Government of Madras.

EDUCATIONAL DEPARTMENT.

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Recd.	1907	*Enclosures*
Regd.		*Spare copies*

G.O., No. 277, 9th May 1907.

Eight lakhs grant.

Directing that the Government of India be addressed on the subject of the expenditure on elementary education from the recurring grant of eight lakhs.

Educational (1907) Department.

ORDINARY PRINTED.

277.

G.O., No. 278

DATED 9-5-7

Salem District Settlement

[Despatch Abstract.]

145.7.

Eight lakhs Grant

addressing the Govt. of
India on the subject of the
Expenditure on Elementary Edn.
& connected recurring Grant of
Eight Lakhs

BACK PAPERS.

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

FURTHER PAPERS.

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

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Government of Madras.

EDUCATIONAL DEPARTMENT.

Recd. } 1907. *Enclosures*

Regd. *Spare copies*

G.O., No. 277, 9th May 1907.

Eight lakhs grant.

Directing that the Government of India be addressed on the subject of the expenditure on elementary education from the recurring grant of eight lakhs.

GOVERNMENT OF MADRAS.

EDUCATIONAL DEPARTMENT.

Read—the following papers :—

I

G.O., No. 4, Educational, dated 4th January 1907.

II

Letter—from W. S. Marris, Esq., Deputy Secretary to the Government of India, Home department (Education).
To—the Secretary to the Government of Madras, Educational department.
Dated—Simla, the 11th July 1906.
No.—512.

I am directed to address the Government of Madras with reference to the expenditure on education from the recurring grant of eight lakhs which was allotted to the Madras Presidency in the letter from the Government of India in the Finance department No. 1423, dated the 10th March 1902.

2. In paragraph 5 of your letter No. 129, dated the 6th March 1905, the Government of Madras stated that owing to the fact that certain of the schemes to which the recurring grant had been allotted had not come into full operation the lapses in the educational budget due to the postponement of such schemes amounted in the year 1902–1903 to 2·18 lakhs, in 1903–1904 to 2·52 lakhs and in 1904–1905 to 2·73 lakhs (estimated). The Government of India are not aware whether there was any further lapse in the year 1905–1906, but in any case they hope that the Governor in Council will agree with them in thinking that whatever sums have lapsed from the special recurring grant allotted for education should be devoted to educational purposes. This course has already been adopted, with the approval of the Government of India in the case of another province. From paragraphs 7 and 8 of your letter of the 6th March 1905, it appears to be assumed that the recurring grant in question would all have been absorbed as soon as the expenditure from public funds exceeds that of the year 1901–1902 by the amount of the grant. The Government of India are unable to accept this view inasmuch as it throws on to the Imperial assignment the automatic increases in educational expenditure which the Provincial revenues would otherwise have had to bear In this connection I am to refer to the Home department letter No. 574, dated the 11th July 1904, in which it was stated that the recurring grant in March 1902 to the Provincial revenues to meet increased expenditure under education supplemented this ordinary growth of expenditure. With the permission of the Governor in Council the Government of India will be glad to be informed in due course of the action which the Madras Government propose to take in regard to the sums which have lapsed from the recurring grant.

III

Memorandum No. 439, Educational, dated 4th September 1906.

The Accountant-General is requested to be so good as to furnish a statement showing the detailed expenditure under 22. Education and Adjusting Heads—Contributons to Local Funds (Act V of 1884) during 1905–1906. A copy of the printed form supplied to the Director of Public Instruction for entering the budget figures

of 1907–1908, in which the actuals of 1905–1906 are printed will be sufficient, but in the case of the actuals under adjusting heads detailed figures for *grants*, *subsidies* and the expenditure on Public Works from the special grant of six lakhs, will be required. In his preliminary account for 1905–1906 the actuals under adjusting heads on account of "education" are shown as Rs. 6·05 lakhs and the actuals on account of "Public Works" as 5·56 lakhs. Separate information regarding the amounts included under these heads on account of *grants*, *subsidies* and the *expenditure on primary school buildings* is required.

(By Order.)

C. G. Mackay,
Ag. Assistant Secy. to Government.

IV

From the Accountant-General, Madras, No. B.L.B./96, dated 15th September 1906.

Order—No. 277, Educational, dated 9th May 1907.

The Government of India will be addressed.

[Here enter Letter No. 278, Educational, dated 9th May 1907.]

(True Extract.)

H. D. Taylor,
Ag. Secretary to Government.

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No. 278.

GOVERNMENT OF MADRAS.

EDUCATIONAL DEPARTMENT.

From

H. D. TAYLOR, Esq., I.C.S.,
Acting Secretary to the Government of Madras,
Educational Department,

To

THE SECRETARY TO THE GOVERNMENT OF INDIA,
HOME DEPARTMENT.

Dated Ootacamund, the 9th May 1907.

SIR,

I am directed to reply to Mr. Marris' letter No. 512, Education, dated 11th July 1906, on the subject of the expenditure on education from the recurring grant of eight lakhs which was allotted to this Presidency in the letter from the Government of India in the Finance Department, No. 1423, dated 10th March 1902.

2. I am directed to express the regret of His Excellency the Governor in Council that my letter of the 6th March 1905 was issued without reference to the Financial department of this Government and that the calculation in paragraphs 5 to 8 therein of the lapses from the recurring grant of eight lakhs cannot be supported. The lapses there given were the total lapses from the annual budget allotments under the head 22. EDUCATION and the adoption of these figures as representing the unspent portion of the special grant of eight lakhs would be correct only on the assumption that prior to the first assignment of the special grant the expenditure under the head 22 EDUCATION was practically stationary, an assumption which is not correct. The grant was not earmarked, as the later grant of six lakhs for primary education has been, but was absorbed in the general allotment for education and from the accounts as then maintained it is impracticable to state which portion of the additional expenditure in a particular year under the service head was met from the special grant. In Mr. Stuart's letter (Home Department—Education), dated 10th May 1902, No. 391, it was stated that the Government of India had no objection to the utilization of a portion of the grant on educational buildings; and in so far as such expenditure has been incurred from the grant, difficulties attend the differentiation of the same from the cost of other educational buildings, all of which are included under the head 45. CIVIL WORKS, which is distinct from the head under discussion.

