident Insurance Societies and Life Assurance Companies will no longer apply to the holders of such restricted certificates.

(iii) In exceptional cases Local Governments and Administrations may give permission to a person who under the rules is ineligible for auditing the accounts of Joint Stock Companies to audit the accounts of any specified company, for any specified financial year, but such cases shall be reported to the Government of India.

(iv) Holders of unrestricted certificates either already granted, or to be granted by virtue of the Accountancy Board's diploma, will be eligible for auditing the accounts of any company, subject in the case of those already granted by Local Governments and Administrations, to such restrictions as may be stated in their certificates.

(v) Local Governments and Administrations shall not have the power to grant any further unrestricted certificates, save as provided for in clause (i) above.

9. I am to request that, with the permission of His Excellency the Governor in Council, the rules regarding the qualifications of auditors under the Indian Companies Act, 1913, and under the Provident Insurance Societies Act, 1912, as also the draft rules for the award of the Government Diploma in Accountancy of the Sydenham College of Commerce and Economics, Bombay, may be amended on the lines indicated above. The necessary amendments in the rules under the Indian Life Assurance Companies Act, 1912, will be made by the Government of India.

10. I am to add that the scheme as modified by the Government of India, is being commended to other Local Governments and Administrations for their acceptance.

II

Endorsement No. 1028/C-1, Home (Judicial), dated 9th April 1919.

A copy of the letter from the Government of India read above, together with its enclosures, is forwarded to the Registrar of Joint Stock Companies, Madras, who is requested to submit amendments to the rules regarding the qualifications of auditors under the Indian Companies Act, 1913, and under the Provident Insurance Societies Act, 1912, on the lines indicated by the Government of India in paragraphs 7 and 8 of their letter to the Government of Bombay, No. 247, dated the 6th March 1919.

R. RAMACHANDRA RAO,
Secretary to Government.

To the Registrar of Joint Stock Companies, Madras.

III

Letter—from C. M. SCHMIDT, Esq., Registrar of Joint Stock Companies.
To—the Secretary to the Government, Home (Judicial) Department.
Dated—Madras, the 11th June 1919.
No.—464-1 Comp.

With reference to Endorsement No. 1028 C-1, Home (Judicial), dated the 9th April 1919, I submit two draft notifications amending the rules regarding the qualification of auditors under the Indian Companies Act, 1913, and under the Provident Insurance Societies Act, 1912, on the lines indicated by the Government of India in their letter to the Government of Bombay, No. 247, Education, dated the 6th March 1919.

2. In the note under draft rule 1 (2) in Annexure I the phraseology of paragraph 8 (i) of the letter of the Government of India just quoted has been followed but the matter is not clear. In paragraph 13 of their letter No. 355, dated the 15th January 1918, the Accountancy Diploma Board of Bombay suggested that it would not be unfair to require the holder of an unrestricted auditor's certificate practising in one province to obtain the previous permission of the Local Government of any other province in which he desires to take up work either temporarily or permanently; but according to paragraph 8 (i) of the letter of the Government of India just quoted a certificate must be obtained from the Local Government of the other province and that only in the event of the holder of an unrestricted certificate granted by the

Local Government of one province being desirous at any time of having a *place of business* in another province. A second auditor's certificate will not be necessary in such a case since the holder of an unrestricted certificate is 'entitled to practice as an auditor in any part of India,' and it is not clear what the Government of India exactly intend.

3. *Rule V in Annexure I.*—The constitution of an advisory council in connexion with the disciplinary control over the holders of auditors' certificates appears to be desirable;—please see in this connexion paragraph 14 of the letter from the Accountancy Diploma Board, dated 15th January 1918—but mention of this council in the rules does not seem to be required.

ENCLOSURES

(1)

Annexure I.

In exercise of the powers conferred on him by section 144 (2) of the Indian Companies Act, 1913, and in supersession of the previous notifications on the subject, His Excellency the Governor in Council is pleased to make the following rules providing for the grant of certificates entitling the holders thereof to act as auditors of companies:—

RULES.

I. In these rules—

(1) 'Restricted certificate' means a certificate in Form A entitling the holder to act as an auditor of companies within the limits of the Presidency of Madras only and subject to such restrictions as the Local Government may impose under Rule II.

(2) 'Unrestricted certificate' means a certificate in Form B enabling the holder to have a place of business in the province from the Government of which the certificate is obtained and entitling him to act as an auditor of companies throughout British India.

NOTE.—If the holder of an unrestricted certificate desires at any time to have a place of business in another province he shall obtain a certificate from the Government of that province as well.

II. The following two classes of persons shall be eligible to receive certificates authorizing them to audit the accounts of companies:—

Class (1).—Holders of the Government Diploma in Accountancy awarded by the Sydenham College of Commerce and Economics, Bombay, who shall be granted 'Unrestricted' certificates.

Class (2).—Present holders of temporary restricted and temporary unrestricted certificates, who may be granted fresh 'restricted' certificates for such periods and subject to such restrictions as the Local Government may determine in each case.

