

18-22,300
Home (1919) Department.
Education

Ordinary SERIES.

G.O. No. 631

DATED 17-5-19

INDEXED

[Despatch Abstract.]

Institute of Commerce, Madras.

Recording notes relating to the question of the revision of the terms of the appointment of Mr. M. K. Dandekar, Principal, Institute of Commerce, Madras.

nich

and

BACK PAP.

G.O.	No.	Department.	Date.	G.O.	No.	Department.	Date.

FURTHER PAPERS.

G.O.	No.	Department.	Date.	G.O.	No.	Department.	Date.

Seott. II- 8 (2)-29,004-16-1-17.

NOTES.

Page

Home (Education) Dept.

Extract from the notes in the file connected with the application of Muhammad Abdul Aziz, a Carnatic stipendiary for a scholarship ^{to} enable him to qualify as a Chartered Accountant in England.

X

X

X

Office of the D.P.I.

X

X

But I think he could well be admitted next year with a scholarship of Rs. 15 per mensem. He could at the same time be articulated to the Principal of the Institute. This would be for three years (i.e.) I would recommend a scholarship of Rs. 15 p.m. for three years and the articles ^{fee} for amounting to Rs. 1,500/- to Rs. 2,000/-.

X

X

X

H.S.D.
29-11-18.

X

X

X

Financial Department.

X

X

X

Before going further into this case will Home Dept. kindly state, or ascertain, what "articled to the Principal" Local Institute of Commerce signifies exactly and what is the necessity for this, also who appropriates the articles ^{fee} for - the Institute or the Principal. The Institute is a Govt. concern and the Principal is a paid official of Govt., paid to train pupils in accountancy.

J.M.H. 9-12-18.

Home u.o.

Home (Education) Dept.

With reference to the Asst. Secretary's note above, attention is solicited to para 5 of the scheme for the working of the Madras Institute of Commerce printed at p. 9 of G.O. No.

(B)

(C)

G.O. No. 813, Home (Education), dated 16-6-17. It will be seen therefrom that the course in the Institute has to be preceded or followed by apprenticeship for a term of three years to a recognised practising accountant. Under the orders issued in G.O. 1158, Home (Edn), dated 5-9-18 the Principal is allowed to take private practice and the D.P.I. suggests that Abdul Aziz may be "articled" to the Principal of the Institute who of course will have to be paid a fee for the purpose.

2. With the above information, the file may be returned to Financial.

N.K. 19-11-18.

C.R. 21-12-18.

L.D.S. 23-12-18.

X

X

X

Financial Department.

X

X

X

I think the decision to allow private practice is very regrettable. The position is that there is an enormous amount of accountancy work to be done and ^{one} ~~are~~ really qualified firm to do it. Their fees are regarded as exorbitant by the Indian firms who go to them and they are able to lay down the law to Government officers who know nothing about accountancy. The income-tax and other authorities have ^{been} ~~now~~ looking forward to the appointment of the Principal of the College of Accountancy as offering them an unprejudiced expert referee. If he is to compete for business with Messrs. Fraser and Ross and to cut their rates, he will be quite useless from that point of view, and if he puts up audit certificates which the income tax authorities are unable to accept and derived

very difficult situation will be produced. If he adds to this the apprenticing to himself of pupils in the college, in other words, if he teaches them by making them do the routine work of the auditing of books brought to him as a private practitioner, worse difficulties will result. I would accordingly strongly urge that the whole position be reviewed and the arrangement for private practice ended before it has begun, if necessary, by a compensatory increase of salary. I would also call attention to supplementary local ruling No. (iv) at p. 5 of the Government Servants' Conduct Rules.

C.G.T. 22-1-19.

Home (Education) u.o.

Home (Education) Dept.

X X X

4. The Chief Secretary's note raises the question of the continuance of the privilege of private practice allowed to the Principal of the Institute in G.O. No. 1158, Home (Edn), dated the 5th September 1918. The Principal had to be allowed private practice as the Director reported, that without such an inducement, it would not be possible to secure the services of a competent person for the post. At the time of his appointment, Mr. Dandekar was enjoying fairly good practice in Calcutta. In the advertisement inviting applications for the post, it was distinctly stated that private practice would be allowed. The post of Principal has been created temporarily for a period of two years and, when the question of its permanent retention comes up for consideration, it will be a convenient opportunity to re-

consider

①
Please see Mr. Stare's
D.O. on p. 37 of
notes to G.O. No. 1158
M 5-9-18
①

Para 9 of Mr. Subramanya
Aggarwal letter no. 42 of
G.O. No. 1158 (Edn) ①
p. 46 ibid