3. When forwarding for the opinion of this Government their proposals for the Provincial settlement now current, the Government of India, in their letter No. 4933-A, dated the 13th August 1903, adopted for the settlement figure under 22. EDUCATION, the budget estimate for 1903–1904, viz., 23·98 lakhs. This was in accordance with the general scheme of the settlement which adopted under major heads which were not

specially mentioned in the letter the budget estimate of the current year. The only direct reference to education is contained in paragraph 27 of the letter which was as follows :—

"The settlement now proposed does not take into account the increased expendi-
"ture which may be rendered necessary by reforms, which are in contemplation in
"the administration of Police and Education, except to the extent of Rs. 8,00,000 a
"year already allowed under the latter head. It will not be possible to determine for
"some years what the total additional expenditure will be, and a long time is likely to
"elapse before the reforms come into full operation. Part of the increase should, in
"ordinary course, be defrayed from Provincial revenues; the remainder will hereafter
"be found by additional assignment from Imperial revenues."

This Government then claimed a settlement estimate of 26 lakhs and pointed out :

"The settlement estimates proposed by the Government of India as regards
"the expenditure relating to education are as follows :—

	LAKHS.
"(1) 22. EDUCATION	23·98
"(2) Contributions—from Provincial to Local Funds—to Local Funds "(Act V of 1884) for Education (Grants-in-aid)	1·15
"(3) Lump provision for subsidy to Local Boards on account of "education	2·40

"These figures also represent the budget grants for 1903–1904 under
"the heads specified. The grant of 2·40 lakhs against item (3) is a portion of the
"special grant of eight lakhs under 22. EDUCATION . . . .

"In dealing with the estimate under this head, the Madras Government have
". . . . not taken into consideration the larger reforms which may be the result of
"the Educational Conference held at Simla in 1901. It has not been possible as yet to
"make full use of the additional recurring allotment of eight lakhs sanctioned last year
"owing to the delay necessary for working out the schemes for the expenditure under
"several of the items. Money originally placed in the Educational budget of this
"year has been transferred to the Public Works department budget for educational
"buildings and the budget estimate for 1903–1904 of 23·98 lakhs makes no provision
"for expenditure already determined on and for those schemes to be taken up in the
"near future. Among the projects already determined on may be mentioned the
"reform of training schools and the further reorganization of girls' schools, while
"among those to be undertaken in the near future are included the appointment of a
"Professor of Geology for the Presidency College, a considerable increase in the
"European Inspecting staff and in the establishment of agricultural schools in selected
"places. Provincial funds will be unable to bear any large increase under Education.
"The settlement estimate should be taken at 26 lakhs at least."

4. The Government of India adhered to the settlement figure of 23·98 lakhs which therefore included the special grant of eight lakhs. It is to be noted that the grants for education in 1901–1902, the year preceding that in which the special grant of eight lakhs was made, were 18·38 lakhs under 22. EDUCATION and 1·08 lakhs under CONTRIBUTIONS, a total of 19·46 lakhs or 8·07 lakhs below the budget grant for 1903–1904 which was adopted for the settlement and with which it is now consolidated. In 1904–1905 the expenditure under "22. Education and Contributions" amounted to 25·58 lakhs, and in 1905–1906 it was 26·31 lakhs exclusive of expenditure from the special grant of six lakhs for primary education : the cost of educational buildings in each year being additional.

5. If the grant has not been spent in full, it is due not to any purpose on the part of the Local Government to appropriate to other heads any portion thereof but to the inevitable delays in initiating and introducing complete schemes for the utilization of the money. Any savings that may have accrued in this way have gone into the Provincial balances and inasmuch as the schemes originating from the grant will entail a growing burden upon Provincial revenues, there is little fear that any portion of the grant will in the end be diverted from its legitimate purpose.

6. I am therefore desired to express the hope that the Government of India will accept the assurance of His Excellency the Governor in Council that all the grants that have been placed at the disposal of this Government for education are being or will shortly be fully employed on that object.

I have the honour to be,

Sir,

Your most obedient servant,

H. D. TAYLOR,

Acting Secretary to Government.

NOTES CONNECTED WITH G.O., Nos. 277, 278, EDUCATIONAL, DATED 9TH MAY 1907.

[SUBJECT.—*Allotment for educational purposes of the lapses from the recurring grant of 8 lakhs made by the Government of India.*]

Previous papers.

G.O., No.	678,	*Educational, dated*	21*st November*	1901.
,, *Nos.*	87, 88	,,	,, 18*th February*	1902.
,, *No.*	162, *Mis.*	,,	,, 21*st March*	,,
,, ,,	325	,,	,, 29*th May*	,,
,, ,,	366	,,	,, 20*th June*	,,
,, *Nos.*	492, 493	,,	,, ,, *August*	,,
,, ,,	514, 515	,,	,, 28*th* ,,	,,
,, ,,	698, 699	,,	,, 11*th November*	,,
,, ,,	251, 252	,,	,, 27*th May*	1903.
,, *No.*	178	,,	,, 14*th March*	1904.
,, *Nos.*	215, 216	,,	,, 6*th April*	,,
,, *No.*	223	,,	,, ,, ,,	,,
,, ,,	449	,,	,, 25*th July*	,,
,, ,,	526	,,	,, 23*rd August*	,,
,, *Nos.*	642, 643	,,	,, 12*th October*	,,
,, *No.*	617-*R.*,	,,	,, 19*th December*	,,
,, *Nos.*	128, 129	,,	,, 6*th March*	1905.

From the Government of India, Home Department, dated 11th July 1906, *No.* 512.

The actual educational expenditure compared as follows with the budget grant during the last ten years :—

Year.	Budget grant.		Total.	Actuals.		Total.	Difference.
	22. Education.	Adjusting heads.		22. Education.	Adjusting heads.		
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1896–97	17,41,000	93,000	18,34,000	16,75,004	98,890	17,73,894	— 60,106
1897–98	17,52,000	1,03,000	18,55,000	17,47,283	92,958	18,40,241	— 14,759
1898–99	17,40,000	1,00,000	18,40,000	18,04,753	92,699	18,97,452	+ 57,452
1899–1900	17,43,000	1,00,000	18,43,000	17,87,554	91,661	18,79,215	+ 36,215
1900–1901	17,60,000	97,000	18,57,000	17,68,188	85,936	18,54,124	— 2,876
1901–1902	18,38,000	1,08,000	19,46,000	18,27,091	96,046	19,23,137	— 22,863
1902–1903	27,22,000	94,000	28,16,000	22,74,547	3,23,127	25,97,674	— 2,18,326
1903–1904	23,98,000	3,55,000	27,53,000	21,31,945	3,69,104	25,01,049	— 2,51,951
1904–1905	23,00,000	3,95,000	27,95,000	21,87,554	3,70,350	25,57,904	— 2,37,096
1905–1906	22,78,000	3,43,000	33,21,000	23,18,093	9,12,790	32,30,883	— 90,117
Budget—							
1906–1907	30,03,000	3,72,000	33,75,000	..	..	..	..