III. In exceptional cases the Local Government may permit a person who under the rules is ineligible for auditing the accounts of companies to audit the accounts of any *specified* company for any specified financial year. A report of such cases shall be made to the Government of India.

IV. An application for a certificate under Rule II or for permission to audit the accounts of any specified company under Rule III shall be made to the Secretary to Government, Home (Judicial) Department, through the Registrar of Joint Stock Companies, Madras, and shall in the former case be accompanied by the Government diploma in original.

V. It shall be open to the Local Government at any time and for such cause as they may consider to be sufficient to cancel any certificate granted by them under these rules.

FORM A.

Restricted certificate.

This is to certify that _____ is entitled to act as an auditor of companies, subject to the undermentioned limitations prescribed with reference to the rules regulating the grant of restricted certificates under section 144 (2) of the Indian Companies Act, 1913:—

- (1) Class of company the accounts of which the holder is permitted to audit.
- (2) Language of the accounts which the holder may audit.
- (3) Date of expiry of this certificate.

Date of issue.

Secretary to Government.

P. Achuthanathan

No. 1435, HOME (EDUCATION), 25TH NOVEMBER 1919

This is to certify that the holder of this certificate is entitled to act as an auditor of companies throughout British India subject to the rules for the grant of certificates to auditors published by the Government under section 144 (2) of the Indian Companies Act, 1913.

Notes.—(i) This certificate entitles the recipient to practice as an auditor in any part of British India, besides enabling him to have a place of business in the Presidency of Madras. If, however, he desires at any time to have a place of business in some other province he shall obtain a certificate from the Government of that province as well.

(ii) The holder of this certificate is also entitled, in view of the provisions of the rules under the Provident Insurance Societies Act, 1912, and under the Indian Life Assurance Companies Act, 1912, to audit the accounts of Provident Insurance Societies and Life Assurance Companies throughout British India.

(2) Annexe II.

In exercise of the powers conferred on him by section 24 of the Provident Insurance Societies Act, 1912 (V of 1912), the Governor in Council is pleased to make the following rule in supersession of Rule 16 of the existing rules.

Auditors' qualification.

The following persons shall be entitled to be auditors and to act as such in respect of the accounts of any society, viz—

(1) Members of the following six bodies, namely—

(i) the Institute of Chartered Accountants of England and Wales,

(ii) the Society of Incorporated Accountants and Auditors,

(iii) the Society of Accountants in Edinburgh,

(iv) the Institute of Accountants and Actuaries in Glasgow,

(v) the Society of Accountants in Aberdeen, and

(vi) the Institute of Chartered Accountants in Ireland.

(2) Members of such other bodies as may from time to time be notified by the Governor-General in Council under the proviso to section 144 (i) of the Indian Companies Act, 1913, as entitled to audit companies' accounts.

(3) Fellows of Associates of the Institute of Actuaries, London, or of the Faculty of Actuaries in Scotland.

(4) The holder of any certificate granted by the Government of Madras under section 144 (2) of the Indian Companies Act, 1913 (VII of 1913) or by any other Local Government in exercise of the same statutory power, provided that such certificate does not restrict the holder from auditing the accounts of insurance companies.

IV

Endorsement No. 547B-2, Home (Education) dated 7th July 1919.

A copy of the letter from the Government of India read above together with its enclosures is forwarded to the Director of Public Instruction who is requested to submit proposals for giving effect to the scheme for the utilization of the Sydenham College of Commerce and Economics as a central examining body for various centres in India and for awarding diplomas in Accountancy, as finally accepted by the Government of India.

2. The attention of the Director of Public Instruction is invited to paragraph 4 of the letter from the Secretary to the Accountancy Diploma Board to the Director of Public Instruction, Bombay, No. 355, dated the 15th January 1918 and he is requested to state whether he may be appointed to represent this Presidency for the purpose of advising the Diploma Board on the matters referred to therein.

R. RAMACHANDRA RAO,

Secretary to Government.

To the Director of Public Instruction.

Letter—from the Hon'ble Mr. R. LITTLEHAILES, Acting Director of Public Instruction.

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

Dated—Madras, the 17th July 1919.

No.—R.C. 6382.

With reference to paragraph 2 of Government Endorsement No. 547 B-2, dated 7th July 1919, I have the honour to state that I shall be glad, if appointed, to represent this Presidency for the purpose of advising the Diploma Board on the matters referred to in the letter of the Secretary to the Accountancy Diploma Board to the Director of Public Instruction, Bombay.

No. 1435, HOME (EDUCATION), 25TH NOVEMBER 1919

VI

Letter—from C. M. SCHMIDT, Esq., Registrar of Joint Stock Companies.

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

Dated—Madras, the 14th August 1919.

No.—808-1 Comp.