Gov. No 115-8 Edm

5.9.18

(C)

reconsider, if necessary, the decision as regards private practice. Mr. Dandekar has been taken on probation for a period of two years and he may legitimately demand that the terms of his agreement should be strictly adhered to at least for that period. He may not agree to do referee work to Govt. except probably on terms applicable to private transactions. Even if he is willing to forego private practice, he may claim compensation of an amount which Govt. may not be willing to grant and this may lead to unpleasantness. In the circumstances, it is for consideration whether the question of the continuance of private practice may not be taken up at the end of the probationary period of two years. We may all the same ask the D.P.I. to consult Mr. Dandekar about the point.

X

X

X

N.K. 11-2-19.

C.R. 15-2-19.

R.R.R. 18-2-19.

X

X

X

Financial Dept.

3. C.S.'s note on pages 253 ^{ante} and para 4 of Home Dept. note on pages 3-4 ^{ante}. - C.S.

has noted that the question of increasing the salary of the Principal may be considered, if the privilege of private practice is to be withdrawn. If the salary is increased - and Mr. Dandekar will ^{only} obviously ask for a reasonable increase - it seems doubtful whether many of the difficulties referred to by the Home Dept., will ever rise. Of course, it is open to Mr. Dandekar to demand that the present terms of his appointment (which include permission for private practice) should be adhered

to

to during the period of his probation. However Home Dept. propose to consult the D.P.I. on the point and no further remarks are called for until the D.P.I's views are received.
T.R.N.N. 14-3-19.

J.M.H. 15-3-17.

Chief Secretary.-

The question of this solitary student is of no importance ~~because~~ beside that of the position of the Principal of the Govt. Institute of Commerce, upon which subject I feel so strongly that I venture to suggest that, with the permission of H.E., the opinion of the Registrar of Joint Stock Companies and ~~the Secretary~~ of the Board of Revenue, Separate Revenue, be obtained at the earliest possible date.

2. The position, as I understand it, is this: the introduction of the Companies Act in 1913 imposed upon Companies the necessity of having their books audited, when there were, with the exception of a few firms of chartered accountants in the large cities, no auditors in India. Consequently for the purposes of that Act, an attempt has been made to create a temporary supply of private auditors out of retired clerks and the like who were granted certificates of various degrees of competency, in no case large. Ever since the Act was passed, the necessity for replacing this body of accountants by properly trained accountants has been recognised as urgent.

3. Meanwhile, great increases in the amount of the income-tax and the complexity of the method of assessment have occurred. In England,

things have come to such a pass that it is practically impossible for a business man to make out his return without an expert. We are rapidly reaching the same position in India. At the instance of the Nattukottai Chetti community, a committee has been formed to approve accountants who are fit for the work and who may be accepted as experts. The number the committee have been able to approve so far is extremely small.

A | 4. Meanwhile in both departments, the necessity for the opinion of an expert on accountancy matters has been greatly felt. The ordinary administrative official is placed in a very difficult position when, in dealing with income tax cases, for instance, he is confronted by a statement of a chartered accountant that certain additions and deductions are rightly made in accordance with the proper principles of accountancy, of which the official is practically ignorant. It is a serious matter to reject the certificate of a fully qualified member of such a profession without any expert knowledge to set against it. On the other hand, to accept it may often mean the loss of a very large amount of Government revenue.

B | 5. For a solution of these difficulties, we have long been looking to the Institute of Commerce, and in particular, when the question of income-tax accountants was under consideration, the use of the Principal of the Institute as a referee was specifically referred to.

6. The grant of permission to the Principal to take private practice and articled pupils would remove the chief benefits that were expected to be

derived

derived from his appointment in the two departments above referred to. The amount of accountancy work crying out to be done is almost unlimited and with the cachet given to him by ~~his~~ his Govt. appointment, the Principal will have more private practice offering than he can possibly cope with. If it is left to his option to take private pupils, like the student over whose case this file has now arisen, ~~as~~ as articled clerks, instead of putting them through his classes, as now appears to be the intention of the Educational Dept., he would only be within his rights if he established a large accountancy firm and got his work done by the articled clerks from whom he would also be getting fees for instruction. It would be almost inevitable under such circumstances that the work of the Institute should suffer.

c | 7. The work of the Departments concerned would suffer no less, and instead of having an impartial referee, they would have a Govt. officer of comparatively inferior status, probably competing with lower fees with established firms of chartered accountants. At the same time, the same officer would be appearing in a dual capacity if he were allowed to take private practice in income-tax cases and to appear before the Income-tax Commissioner as the accountant of the private party, and the ~~posi~~ position of the Income-tax Commissioner in the event of a difference of opinion between the chartered accountants and the Principal or between the Principal and a subordinate of the Board would be extremely difficult.