2. The recurring grant of 8 lakhs began with 1902–1903. Since then there have been lapses of Rs. 7,07,573 up to 1904–1905. The final figures of 190 –1906 are not ready as yet and the preliminary accounts under ADJUSTING HEADS show a portion of the 6 lakhs grant under Education and a portion under Public Works with other grants. Financial department * has no details. The exact amount of lapse from the budget grant in 1905–1906 cannot therefore be now stated, but there has been a lapse of not less than Rs 70,000.

There has been no increase in the normal allotment for education since the year 1902–1903 as the necessity for it was not felt owing to the 8 lakhs grant.

A

* But we would have obtained them if asked.

C. M. SCHMIDT.

	Rs.
Grant under 22. Education exclusive of 6 lakhs grant	23,78,000
Actuals	23,07,000
Balance ..	71,000

The provision under Adjusting heads has been almost fully utilized.

P. T. THARYAN—24-7-06.

3. The Government of India now say that the lapses in the budget should be utilized for educational purposes. The Director may be asked how he can best utilize the amount and meanwhile copy of the letter and notes may be forwarded u.o. to the Financial department for information and remarks.

P. T. THARYAN—24–7–06.

C. G. MACKAY—25–7–06.

India's letter refers to the 8 lakhs grant made from 1902–1903. Besides this there is the recurring grant of 6 lakhs in aid of primary education made first in 1905–1906 and special grants for the University expenditure.

G.O., No. 325, Educational, dated 29th May 1902.

G.O., No. 282, Educational, dated 2nd May 1905.

G.Os., No. 190, Educational, dated 28th March 1905, and No. 29, Educational, dated 18th January 1906.

Budget notes for 1906–1907.

2. When, in the current year, we provided in the Educational budget for increased expenditure under "Education" consequent on these grants, India peremptorily reduced it.

3. Under the 6 lakhs grant in 1905–1906 please put up the statement showing the allotments made to each district. These allotments having been credited to Local funds will not lapse, but any sums unexpended by the Local Boards will be watched and kept to the proper object.

4. Then please note the allotments made and expenditure incurred out of the special grants in aid of University education.

5. With reference to the statement at **A** in paragraph 2 of the office-note India clearly anticipate an expansion in normal expenditure from Provincial funds on education and will not rest content with the remark that there was no increase exporians, on because of the special grant of 8 lakhs.

6. The Provincial expenditure on education rose from Rs. 17,73,894 in 1896–1897 to Rs. 19,23,137 in 1901–1902—an increase of Rs. 1½ lakhs in six years, or Rs. 25,000 a year, which might be taken as the normal annual increase from Provincial funds.

7. Please furnish information called for in paragraphs 3 and 4 *supra* and fill in budget figures for 1906–1907 in the statement in paragraph 1 of the office-note.

H. D. TAYLOR—26–7–06.

The following statements furnish the information called for in paragraphs 3 and 4 of the Secretary's note above:—

I.—Statement showing the allotments made to each district under 6 lakhs grant in 1905–1906—page 6 of G.O., No. 139, Educational, dated 3rd March 1906, as modified by that Government Order.

	Rs.
1. Anantapur	9,000
2. Arcot, North	37,000
3. Arcot, South	16,000
4. Bellary	18,000
5. Canara, South	21,350
6. Chingleput	17,000
7. Coimbatore	27,700
8. Cuddapah	18,500
9. Ganjám	30,000
10. Gódávari	16,750
11. Kistna	35,600
12. Koraput	3,000
13. Kurnool	10,000
14. Madura	28,000
15. Malabar	35,000
16. Nellore	13,000
17. The Nilgiris	9,100
18. Salem	62,000
19. Tanjore	44,000
20. Tinnevelly	16,000
21. Trichinopoly	30,000
22. Vizagapatam	56,000
23. Guntúr	14,000
Total	5,67,000

II.—Statement showing the allotments made and the expenditure incurred out of the special grant-in-aid of University education.

	Year.	Allotment.	Expenditure.	Rs. A. P.	Balance. Rs. A. P.
	1904–1905.	70,000	Travelling expenses of fellows.	5,000 0 0	65,000 0 0
Vide page 1 of notes K.W. G.O., No. 371, Educational, 26th May 1906.	1905–1906.	1,05,000	Inspection of Colleges ..	15,720 0 0	
			Cost of mathematical instruments (about)	6,000 0 0	
			Total ..	21,720 0 0	83,280 0 0
	1906–1907.	1,05,000	Inspection of College ..	651 10 0	
			Cost of mathematical instruments (about) ..	32,500 0 0	
G.O., 371, Educational, 26th May 1906.			Travelling expenses of fellows	10,000 0 0	
				43,151 10 0	61,848 6 0
Grand total for the three years	..	2,80,000		69,871 10 0	2,10,128 6 0

2. The whole of the six lakhs grant for 1905–1906 was allotted in that year, but at the instance of the Financial department Rs. 33,000 was transferred tot he head "Subsidy"—*vide* notes and orders in G.O., No. 139, Educational, dated 3rd March 1906. This amount has, however, been spent in another form on primary education and there has been no lapse from the six lakhs grant for 1905–1906.

H. D. TAYLOR.

In the case of the University grant the final adjustments on account of the cost of mathematical instruments have not yet been made. At any rate no report has been received from the Accountant-General or the Director of Public Instruction on the subject and the figures are only approximate.

Financial may with reference to India's letter be asked to note this in the "claims register."

H. D. TAYLOR.

It can however be safely said that Financial has to give us back over 2 lakhs out of this grant.

3. The budget figures of 1906–1907 have been inserted in the statement on page 1 *supra*.

P. T. THARYAN—4–8–06.

C. G. MACKAY—8–8–06

Before any reference is made to the Director of Public Instruction as to how he can utilize the balance, we had better ask Financial if they are prepared to accept India's suggestion as to the utilization of the unexpended balances referred to on "Education."

2. The six lakhs grant in 1905-1906 was fully expended, any balances unexpended by the district boards will be watched and reallotted to Education in the District Board budgets.