In May last I suggested to the Secretary of the Accountancy Diploma Board, Bombay, that the list of successful candidates in the Government Diploma examination in Accountancy held by the Board should be published in the *Fort St. George Gazette* as such a course would be helpful for reference both to officials and to the public in this Presidency and that if that course were not feasible I might be supplied with a copy of the pass lists regularly. In reply to this suggestion the Secretary writes:—

"It is under contemplation to publish the pass lists and other notifications in the Government gazette of every province. I have asked for permission to correspond direct with the Registrar of Companies as well as with the Superintendent of the Government Central Press in every province and as soon as orders are received on the subject, I shall arrange for the publication of my Board's notifications in the *Fort St. George Gazette*."

"2. I made a similar request in my letter No. 231 of 13th September 1915, which was submitted to the Government of India with the Bombay Government letter No. 96, Educational of 11th January 1916. This was forwarded by the Government of India to all Local Governments in April 1916. I would also refer you to paragraphs 4 and 5 of my letter No. 355 of 15th January 1918 printed as an accompaniment to Government of India letter No. 247, Educational 6th March 1919. There I have asked for permission to correspond direct with a selected officer in every province on matters connected with the recognition of accountants, apprentices, conduct and supervision of the Diploma examination in each province, publication of notifications etc. I have received from the Punjab, the Central Provinces and Assam orders on this point where the Registrar of Companies has been authorized to correspond directly with my Board. As soon as similar orders are received from your Government, I shall take steps to publish all my notifications in your gazette and write to you for such help and advice as may from time to time be required."

The Secretary's letter No. 281, dated 13th September 1915 was communicated to the Government of Madras by the Government of India with their letter No. 328, Education, dated 12th April 1916 [pages 2, 7 and 8 of G.O. No. 1131, Home (Education), dated 27th October 1916]. In that letter the Secretary suggested that Local Governments who agree to accept the Board's diploma might 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 authorized list may always be available to this Board when disposing of applications regarding taking of apprentices;

(b) to authorize 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 authorize 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 connexion."

In his letter No. 355, dated the 15th January 1918 [vide Endorsement No. 1028 C-1, Home (Judicial), dated 9th April 1919], the Secretary stated that (1) it would greatly facilitate the work of the Board should the Board be empowered to correspond direct with a duly authorized representative of the Local Government at each Presidency town on such matters as the recognition of local commercial institutions and of local accountants, the conduct and supervision of the Diploma examination at those centres, as well as the conduct and character of candidates for the diploma; and suggested (2) that the Local Governments should be requested to send to the Board at the commencement of every year a list of holders of permanent auditors' certificates whom they consider fit, among those practising in their province, to take and train apprentices.

(2)
 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, Poona.
 Dated—the 23rd June 1919.
 No.—213.

As the scheme for the award of a Government Diploma in Accountancy has now been finally sanctioned by the Government of India, I have the honour to solicit that local Governments who agree to accept this Board's Diploma may be requested—

(a) to authorize the local Registrar of Joint Stock Companies or other specified officer to correspond direct with the Accountancy Diploma Board on such matters as the conduct and character of candidates for the diploma and the annual list of certified auditors empowered to take apprentices,

(b) to authorize an officer of the educational or other department to correspond direct with this Board on such matters as the recognition of local examinations equivalent to the Matriculation and to arrange for the conduct and supervision of the Board's Diploma Examination in that province,

(c) to authorize the officer in charge of the local Government Gazette to publish free of charge notifications of the Accountancy Diploma Board,

(d) to authorize the officer in charge of the local Government Press to print the necessary question papers for the Diploma examination whenever it is decided to hold the examination in that province.

2. I make this request in accordance with the proposals contained in the last sentence of paragraph 4 and the third sentence in paragraph 5 of my letter No. 355 of 15th January 1918, printed as an accompaniment to Government of India, letter No. 247, Educational of 6th March 1919 and approved by the Government of India in paragraph 2 of their letter. A similar request was submitted in my letter No. 281 of the 13th September 1915 and approved by the Government of Bombay in their No. 96, Educational of 11th January 1916 and circulated among the local Government by the Government of India in April 1916.

3. The Registrars of Joint Stock Companies in the Punjab, the Central Provinces and Assam have already been authorized to correspond direct with this Board. I have not however received any such communications in the case of the other provinces. In the absence of these facilities it becomes difficult to answer various kinds of enquiries I receive from intending candidates in the different provinces.

VIII

Letter—from the Hon'ble Mr. R. LITTLEHAILES, M.A., Director of Public Instruction.
 To—the Secretary to Government, Home (Education) Department.
 Dated—the 3rd November 1919.
 No.—R.O. 6382.

In continuation of my R. C. No. 6382, dated 17th July 1919, with reference to endorsement No. 547 B-2, dated 7th July 1919, I have the honour to report that I laid the question raised in the abovenamed endorsement before the Advisory Council of the Institute of Commerce, Madras. The Advisory Council unanimously decided that it should form the body duly authorised and empowered.

(1) to recognize holders of accountant's certificates who might be considered fit to take and train apprentices,

(2) to supervise the conduct and character of the candidates for the diploma and

(3) to control the discipline of holders of certificates of accountants who are in practice.

2. It was at first proposed that a smaller body should constitute the committee but it was pointed out that a larger body was required in order that non-officials might be adequately represented on the Board.