8. I venture to think that the creation of an appointment on these terms is likely to discredit the Institute from the outset and it would be worth

Government's

Government's while, even at some sacrifice, to amend the terms of Mr. Dandekar's appointment.

C.G.T. 18-3-19.

Home (Education) u.o.

Home (Edn) Dept

The draft u.o. note below is for approval.

3.4.19
34.9

Geo. No. 1158 (Edn)
5.9.18

(C)

Vide para 3 of Mr. Dandekar's application
p. 19 of Geo. No. 1158 (Edn)
5.9.18

and also para 9 of
Mr. Subrahmanya Ayyar's
letter p. 42 ibid

Private practice was specifically allowed. Mr. Dandekar was a Govt. servant in Bengal before he was brought here; even there private practice was allowed. So if it be prohibited now, compensation would have to be given.

2. apart from this, the question so far as I am concerned is the Educational aspect of the matter. The course of instruction is 2 (or 3) years theoretical training

para 5 of the draft
Scheme
on p. 9 of Geo. No.
813 (Edn) 7/6.6.17 (B)

Para 5 of the draft
Scheme p-9 of
Govt No 813 (27)
16.6.17

(B)

para 2 of the
Chief Secy's note
p-5 ante.

and three years practical training (or apprenticeship). Either period may follow or precede or run concurrently with the other. If they do not run concurrently the total period of training becomes 5 (or 6) years which is very long. On the other hand the period may be diminished to 3 years. As remarked by the Chief Secretary the country requires a large body of trained accountants; the sooner these are shaped replacing the present transitional unsatisfactory men the better.

It follows that we must do our best to make the courses run concurrently and turn out as many qualified people as possible after 3 year training.

3. Now to do this a pupil must undergo theoretical instruction in the Institute and also practical training also at the same time. If he be apprenticed to any one other than the Principal he will have to serve two masters. The courses of study will not harmonise.

4 Unlike other studies, even the theoretical training is benefited by practical study. For example I understand that the pupils in the Naval College of Lonsdale are taken to other auditor's offices for practical training. The pupil has to pay fees become one or two for apprenticeship.

5. Up to date knowledge of our teachers will diminish if he does not keep in touch with the progress.

6. So from an educational point of view I see no objection to the Principal apprenticing his own pupils. To meet a possible criticism I may add that by so doing the Principal cannot show any partiality; for the examinations are under the Bombay Account Board with which the Principal has no connection.

7 But reading the remarks the Chief Secretary - these remarks I find it imagined that one of the purposes which it was intended for the Principal was to make him serve as a referee in

pages of Cu No 8136
16.6.17
(B)

pages 6 + 7 ante

Incometan enquires to verify the reports of chartered Accountants who issue their certificates on the fees received for private parties. I agree that in such cases a referee is highly desirable & necessary. But Educational never intended that the Principal of their institute should be the referee. If this be deemed to be one of his duties, he will have no time to do his own work. In Edel I strongly object to the imposition of this additional duty on the Principal: especially as I have shown above in the interests of commercial education practical work is essential.

If the Income tax department want experts to give them unbiased opinions, that department should employ fulltime accountants for this purpose; and I hope that if the Income tax is allowed to develop freely it shall be able to place ^{quite} several qualified people for its selection.

8 I regret I have to differ from the Chief Secretary

B. 29
b. 12-4-19
R.

NOTES.

Page

12

I do not see any reason to direct
the Principal to desist from
private practice.

W. 4/19

H. E.

Am (Companies)
xcep Rev

Am (2nd)

I agree. It seems I have been offered the
post with private practice & I think it w^{ld}.
be manifestly unfair to change now

W. 12.4.19

I agree

I am already in a minority,
and so long as the Hon^{ble} Member
in charge of income-tax work is
prepared to give collectors the
advice and assistance of some
other expert, I am content. But I
hope we will not be, as suggested,
a pupil of the Institute, for
some are of very much higher

Para 7 of Secy's note
p. 11 ante

14

qualifications.