3. Financial may be asked to note in the "claims register" the items of the grants for University education remaining unexpended. In reallotting these sums it will be necessary to explain in *detail*, in submitting next year's budget, or we shall have our estimated requirements cut again. As an alternative, separate application may be made to India for specific allotments from balance as may be required.

4. As to the 8 lakhs it is not possible to say specifically how it has been allocated for expenditure or why lapses have occurred.

5. In this connection it would appear necessary to fix what the normal growth of expenditure on Education from Provincial funds would be. This I have estimated in paragraph 6 of my previous note at Rs. 25,000 *per annum*.

Vide portion of Government of India, Home Department letter No. 512, dated 11th July 1906.

H. D. TAYLOR.

H. D. TAYLOR—9–8–06.

To the Financial Department.

FINANCIAL DEPARTMENT.

Before details of expenditure are examined it seems to be necessary to decide whether the Government are prepared to accept the position taken up by India in their present communication.

2. The first point to be noticed is that the special grant of 8 lakhs from the Government of India for increased expenditure under 22. EDUCATION was made *before* the present settlement.

3. In making this grant the Government of India intimated that it—

"was intended to meet in part the expenditure which will be the outcome of the "recommendations of the Educational Con- "ference held at Simla in September 1901. It "must therefore be understood that it should not "be generally utilized to meet charges falling "outside that expenditure;"

Para. 2 of Home Department letter No. 391, dated 10th May 1902, on page 3 of G.O., No. 325, Educational, dated 29th May 1902.

but at the same time stated that there was "no objection to a portion of it being utilized "for the cost of Educational buildings."

Para. 1 *ibid.*

4. When forwarding their proposals for the Provincial settlement now current, the Government of India in their letter No. 4933-A., dated the 13th August 1903, adopted for the settlement figure under 22. EDUCATION the budget estimate for 1903–1904, viz., 23·98 lakhs. This was in accordance with the general scheme of the settlement which adopted under major heads, which were not specially mentioned in the letter, the budget estimate for the current year. The only direct reference to Education is contained in paragraph 27 of that letter which was as follows:—

Page 13 of G.O., No. 825, Financial, dated 8th December 1903.

Para. 5 of Finance and Commerce Department letter, No. 4933-A, dated 13th August 1903, on page 2 *ibid.*

"The settlement now proposed does not take into account the increased expenditure which "may be rendered necessary by reforms, which "are in contemplation in the administration of "Police and Education, except to the extent of "the Rs. 8,00,000 a year already allowed under the latter head. It will not be possible to deter- "mine for some years what the total additional expenditure will be, and a long time is likely to "elapse before the forms come into full operation. Part of the increase should, in ordinary "course, be defrayed from Provincial revenues; the remainder will hereafter be found by "additional assignment from Imperial revenues, which it would be premature to discuss on the "present occasion."

Page 11 of G.O., No. 825, Financial, dated 8th December 1903.

5. The Government claimed a settlement estimate of 26 lakhs and its observations under this head are extracted below:—

"The settlement estimates proposed by the Government of India as regards the expendi- "ture relating to education are as follows:—

	LAKHS.
"(1) 22. EDUCATION	23·98
"(2) CONTRIBUTIONS—from PROVINCIAL to LOCAL "FUNDS—to Local Funds (Act V of 1884) for "Education (grants-in-aid)	1·15
"Lump provison for subsidy to Local Boards on "account of education	2·40

Paras. 58 and 59 of letter No. 826, Financial, dated 8th December 1903.

"These figures also represent the budget grants for 1903–1904 under the heads specified. "The grant of 2·40 lakhs against item (3) is a portion of the special grant of 8 lakhs under 22. "EDUCATION.

"The Government of India have intimated that the settlement now proposed does not take "into account the increased expenditure which may be rendered necessary by reforms which are "in contemplation in the administration of Education except to the extent of the 8 lakhs a year "already allowed under this head. In dealing with the estimate under this head the Madras "Government have therefore not taken into consideration the larger reforms which may be the "result of the Educational Conference held at Simla in 1901. It has not been possible as yet to "make full use of the additional recurring allotment of 8 lakhs sanctioned last year owing to the "delay necessary for working out the schemes for the expenditure under several of the items. "Money originally placed in the Educational budget of this year has been transferred to the "Public Works department budget for educational buildings and the budget estimate for 1903– "1904 of 23·98 lakhs makes no provision for expenditure already determined on and for those "schemes to be taken up in the near future. Among the projects already determined on may "be mentioned the reform of training schools and the further reorganization of girls' schools while "among those to be undertaken in the near future are included the appointment of a Professor "of Geology for the Presidency College, a considerable increase in the European inspecting staff "and the establishment of agricultural schools in selected places. Provincial funds will be unable "to bear any large increase under Education. The settlement estimate should be taken at "26 lakhs at least."

The notes connected with these paragraphs are on pages 135–139 of K.W. 826, Financial, dated 8th December 1903.

6. The next stage of the discussion will be found on page 36 of K.W. 273, Financial, dated the 7th April 1904, from which it will be seen that India adhered to the settlement figure of 23·98 lakhs and this they did up to the end. The settlement under the head still stands at that figure excluding the special grants for primary education and for University and Collegiate education.

7. This settlement included the special grant of 8 lakhs; for the budget estimate for 1903–1904 under 22. EDUCATION was 23·98 lakhs which was adopted for the settlement figure. Under ADJUSTING HEADS—CONTRIBUTIONS FROM PROVINCIAL TO LOCAL were also included in the budget estimate for 1903–1904, grants-in-aid to local boards for Education (1·15) and a lump provision of 2·40 as a subsidy to local boards on the same account, and it will be seen from the papers noted in the margin that the settlement figure under ADJUSTING HEADS—CONTRIBUTIONS FROM PROVINCIAL TO LOCAL was fixed at the budget estimate figure for 1903–1904 less certain special items which were provincialised. The total grant for Education was thus (23·98 + 1·15 + 2·40) 27·53 lakhs in the budget estimate for 1903–1904 and this was practically repeated in the settlement. The grants for Education in 1901–1902, the year preceding that in which the special grant of 8 lakhs was made were 18·38 lakhs under 22. EDUCATION and 1·08 lakhs under CONTRIBUTIONS, a total of 19·46 lakhs, or 8·07 lakhs below the budget grant for 1903–1904.