3. I am taking the necessary steps for the recognition of the Institute of Commerce, Madras, and for the holding of an examination in Madras conducted by the Sydenham College of Commerce and Economics, Bombay.

No orders appear to have been passed on the foregoing points which fall under three main heads, viz. (1) matters relating to auditors' certificates, (2) matters educational and (3) printing work.
 I would suggest that if the Government have no objection they may appoint the Registrar of Joint Stock Companies and the Director of Public Instruction as the officers to correspond with the Bombay Board on matters relating to auditors and educational matters respectively, as specified below—

- (1) Auditors and auditors' certificates.
- (2) Conduct and character of candidates for the diploma.
- (3) Selection of officers who are to take examinations in the Indian Companies Act, 1913, the Indian Life Assurance Companies Act, 1912, and the Provident Fund Societies Act, 1912.
- (4) Practical training of accountants.
- (5) Theoretical training and recognition of local examinations for purposes of theoretical training.
- (6) Conduct and character of candidates for the diploma.
- (7) Selection and supervision of the diploma examination in the Indian Companies Act, 1913, the Indian Life Assurance Companies Act, 1912, and the Provident Fund Societies Act, 1912.
- (8) Examinations to be recognized as equivalent to the Matriculation or the school examination.

As regards printing with the Secretary of the Board may be permitted to advise the Superintendent of the Government Press, Madras, direct.

VII

Letter—from the Hon'ble Mr. H. SHARMA, Esq., Secretary to the Government of India, Education Department.
 To—the Secretary to the Government of Madras, Home (Education) Department.
 Dated—Simla, the 3rd October 1919.
 No.—1435.

I am directed to refer to the correspondence ending with the Department letter No. 249, dated the 6th March 1919, in regard to 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 which could be recognized as a basis for the issue of auditors' certificates under certain Acts.

2. I am now to forward for information a copy of a letter (with enclosure) from the Government of Bombay No. 2075 dated 28th August 1919, and to request that if there is no objection the arrangements suggested in the letter from the Secretary, Accountancy Diploma Board, may be made by the local Government as early a date as possible.

(1)

Letter—from G. A. THOMAS, Esq., Secretary to the Government of India, Education Department.
 To—the Secretary to the Government of Madras, Home (Education) Department.
 Dated—Bombay, the 20th August 1919.
 No.—2075.

I am directed to refer to the Government of India, Department of Education, letters Nos. 247 and 249, dated the 6th March 1919, regarding 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 a diploma in accountancy which could be recognized 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 Fund Societies Act, 1912.

3. I am now to enclose a copy of the letter from the Secretary, Accountancy Diploma Board, Bombay, No. 213, dated the 24th June 1919, and to request that the Government of India may be moved to ask the local Government and administrative department to comply with the requests made by Mr. Ayyar in his letter.

Order—No. 1435, Home (Education), dated 25th November 1919.

The papers read above relate to 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 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, the Indian Life Assurance Companies Act, 1912, and the Provident Insurance Societies Act, 1912.

2. Necessary orders for giving effect to the scheme so far as this Presidency is concerned will be issued separately on receipt of the proposals on the subject called for from the Director of Public Instruction. In the meanwhile the Government authorize the Registrar of Joint Stock Companies, the Director of Public Instruction and the Superintendent, Government Press, Madras, to correspond direct with the Accountancy Diploma Board, Bombay, on matters detailed in paragraph 1 of the Diploma Board Secretary's letter No. 213, dated the 23rd June 1919, forwarded with the Government of India's letter No. 1103, dated the 8th October 1919.

3. The Superintendent, Government Press, is further requested to publish free of charge in the *Fort St. George Gazette* notifications which may be received from time to time from the Accountancy Diploma Board and also to print the necessary question papers for the diploma examination whenever it is decided to hold the examination in this Presidency.

4. The Director of Public Instruction is requested to expedite the proposals called for in paragraph 1 of Government Endorsement No. 547 B-2, dated the 7th July 1919.

5. Further orders will issue in the Home (Judicial) Department regarding the amendments to the rules relating to the qualifications of auditors under the Indian Companies Act, 1913, and under the Provident Insurance Societies Act, 1912, and also the supply to the Accountancy Diploma Board at the commencement of each year of a list of holders of permanent auditors' certificates who might be fit to take and train apprentices.

6. The following letter will be addressed to the Government of India.

(True extract)

R. RAMACHANDRA RAO,
Secretary to Government.

To the Director of Public Instruction.
" Registrar of Joint Stock Companies.
" Home (Judicial) Department.

As the scheme for the award of a Government Diploma in Accountancy has not been finally sanctioned by the Government of India, I have the honor to inform that the Government of India have agreed to accept this Board's Diploma and to authorize the Registrar of Joint Stock Companies to correspond direct with the Accountancy Diploma Board on matters as the Registrar may see fit. The Registrar is authorized to accept the diploma and the annual list of candidates and to arrange for the diploma examination in this Presidency.