The Home Secretary's last note suggests that the idea that the Principal of the Institute should act as a gov. referee in accountancy is a figment of the imagination. I am surprised that the idea should be new to him. Expectations based on this appointment have been repeatedly mentioned, especially in connection with the question of the committee to approve accountants for income tax purposes which was fully discussed at the last Collector's Conference when the scheme of the Institute was approved.

8

16.4.49

17/4/49

A. I am not at all aware of this. Not a single paper with this idea was referred to Educational

7/4/49

Home (Edn) Sec

Attention is invited to the notes connected with Geo. No 142 7th (S.R.) 5-4-49

para of the
Secy's note of
10-11-48

A

soonboard

(D)

in which the question of accepting statements prepared by chartered Accountants for income tax purposes was fully discussed. It would appear from the discussions at pages 10-12 of the notes that no specific mention has been made of the question of the Principal of the Institute of Commerce, Madras acting as a Govt referee in income-tax enquiries. It may also be observed that the matter was not referred to Home (Edn).

25.4.19

28.4.19

The case may be recorded after perusal by Financial

30/4/19

Final (107)

Financial Dept.

Submitted that the papers may be perused and returned to Home (Edn) dept.

28.4.19
CRS
1.5.19

2/5/19

It has been noted that the matter was mentioned in connection with the question of the Committee to approve accountants for its purposes which was fully discussed at the Collection Conference before the scheme for the Institute was approved. Please look up then pp. That it was not referred to someone else is irrelevant

4/5/19



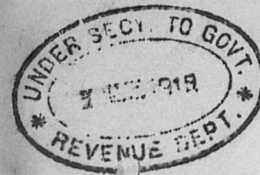
Edn 869B-1
30.4.19

CURRENT NO.
53861879C
FINANCIAL
7.5.19

A on p-13 ante

CRS

(put up)



D.

Please see pages 17 to 23 of the Proceedings of the Conference of Collectors held at Botolomund in August 1917. These papers are reprinted on pages 7-13 of notes to H.O. 142 Sep. Rev. dated 5.4.18 and are referred to by the Home (Co. In.) dept. notes on pages 13-14 ante. No other papers are ^{readily traceable} available. Submitted that the Revenue dept. may be requested to put up papers, if any, bearing on the subject.

Jul no. 1378C-1
7.5.19
Rev. v. o. 1028 C
Reps 8.5.19

2/10
6.5.19

CRS
6.5.19 Rev. v. o. 1028 C

To & S

Revenue Dept

Submitted that there are no papers in Revenue beyond those referred to above. Financial may be informed so.

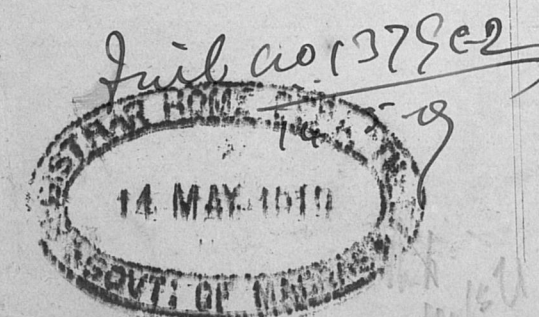
Rev. v. o. 1028 C/19-1
10.5.19
Definit

Rev
9.5.19

Rev. v. o.

10.5.19

5752
Rtd 10.5.19.



Jul no. 1378C-2

CRS
10.5.19

11.5.19

Seen & returned to Home Ex. 11.5.19

Home (Ed. 2)

With refer. to paras 2 & 3 of Sany's note (pp 9 & 10 ante), it is ruled that the approved scheme for Madras does not make specific provision for the period of apprenticeship ^(meaning) concurrently with the regular college course. As it is, paras of the scheme says that the apprenticeship may precede or follow the course in the Institute - p. 9 of G.O. No. 813 Ed. 2, d/ 16th June 1917. If advised, the question of amending the scheme in this respect will be taken up separately.

These papers may be

Order No. 631, d/ 17.5.19
 Mos Recorded

CA
 1615719
 17/5/19

15.5.19

he may take extracts from these notes on this subject refer the question to the D.P.G.

CA
 1615719
 17/5/19

M/O for favour of conference.

17/5

kin self from the
 Tabling
 to be sent to
 for record
 1917

Institute of Commerce
 Recording notes relating to the question of the revision of the terms of the appointment of Mr. M. K. Dandekar, Principal, Institute of Commerce, Madras.

A = Copy in full.
B = Not to be copied.
P = Copy abstract only.
Q = Copy heading only.