See Notes on pages 138, 139 of K.W. 825, 826, Financial, dated 8th December 1903.

Para. 105 of letter 826, Financial, 8th December 1903.

Financial note, dated 17th February 1904, on page 44 of K.W. 273, Financial, dated 7th April 1904.

8. It is a principle of the settlement that—

"The settlement for each province is a consolidated one, and is not a collection of "separate settlements for each Provincial head. The Local Government and Administrations "will be expected to maintain all the Provincial "services in a state of administrative efficiency, "providing any increased expenditure necessary for the purpose either from the savings in "expenditure to be effected by economical administration of the Provincial services, or from "development of revenues."

Rule 14 in article 283, Civil Account Code.

This principle was stated in another way in Mr. Baker's demi-official No. 263-A, dated the 12th January 1904, where he said—

Page 3 of K.W. No. 273, Financial, dated 7th April 1904.

"It is not necessary to discuss detail. The settlements are essentially consolidated. The "only object of details is to enable us to work up to a definite total; . . . . . "

It is also a principle of the settlement that it provides for the existing standards of revenue and expenditure. The Local Government will have to meet any increased expenditure necessary for the purpose of maintaining this Provincial service of education in a state of administrative efficiency either from savings in expenditure under other heads or from the development of revenues. This principle was impressed upon this Government when they applied for additional assignments to meet increased expenditure under this self-same head, for India said—

Article 283 (14) of the Civil Account Code.

"It is one of the principles of the system of Provincial settlements that provision is made "only for existing standards of revenue and "expenditure and that future growth of expendi- "ture must be met out of growth of revenue."

Para. 2 of Finance Department letter, No. 470-A, dated 25th January 1906, in G.O., No. 125, Financial, dated 14th February 1906.

It is submitted that India's idea of carrying forward the transactions of one settlement period to the succeeding settlement period should be resisted.

9. Another contention underlying the present communication which it seems necessary to protest against is in connection with the system of "ear-marking" which, according to the present proposals, would be carried to its extreme limits. The Government of India virtually require this Government to keep a ledger account of the expenditure under EDUCATION, *i.e.*, an account showing on one side the settlement figures and the special grants and on the other the actual expenditure. But it is not possible under the present system of accounts to bring together under a single head all the extra expenditure which is involved in schemes of reorganization. More schools and more officers mean for one thing more stationery, the cost of which is shown under a distinct head. India admitted that portion of the 8 lakhs could be devoted to educational buildings, but how are the cost of buildings met from a particular 8 lakhs of Provincial revenues to be differentiated from the cost of other educational buildings? The Government of India themselves have pointed to the difficulties surrounding the ascertainment of the exact amount spent on a particular service department when they have been taxed with the profit made out of Law and Justice, and the same difficulties must, it is submitted, attend any system of ledgering expenditure. Such a system seems moreover to be altogether opposed to the principles of the settlement and especially so when it carries transactions back to a settlement period which has expired. Rule 15 in article 283 of the Civil Account Code gives the Government of India, it is true, very wide powers as regards the issue of instructions on general or particular matters affecting the revenues and services transferred to Provincial under the settlement arrangement, but this power is in the nature of a saving clause and could not, it is submitted, have been intended to upset the main principles which govern the settlement.

C. M. SCHMIDT—10-8-06.

277, 278 Edl.—2

I don't think it necessary to add to the above note now. I do not see how it is possible with any approximation to accuracy to say how much of the additional expenditure since the beginning of this grant is from the grant and how much is due to the normal expansion of Provincial expenditure. The proposal of the Government of India, if extended to all our fixed grants, will be productive of great confusion and produce most needlessly complicated accounts. I think the proposal should be resisted.

M. Hammick—16-8-06.

To the Educational Department.

Educational Department.

Submitted to the Honourable Member.

2. If the view of Financial that India's proposal should be resisted is accepted in this department, the current may be transferred to Financial as being in a better position to deal with the technicalities of the subject.

G.O., No. 500, Educational, dated 27th July 1906.

3. Proposals are now under consideration for the construction of additional quarters, rent-free, for professors attached to certain colleges subject to the condition that they exercise certain supervision over the students out of college hours, also for the construction of a combined laboratory and lecture hall for the Medical and Presidency Colleges.

G.O., No. 1039 W., dated 8th May 1906.

4. As to the grant for University education, India, on a specific reference made to them, stated that it was open to this Government to issue any orders they thought fit as to the re-allotment for University purposes of the unexpended balances which had lapsed to the general Provincial balance; but this amount, it is submitted, should be eventually allotted for expenditure connected with the University either by way of hostel accommodation to private colleges or by the endowment of a professorial chair and laboratory as soon as definite schemes, now under the consideration of the Director of Public Instruction, have been worked out.

G.Os., Nos. 645, 646, dated 29th September 1905.
G.O., No. 29, dated 18th January 1906
„ No. 89, dated 13th February 1906.

G.O., No. 29, dated 18th January 1906.
G.O., No. 89, dated 13th February 1906.

5. Will office please note the expenditure on Educational buildings shown in Public Works budget of Civil works for the last three years and budget estimate for current year? This expenditure forms no part of the Educational budget.

H. D. Taylor—17-8-06.

The expenditure on Educational buildings shown in the Public Works budgets for 1903–1904 to 1906–1907 is as follows:—

	Rs.
1903–1904	1,69,270
1904–1905	1,13,187
1905–1906	1,72,362
1906–1907	1,92,361

The amounts, however, are only the totals of the allotments in the budget from which there were considerable surrenders. The Public Works department have no information here regarding the actual expenditure in the first three years It seems that for this reference will have to be made to the Examiner, Public Works Accounts.

Unnecessary. The budget figures are a rough guide.

H. D. Taylor—17-8-06.

About Rs. 42,000 of the allotment for 1904–1905 came from the special grant of three lakhs given by the Government of India—G.Os., No. 276, Financial, dated 8th April 1904, and No. 11, Financial, dated 4th January 1905, and the abstracts of Government orders read in the latter.

P. T. Tharyan—17-8-06.

H. D. Taylor—17-8-06.

The notes have been written on the supposition that India's mode of supplemental grant is to be resisted, but it is not likely they will alter it; nor as at present advised, do I see any urgent reason for a modification.

Will office therefore note on the supposition that the grant will be continued as a special supplemental grant and show how it can best be so administered, dealing also with the other questions to answer India.