(a) to authorize the Registrar of Joint Stock Companies to correspond direct with the Accountancy Diploma Board, Bombay, on matters detailed in paragraph 1 of the Diploma Board Secretary's letter No. 213, dated the 23rd June 1919, forwarded with the Government of India's letter No. 1103, dated the 8th October 1919.

(b) to authorize the Registrar of Joint Stock Companies to publish free of charge in the *Fort St. George Gazette* notifications which may be received from time to time from the Accountancy Diploma Board and also to print the necessary question papers for the diploma examination whenever it is decided to hold the examination in this Presidency.

(c) to expedite the proposals called for in paragraph 1 of Government Endorsement No. 547 B-2, dated the 7th July 1919.

(d) to issue further orders regarding the amendments to the rules relating to the qualifications of auditors under the Indian Companies Act, 1913, and under the Provident Insurance Societies Act, 1912, and also the supply to the Accountancy Diploma Board at the commencement of each year of a list of holders of permanent auditors' certificates who might be fit to take and train apprentices.

In continuation of my R. C. No. 8382, dated 17th July 1919, with reference to endorsement No. 547 B-2, dated 7th July 1919, I have the honor to report that I laid the question raised in the above-mentioned endorsement before the Advisory Council of the Institute of Commerce, Madras. The Advisory Council unanimously decided that it should form the body duly authorized and empowered to take and train apprentices.

(1) to recognize holders of accountants' certificates who might be considered fit to take and train apprentices.

(2) to supervise the conduct and character of the candidates for the diploma and to control the discipline of holders of certificates of accountants who are in practice.

3. It was at first proposed that a smaller body should constitute the committee but it was pointed out that a larger body was required in order that non-officials might be adequately represented on the Board.

4. I am taking the necessary steps for the recognition of the Institute of Commerce, Madras, and for the holding of an examination in Madras conducted by the Sydenham College of Commerce and Economics, Bombay.

16/11/19
GOVERNMENT OF MADRAS

HOME (EDUCATION) DEPARTMENT

No. 1436.

From

M.R.RY. DIWAN BAHADUR R. RAMACHANDRA RAO AVARGAL,
Secretary to the Government of Madras,
Home (Education) Department,

To

THE SECRETARY TO THE GOVERNMENT OF INDIA,
DEPARTMENT OF EDUCATION.

Dated Fort St. George, the 25th November 1919.

SIR,

With reference to the correspondence ending with your letter No. 1103, dated the 8th October 1919, regarding the utilization of the Sydenham College of Commerce and Economics as a central examining body for the conduct of Accountancy examinations and for the award of diplomas in Accountancy, I am directed to state that orders have issued authorizing the Registrar of Joint Stock Companies, the Director of Public Instruction and the Superintendent, Government Press, Madras, to correspond direct with the Accountancy Diploma Board on the matters referred to in the letter from the Secretary, Accountancy Diploma Board, Bombay, No. 213, dated the 23rd June 1919, and the Superintendent, Government Press, to print the Diploma Board's notifications and question papers. I am to request that the Board may be informed accordingly.

I have the honour to be,

Sir,

Your most obedient servant,

R. RAMACHANDRA RAO,
Secretary to Government.

GOVERNMENT OF MADRAS

HOME (EDUCATION) DEPARTMENT

No. 1426

M. R. R. DEVA BHARATHI R. RAJACHANDRA RAO

Secretary to the Government of Madras

Home (Education) Department

THE SECRETARY TO THE GOVERNMENT OF INDIA,
DEPARTMENT OF EDUCATION.

Dated 1st Nov 1919

Sir,
With reference to the correspondence ending with your letter No. 1108, dated the 28th October 1919, regarding the recognition of the Sydenham College of Commerce and Economics as a central examining body for the conduct of Accountancy examinations and for the award of diplomas in Accountancy, I am directed to state that orders have been issued authorizing the Registrar of Joint Stock Companies, the Director of Public Instruction and the Superintendent, Government Press, Madras, to correspond direct with the Accountancy Diploma Board, Bombay, No. 218, dated in the letter from the Secretary, Accountancy Diploma Board, Bombay, No. 218, dated the 28th June 1919, and the Superintendent, Government Press, to print the Diploma Board's regulations and printed papers. I am to request that the Board may be informed accordingly.

I have the honour to be,

Sir,

Your most obedient servant,

M. R. R. DEVA BHARATHI R. RAJACHANDRA RAO

Secretary to the Government

HOME (EDUCATION) DEPARTMENT.
NOTES CONNECTED WITH G.O. Nos. 1435-36, HOME (EDUCATION),
DATED 25TH NOVEMBER 1919

[Subject.—Regarding the recognition of the Sydenham College of Commerce and Economics, Bombay, as a central examining body for conducting examinations at various centres in India and awarding diplomas in accountancy.]

From the Government of India No. 249, dated the 6th March 1919.

In connexion with the recognition of the Sydenham College of Commerce and Economics, Bombay, as a central examining body for conducting examinations at various centres in India and 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 Act, 1912, and the Provident Insurance Societies Act, 1912, this Government in paragraph 2 of their letter No. 1032/B-2, dated 6th June 1917, requested the Government of India to ascertain whether the Government of Bombay were agreeable to the following stipulations: ~~stipulations with G.O. No. 813 (Education), dated 16th June 1917:—~~

(1) "that the accountancy diploma is awarded by the Government of India instead of by the Bombay Government as provided for in Regulation 1 of the Bombay Regulations; (printed on page 3 of G.O. Nos. 1131-32 (Education), dated 27th October 1916) and

(2) "that Madras is represented on the Bombay Accountancy Diploma Board".

2. In their letter No. 761, dated 7th September 1917 (on page 1 of G.O. No. 1302 (Education), dated 20th October 1917), the Government of India while informing this Government that they were unable to accept the first stipulation, suggested for the consideration of the Bombay Government that the final certificate testifying to apprenticeship with a recognised firm and to the good conduct of the candidate, might be formally endorsed by an officer deputed by the Government of India, and remitted the second stipulation for the consideration of that Government.

3. The Government of India now forward copies of the correspondence between them and the Government of Bombay on the subject, from which it will be observed that the latter have agreed to the Government of India's suggestion referred to in paragraph 2 above. As regards the representation * of Madras on the Accountancy Diploma Board, Bombay, the Diploma Board consider that the proposal is impracticable; and the Government of Bombay and the Government of India are in agreement with the views of the Diploma Board.

The Diploma Board consider that their work would be facilitated, should they be empowered to correspond direct with a duly authorized representative of the Local Government at each Presidency town on such matters as the recognition of local commercial institutions and of local accountants, the conduct and supervision of the diploma examination as well as the conduct and character of candidates for the diploma. The Governments of Bombay and India accept the Board's suggestion.

A It may perhaps be desirable to nominate the Director of Public Instruction as the representative of this Presidency for corresponding direct with the Diploma Board on the matters referred to and the Director will no doubt consult the Registrar of Joint Stock Companies whenever necessary.

2 NOTES TO G.O. Nos. 1435-36, HOME (EDUCATION), 25TH NOVEMBER 1919

4. The Government of India request that the necessary steps may be taken to give effect to the scheme as modified by them, ~~current file, paragraph 2 of G.O. No. 813 (Education), dated 16th June 1917.~~ Orders have to be passed in regard to the recognition of the Sydenham College of Commerce and Economics, Bombay, as a central examining body for conducting examinations and awarding diplomas in accountancy. Before passing final orders, the Director of Public Instruction may be requested to submit proposals for giving effect to the scheme in consultation with the Registrar of Joint Stock Companies. The Director of Public Instruction may also be requested to state whether he may be appointed to represent this Presidency for the purpose of advising the Diploma Board on the matters referred to by the Board. The file may be sent to Judicial ~~no.~~ with reference to the suggestions of the Government of India in paragraphs 7 and 8 of their letter No. 247, dated 6th March 1919, in regard to the qualifications of auditors.

G.N.—31-3-19.

T.K.—31-3-19.

C. RAMANUJA ACHARIYAR—1-4-19.

HOME (JUDICIAL) DEPARTMENT.

Please see paragraphs 7 and 8 of the Government of India letter No. 247, dated 6th March 1919, to the Government of Bombay, in which the Government of India lay down instructions for the framing of regulations in regard to qualifications of auditors. Submitted that a copy of the correspondence may be forwarded to the Registrar of Joint Stock Companies, Madras, who may be requested to submit amendments to the ~~rules~~ regarding the qualifications of auditors under the Indian Companies Act, 1913, and under the Provident Insurance Societies Act, 1912.

A draft memorandum is submitted below for approval.

C.V.V.—3-4-19.

M.V.V.—3-4-19.

C.R.—4-4-19.

After getting the Registrar's reply, the Director of Public Instruction will have to be consulted.

Draft for approval.

R. RAMACHANDRA RAO—5-4-19.

P. R[AJAGOPALA ACHARIYAR]—8-4-19.

[Memorandum No. 1028 C-1, dated 9th April 1919.]

From the Registrar of Joint Stock Companies, No. 464-1-Camp,
dated 11th June 1919.

Please see the draft rules for the grant of certificates to auditors forwarded by the Registrar of Joint Stock Companies at pages 15-18 of the ~~current file~~. The definition of "unrestricted certificate" in draft rule I (2) seems susceptible of improvement. It may perhaps follow the wording of the Government of India in paragraph 8 (i) of their letter to the Government of Bombay at page 10 of ~~current file~~. The definition will then be:—

This may be accepted as it ~~points~~ logically the scope of practice first and the place of business next. There is no other difference between this and the Registrar's draft.

C.R.—3-7-19.

"Unrestricted certificate means a certificate in form B enabling its recipient to practise as an auditor in any part of British India besides enabling him to have a place of business in the province from the Government of which the certificate is obtained."

The note under the rule may remain as it is.

In other respects the draft rules seem all right and may be approved. The old rules are contained in G.Os. Nos. 2173, dated 11th September 1915, and 673, dated 11th March 1916.