G. S. F[orbes]—26-8-06.

As to the eight lakhs' grant it does not seem probable, if our proposals in respect of training schools are approved, that there will in future be any material lapses under the educational budget.

B | Please first obtain the *actuals* for 1905–1906 and note what additional *recurring items* of expenditure over and above that included in the actuals for 1905–1906 will have to be met in the current and future years.

2. As noted, there is the expenditure in respect of training schools, the increase to the Inspectorate against which will be set the abolition and transfer to revenue of the Agricultural College, the Directorship of Technical schools. There is not likely to be any lapse under the six lakhs' grant for Primary education as this is paid to, and incurred through, the agency of Local Boards.

3. Before any definite scheme can be drawn up, it will have to be decided in consultation with Financial whether the department will allow for an increase in the budget provision on account of normal expansion of Educational charges, which is estimated in paragraph 6 of my note of 26th July 1906 at Rs. 25,000 *per annum*.

Page 2 *supra*.

4. As to *accumulations* owing to lapses in past years, these sums, if they are to be ear-marked for educational purposes, cannot be utilised for recurring expenditure, but there are the special schemes referred to in paragraph 3 of my note of 17th August 1906 for special educational buildings. Will office please estimate in detail the cost of these buildings and of the additional sum over and above the average expenditure as expended or included in the Public Works budget C | for the last five years on account of Educational buildings, which we may reasonably expect to receive in the near future on account of new buildings for girls' schools, training schools and the like.

Page 5 *supra*.

5. The grants for University expenditure is a separate matter, which need not be dealt with in this connection: the Director of Public Instruction's proposals on this subject may be awaited and he should be reminded separately.

6. It will perhaps hardly be possible at present to forecast the additional expenditure which will be incurred by way of grant or subsidy to local bodies in aid of elementary education under the new Educational rules. The Director of Public Instruction may, however, be asked to send in as accurate a forecast as possible. Certain items have, in the notes in connection with the D | Educational rules, been specified as a first charge upon the six lakhs' grant. The cost of these items should be eliminated when framing the forecast now required. Please refer to those items in the proposed reference.

H. D. Taylor—29-8-06.

The following u.o. note to the Public Works department and draft memorandum to the Director of Public Instruction are submitted for approval with reference to the Secretary's notes at **B**, **C** and **D** on page 6 *supra*. On receipt of replies a further note will be submitted.

"The following provisions were made for Educational buildings in the Public Works budgets "for the last five years:—

	Rs.
"1901–1902	78,980
"1902–1903	2,31,707
"1903–1904	1,69,270
"1904–1905	1,13,187
"1905–1906	1,72,362

"The budgets do not show what the actual expenditure on Educational buildings was during "these years. The Public Works department may be asked u.o. to be so good as to obtain the "figures and note them against the provision for each year."

P. T. Tharyan—1-9-06.

Issue.

C. G. Mackay—3-9-06.

[Memorandum to the Director of Public Instruction issued No. 440, Educational, dated 4th September 1906—II.]

To the Public Works Department.

Public Works Department.

The figures quoted above represent the total of the grants specified in part I, class A of the Provincial Civil Works budgets for the several years in question. They do not take into account the amounts included in the lump sum grants for minor works and repairs.

Appendix A of the Provincial Civil Works budget gives figures of expenditure up to 1904–1905. Educational wishes to know the expenditure during 1905–1906, as well as the grants, presumably final grants, for Educational works during the five years specified.

The Examiner, Public Works Accounts, may be requested to furnish a complete statement giving the information required.

R. KRISHNASWAMI AIYAR—15-9-06.

A. G. ROMILLY—17-9-06

OFFICE OF THE EXAMINER, PUBLIC WORKS ACCOUNTS.

The expenditure on Educational buildings from 1901–1902 to 1905–1906 is given below :—

	Original works.	Repairs.
	RS.	RS.
1901–1902	1,99,375	12,646
1902–1903	1,62,258	15,532
1903–1904	2,23,679	17,530
1904–1905	1,78,795	13,087
1905–1906	1,38,379	16,976

2. It is not possible for this office to give the amount of *grant* for each year, as the lump sum provisions for minor original works and repairs are not allotted by main and sub-heads.

C. R. T. BALSTON—27-9-06.

PUBLIC WORKS DEPARTMENT.

To the Educational Department.

A. G. ROMILLY—9-10-06.

EDUCATIONAL DEPARTMENT.

From the Government of India, dated 15th October 1906, No. 795.

The Government of India wish to know when a reply may be expected to their reference * regarding the action which this Government propose to take in regard to the sums which have lapsed from the special recurring grant of 8 lakhs given by them in 1902.

* Letter No. 512, dated 11th July 1906.

2. The matter is still under consideration. Certain information was called for from the the Director of Public Instruction and the Public Works department on the 4th September 1906. Reply has been received from the Public Works department. The Director of Public Instruction has not yet replied. A reminder went to him on the 3rd instant and another is now going.

Submitted that the following reply may be sent to the Government of India :—

"The matter is still under the consideration of this Government. A reply will be sent as soon as it is disposed of."

P. T. THARYAN—24-10-06.

Secretary—

C. G. MACKAY—24-10-06.

We cannot put off India with an evasive answer such as that suggested. They ask for definite information, and must get it. The main question involved is one for Financial, *i.e.*, whether (*a*) the Government will accept the proposal of India to treat the lapsed balances out of the special grant as ear-marked for Educational purposes; (*b*) whether Provincial will in addition to these special grants allow increased provision for Educational purposes out of ordinary Provincial funds to meet normal expansion of expenditure.

Financial should not accept this position.
G. S[TOKES]—20-11-06.

Educational will get its share of our growing revenues no doubt.
G. S[TOKES].

2. What the effect of the new Educational rules will be in respect of this normal expansion we cannot at present foresee with accuracy, but at least we can formulate definite schemes for new buildings, hostels, etc., which can be provided for out of the amounts of the lapsed balances as definitely ascertained.

They have not been definitely ascertained and cannot be so.
G. S[TOKES]—20-11-06.

3. I cannot trace the reference * to Director of Public Instruction approved by the Assistant Secretary on 3rd September 1906, so I cannot see what the exact terms of that reference were. Apparently it asked merely for information as to the effect of the new Educational rules and the provision to be made in future for recurring expenditure—a totally different matter for which the disposal of the present reference should not be delayed. Office should not have slept all this time without preparing a statement

* Memorandum No. 440, dated 4th September 1906.