NOTES TO G.O. Nos. 1435-36, HOME (EDUCATION), 25TH NOVEMBER 1919 3

With reference to the Registrar's remarks in paragraph 2 of his letter at page 11 of current file as regards rule 1 (2) it is submitted that whatever the intention of the Government of India the draft rule follows the wording of the Government of India and we need not perhaps go behind it.

With these remarks, the file may be returned to the Educational Department who have to consult the Director of Public Instruction on this and on the other points referred to in the current file—vide Secretary's note, dated 5th April 1919, at page 4 ante.

M.V.V.—1-7-19.

C. RAMANUJA ACHARIYAR—3-7-19.

HOME (JUDICIAL) DEPARTMENT.
Please put up draft reference to the Director of Public Instruction for Secretary's approval.

C.R.—3-7-19.

A draft endorsement is submitted for approval.

G.N.—5-7-19.

T.K.—5-7-19.

C.R.—6-7-19.

R. RAMACHANDRA RAO—7-7-19.

Endorsement No. 547/B-2, dated 7th July 1919.

From the Director of Public Instruction, No. 6382, dated 17th July 1919.

Submitted that the proposals called for in paragraph 1 of Endorsement No. 547/B-2, dated 7th July 1919, may be awaited. The Director of Public Instruction may be reminded on 15th August 1919 if no reply is received in the meanwhile. We may inform the Bombay Government when giving effect to the scheme that the Director of Public Instruction has been appointed to represent this Presidency for the purpose of advising the Diploma Board.

G.N.—23-7-19.

T.K.—23-7-19.

C.R.—26-7-19.

R.R.—29-7-19.

HOME (JUDICIAL) DEPARTMENT.

From the Registrar of Joint Stock Companies, No. 808-1-Camp, dated 14th August 1919.

Please see the suggestions of the Registrar of Joint Stock Companies on the subject of corresponding with the Accountancy Diploma Board, Bombay, and paragraphs 4 and 5 of the letter No. 355, dated 15th January 1918, from the Secretary, Accountancy Diploma Board, printed as accompaniment to Government of India letter No. 247, dated 6th March 1919.

The Educational Department have considered it desirable to nominate the Director of Public Instruction as the representative of this Presidency, for corresponding direct with the Accountancy Diploma Board. A reference has been made to the Director of Public Instruction, who has given his consent to be appointed to represent this Presidency on the Diploma Board.

Mr. Schmidt suggests that both the Registrar of Joint Stock Companies and the Director of Public Instruction may be appointed as the officers to correspond with the Board, for the reasons given by him in the concluding paragraph of his letter. The letter from the Accountancy Board, however, makes mention of only 'a duly authorized representative of the Local Government'. In the Punjab, the

4 NOTES TO G.O. Nos. 1435-36, HOME (EDUCATION), 25TH NOVEMBER 1919.

Central Provinces and Assam, the Registrar of Companies has been authorized to correspond directly with the Board. It is therefore for consideration whether the Registrar's proposals should be accepted or whether the Director of Public Instruction should be appointed as representative who should perform his duties in this capacity, in consultation with the Registrar of Joint Stock Companies.

P.S.A.—22-8-19.

C.V.—23-8-19.

There is no harm in naming two representatives for the two sets of objects mentioned by the Registrar. They are quite separate. The Director of Public Instruction has absolutely no information about auditors' certificates which is a matter closely connected with the working of the Indian Companies Act. We have, on the other hand, already recognized the Director of Public Instruction as the chief correspondent in respect of the institute and matters connected with it. The Registrar's proposal may be approved.

C. RAMANUJA ACHARIYAR—25-8-19.

I agree.

The draft may simply permit the Accountancy Board to correspond with the Director of Public Instruction, Registrar of Joint-Stock Companies and the Superintendent, Government Press, direct. It is not necessary to specify the particular matter which each of these officers should be consulted. If receive a letter within the province of another the letter can be transferred and points requiring orders may be referred to Government.

Evidently no orders are required regarding the conduct of the diploma examination in this Presidency. Orders to print lists of passed candidates.

Regarding list of certificated auditors, do we not furnish a periodical return to India? Is this based on a return from the Registrar? which would be the better course—the Registrar or the Secretariat to furnish the list to the Accountancy Board?

R. RAMACHANDRA RAO—26-8-19.

The queries raised by the Secretary in the concluding paragraph of his note above are answered seriatim:—

(1) A list of auditors who are granted *new* certificates or whose certificates are *renewed* is furnished to the Government of India at the beginning of every quarter of year. The list is not a consolidated one and includes both temporary and permanent certificate holders.

(2) The list is not based on a return from the Registrar of Joint Stock Companies. As auditors' certificates are granted and renewed by the Government the necessary information is available in this office and the list is prepared without any reference to the Registrar. At the same time the Registrar of Joint Stock Companies prepares every year a *consolidated list* of both temporary and permanent auditors in the Presidency brought up to date and sends one or two spare copies of it for our reference.

(3) As the Secretariat is already in the habit of sending periodical returns of certified auditors to Government of India it may, it is submitted, send a similar return to the Accountancy Diploma Board also. The Accountancy Board requires a list only at the commencement of every year. For orders whether an annual or a quarterly statement should be furnished. Again the Board wants the list of only *permanent* auditors who are considered fit, by the Local Government to take and train apprentices. The question as to how many permanent auditors are eligible to train apprentices is a matter to be decided in consultation with the Registrar of Joint Stock Companies, and the return can therefore be furnished only after a reference is made to the Registrar. There seems, however, no necessity to furnish the Accountancy Board with such a return this year, as the new scheme put forward by the Board has not yet been given full effect to.

The main file on the subject of correspondence with the Board has been dealt with by the Educational Department—vide linked file, and final orders will have

NOTES TO G.O. Nos. 1435-36, HOME (EDUCATION), 25TH NOVEMBER 1919 5
to be passed by that department. Submitted that the case may now go to the
Educational Department with reference to the Registrar's remarks on page 2 ante.

P.S.A.—28-8-19.

C.V.—30-8-19.

C. RAMANUJA ACHARIYAR—3-9-19.

About the return, I think that it is better that it goes from this office (Judicial
section).

R. RAMACHANDRA RAO—5-9-19.

HOME (EDUCATION) DEPARTMENT.

Submitted that this may lie over pending receipt of proposals called for
to give effect to the schemes. On receipt of the proposals the two cases will be
clubbed and orders taken on the various points.

E.A.V.—5-9-19.

C.R.—10-9-19.

R.R.—11-9-19.

From the Government of India, Department of Education, No. 1103,
dated 8th October 1919.

The Director of Public Instruction has not submitted the proposals called for
in paragraph 1 of Endorsement No. 547/B-2, dated 7th July 1919, in spite of three
reminders. In view of the present reminder from India we may perhaps issue
orders forthwith complying with the requests in paragraph 1 of Mr. Subrahmanya
Ayyar's letter at page 27, current file, and ask the Director of Public Instruction to
expedite his proposals adverted to above.

2. Subject to orders a draft order is submitted. It disposes also of the letter from
the Inspector-General of Registration so far as it relates to 'Education'. If appro-
ved, it may go to Judicial for acceptance with reference to paragraph 5 thereof.

E.A.V.—24-10-19.

T.K.—30-10-19.

C.R.—30-10-19.

R.R.—31-10-19.

HOME (JUDICIAL) DEPARTMENT.

The draft order may be accepted in this department and the file returned to
Educational. Orders will issue in this department in regard to paragraph 5 on
receipt of a copy of proceedings in this case.

P.S.A.—3-11-19.

R.V.S.—6-11-19.

C.R.—9-11-19.

R.R.—10-11-19.

HOME (EDUCATION) DEPARTMENT.

From the Director of Public Instruction, R.O. No. 6382, dated 3rd November 1919.
The main file on the subject has been sent to Judicial. Submitted that
this may also be forwarded to that department for perusal and incorporation with
the main file.

E.A.V.—6-11-19.

T.K.—7-11-19.

C.R.—7-11-19.

HOME (JUDICIAL) DEPARTMENT.

The main file referred to above has since been returned to Educational with
this information the file may be sent back to Educational.

P.S.A.—10-11-19.

R.V.S.—12-11-19.

C.R.—12-11-19.

stet this line only

R. Schuster

NOTES TO G.O. Nos. 1435-36, HOME (EDUCATION), 25TH NOVEMBER 1919 6

~~FINANCIAL DEPARTMENT.~~

In the Director's letter received since the draft in this case was put up, he says that the Advisory Council appointed in G.O. No. 1553, Education, dated 4th December 1919, should form the body duly authorized and empowered to deal with the specific matters mentioned in the letter. This however does not seem to preclude the appointment of the Director of Public Instruction and the Registrar of Joint Stock Companies as the officers authorized to correspond direct with the Diploma Board. If either of them receives any communication from the Board, he may place it before the full Advisory Council. If this view is accepted, the drafts may issue. Paragraph 4 of the draft order may also stand since final proposals to give effect to the scheme are still due from the Director.

2. The notifications in the linked file received from Mr. Subrahmanya Ayyar may be forwarded to the Superintendent, Government Press, for publication with reference to the present orders.

E.A.V.—15-11-19.

T.K.—15-11-19.

C. RAMANUJA ACHARIYAR—16-11-19.

R. RAMACHANDRA RAO—17-11-19.

A. R. K[NAPP]—22-11-19.

R.R.—24-11-19.

[G.O. Nos. 1435-36, Home (Education), dated 25th November 1919.]

Since disposed
by Secy.
1458 2d m
25.11.19

ORDINARY.

PRESS SLIP.

PREFERENCE.

URGENT (a).

Sectt. II-38-1-17.

DEPARTMENT.

Current No. dated 191

G.O. No. 1435-6, dated 25.11.1919.

Number of MS. pages sent { Correspondence 22
(b) (b¹) Notes 16

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.

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(b¹) For rules regarding printing of notes, see rule 315 of the office Manual.

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(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.

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