Quite useless for disposal of this reference. What *was* required was the suggestion of the Director of Public Instruction as to objects on which the accumulated balances could be spent. The reference deals only with the future not with the past.
H. D. TAYLOR—25-10-06.

of definite expenditure of a non-recurring nature proposed to be met from the accumulations of the lapsed balances now with Financial. Office will now please note on the point without delay on the main file.

4. Will office please note further independently of the Director's reply to memorandum No. 440, Educational, dated 4th September 1906? From the statement furnished by the Accountant-General, the figures as to actuals for 1905–1906 on page 1 *supra* appear to be wrong. There was an actual lapse in all for that year of Rs. 90,000.

Submitted that these were only the preliminary actuals as stated in the margin of page 1.
P. T. THARYAN.

5. Will office please note at once details of the proposals under consideration for schemes involving *non-recurring* expenditure? There have been lapses to about 8 lakhs owing to non-utilization of the special grants since 1902–1903.

H. D. TAYLOR—25-10-06.

The following statement shows the expenditure in 1905–1906 as compared with the provision for 1906–1907 under the several minor heads under the major head 22. EDUCATION and under ADJUSTING HEADS so far as regards Education :—

	Expenditure in 1905–1906.	Provision for 1906–1907.
	RS.	RS.
University	21,325	2[illegible],000
Direction	76,140	75,900
Inspection	4,49,256	5,09,000
Government Colleges—General	2,13,126	2,07,000
Government Colleges—Professional	2,10,526	1,97,500
Government Schools—General	1,73,029	1,85,800
Government Schools—Special	2,91,424	2,71,300
Grants-in-aid	8,06,279	8,56,000
Scholarships	57,816	54,000
Miscellaneous	19,032	24,000
Refunds	140	1,300
Lump provision for Primary education	..	6,00,000
Do. for reorganization subordinate educational service	..	1,200
Total ..	23,18,093	30,03,000
Adjusting heads	9,12,790	3,72,000
Grand Total ..	32,30,883	33,75,000

C. G. MACKAY.

2. The provision under UNIVERSITY may be left out of account. Out of the grant of Rs. 2,80,000 made up to date by the Government of India, Rs. 2,10,128 remains unutilized—page 3 *supra*. Of this amount about 2 lakhs have merged in the Provincial balance.

Any increments may be neglected.
C. G. MACKAY.

3. Under DIRECTION there will be no additional recurring expenditure.

4. Under INSPECTION the full number of Sub-Assistant Inspectors of Schools, clerks and servants was not employed in 1905–1906. The exact number of Sub-Assistants of the 4th class employed in that year is not shown in the Civil budget estimate—page 129—but in the other classes there were 64 against 86 proposed for 1906–1907. Similarly there were only 72 clerks and 117 servants against 135 and 240 proposed for 1906–1907. Two new Inspectors also have been appointed in 1906–1907. Altogether there will be an increased recurring charge of Rs. 59,744 under the minor head INSPECTION.

C. G. MACKAY.

The improvements suggested by the Universities Commission for Government colleges were few and slight.
C. G. MACKAY.

5. Under GOVERNMENT COLLEGES—GENERAL no additional recurring expenditure is anticipated.

6. Under GOVERNMENT COLLEGES—PROFESSIONAL, Educational will, in 1906–1907 and future years, be relieved of the cost of the College of Agriculture between Rs. 40,000 and Rs. 50,000, but the cost of the school department of the College of Engineering (between Rs. 20,000 and Rs. 27,000) hitherto shown under GOVERNMENT SCHOOLS—SPECIAL will now be transferred to this head. An additional recurring expenditure will also be necessary on account of the reorganization of the latter college. The details have not been worked out as yet.

Page 135, Civil budget estimate.
Page 142, Civil budget estimate.
Page 133, Civil budget estimate.

7. Under GOVERNMENT SCHOOLS—GENERAL there will be no recurring additional expenditure except a few hundred rupees required for starting new schools in the Gódávari Agency, but under GOVERNMENT SCHOOLS—SPECIAL Rs. 30,000 will shortly be required for the reorganization of training schools for primary teachers and Rupees 20,000 after a time for the higher grade training schools, suggested by the Government of India. On the other hand Mr. Chatterton's pay formerly shown under this head will from the current year be transferred to the Revenue budget.

(In round figures).
Paragraph 5 of letter No. 496, dated 25th July 1906.
Paragraph 6 of do.

I.e., 1,370 × 12.

C. G. MACKAY.

8. Under GRANTS-IN-AID additional amounts will be required for payment of grants to European schools, but for this the Government of India have given a special grant of Rs. 40,000 —G.O., No. 417, Educational, dated 15th June 1906.

Perhaps the Director may want Rs. 30,000 in addition to this Rs. 40,000 in place of the budget Rs. 20,000. Notes K.W. G.O., No. 417, Educational, dated 15th June 1906.

9. Under the new Educational rule 83, local bodies have to pay capitation allowances to trained teachers in their lower elementary schools and under rule 84 they will lose the fees hitherto levied in the same class of schools maintained by them. The excess expenditure in the former case will be met and the loss in the latter case will be made good from the 6 lakhs grant. Under rules 81 and 82 also, local bodies will have to incur larger expenditure than at present on their schools the staff of which will be reorganized, but the excess in the case also will be met from the 6 lakhs grant. The Director was asked in Memorandum No. 440, dated 4th September 1906, to submit as accurate a forecast as possible of the amount required for these purposes, but he has not as yet furnished the required information.

The amounts have not been worked out and may be omitted from consideration at present as they come from the 6 lakhs grant. We are dealing only with the 8 lakhs grant.

C. G. MACKAY.

But the 6 lakhs grant may not suffice.

H. D. TAYLOR.

Under rule 5 of the Grant-in-aid Code a large number of the schools and departments formerly aided from Provincial funds will now have to be aided from Local funds and Provincial will have to make good the excess in the shape of subsidies. The amounts hitherto paid as grants will however be available for payment as subsidies. Under foot-note (1) on page 1 of the Grant-in-aid Code and under rule 34 of the Code the total grants payable from Provincial and Local will remain unaltered at least for the present.

Para. 30 of office-note on page 9 of K.W. No. 356, Educational, dated 21st May 1906.

I.e., for the triennium beginning 1906–1907.

C. G. MACKAY.

But schools newly admitted have to be provided for.

H. D. TAYLOR.

10. On the whole it would seem that there will not be any lapses in the Educational budget for the future and there will be slight increases year after year in the annual expenditure on education when the reorganization of training schools is sanctioned and additional schools come under maintenance or aid.

11. Means have therefore to be found only for spending the lapses from 1902–1903 which amount to Rs. 7,97,490 up to the close of 1905–1906 and it is chiefly on this point that the Government of India call for information—*vide* the last sentence of their letter.

12. The note of the Examiner, Public Works Accounts, on page 8 *supra*, shows that the average expenditure on original works during the last five years was Rs. 1,84,497. The provision in the current year's budget is Rs. 1,92,361. This includes Rs. 41,950 for new lecture rooms for the Presidency College. Estimates for new laboratories for the Medical College amounting to Rs. 1,70,130 are now ready. Estimates for quarters for the Principal of the Kumbakónam College and for deputy warders for the Victoria students and the Rajahmundry College hostels are under preparation. The total cost of these buildings may be put down at about Rs. 30,000. In addition to these, educational buildings estimated to cost several lakhs of rupees remain to be constructed. Grants amounting to Rs. 2,73,490 were asked for by Public Works officers on behalf of these buildings in 1906–1907 alone—pages 54–59 of the Public Works budget for the current year. If Financial can allot the required amount and if Public Works department can hurry up the estimates for these buildings, the lapses in the Educational budget referred to in the foregoing paragraph can be spent in two or three years if not in a shorter time.

Page 15 of the budget.

Paragraph 7 of the office-note, 30th June 1906.

G.Os., No. 500-A, Educational, dated 27th July 1906, and No. 590, Educational, dated 8th September 1906.

Principal's quarters Rs. 14,000, and warders' quarters Rs. 8,000, each approximately (G.Os., Nos. 299, 300, dated 8th May 1905).

In most cases estimates are awaited.

C. G. MACKAY—29–10–06.

P. T. THARYAN—25–10–06.

C. G. MACKAY—29–10–06.

India's letter deals practically with two points—

(*a*) the expenditure of the sums amounting in all to Rs. 7,97,490 which have lapsed to the general Provincial balance out of the increased provision for education consequent on the special grant made by India since 1901–1902.

(*b*) the provision from Provincial funds of money to meet automatic other than special increase of expenditure.

This seems to take no account of what has been spent on buildings in Educational from 1902–1903 to 1905–1906.

M. HAMMICK—31–10–06.

It takes no account of what has been spent under Adjusting heads.

G. S[TOKES]—2–11–06.

2. The Financial department is disposed to resent any proposal to regard these lapses as earmarked for educational purposes, but it is not likely that India will be prepared to listen " to any remonstrance on that ground. It remains therefore to be seen what expenditure of a recurring nature is likely to be incurred in the future and on what objects the expenditure in connection with which will be of a non-recurring nature, the past accumulations as they can be placed at our disposal by Financial can best be expended.

If you can show them wrong, India will listen, and if they won't, we can go to the Secretary of State.

G. S[TOKES]—2–11–06.

I know from Mr. Meyer that the Finance department will listen and approve. Never prophesy unless you know.

G. S[TOKES]—2–11–06.

3. The office-notes show that, in the future, we are likely to spend on charges of a recurring nature the full amounts of the budget provision and that the provision will require slight expansion from year to year to meet automatic increases.

As to past accumulations India may be informed that the Government propose to spend the lapsed balances, as funds can be made available with reference to the general Provincial budget estimate, on buildings required for educational purposes such as hostels, lecture rooms and quarters for Principals, Girls' schools and Training schools.

We cannot give any such assurance. If such hostels, etc., are wanted they must come up for consideration on a par with all the other claims on Government.

G. S[TOKES]—2–11–06.

E

4. India have sent a reminder asking when a reply may be expected. It is really a question for Financial to reply to. If Financial agree to the proposal of India to utilize these balances for educational purposes, there are numerous objects on which Educational can spend them.

5. In reply to India's reminder we may perhaps say that the question is being considered in the Financial department in connection with the budget and that a reply will be sent within two months.

A

6. It is really a simple matter to be dealt with in Financial. The latter must say whether they agree to provide the funds. Until Financial agree we cannot send any reply in Educational. Will Financial please say whether they accept the reply to the reminder as indicated at **A**, and whether they will be prepared to accept the transfer of the file—a reply to India's reference. Will Financial please treat this as very urgent.

On the contrary it is most disputatious.

G. S. [FORBES].

H. D. TAYLOR—29–10–06.

FINANCIAL DEPARTMENT.

Submitted that the reply to India's reference should in any case be drafted in Educational. This department is concerned mainly with the acceptance of India's principles and this matter has been discussed in the main file. It will be observed that Educational arrive at the figure 7·97 lakhs as the lapse on the special grant of 8 lakhs up to the end of 1905–1906 by taking the difference between the budget allotments and the actuals for each year from 1902–1903. It is not quite clear how this calculation gives a correct idea of the facts. In 1896–1897 ·60 lakh lapsed out of the Educational grant; in 1901–1902, ·23 lakh—these have been treated as Provincial lapses. It does not seem to be correct to treat the *whole* of the lapses after 1902–1903 as ear-marked lapses.

Of course it does not do so.

G. S[TOKES]—20–11–06.

C. M. SCHMIDT—29–10–06.

H.M.—

If the Government accept the views of the Government of India, and I suppose there is small chance of their giving way on this point, I do not see that the mode of calculating the amount that has lapsed out of the 8 lakhs, as calculated by the Educational department, is correct. Educational apparently merely take what has lapsed in each year since 1902–1903. I do not understand how that sum can possibly be said to be the amount that has lapsed from the 8 lakhs. Surely if any calculation is to be made, it should be by finding out what exactly was spent on education—including what was spent on educational buildings—before 1902–1903 and then seeing how much has been spent in each subsequent year on the same objects and taking the difference as the amount spent from the grant less Rs. 25,000 which Mr. Taylor calculates to be the normal increase in educational expenditure from year to year. I imagine this method will give a very much larger sum than Rs. 7,97,490; so if India is satisfied with this figure, Provincial had better accept it. Merely taking the lapses in each year will give no accurate result, as the budget figures did not apparently allow for the expenditure of the whole special grant of 8 lakhs.

Why? This is a common and most fallacious argument

G. S[TOKES]—2–11–06.

Obviously it is quite incorrect.

G. S[TOKES]—2–11–06.

I agree.

G. S. F[ORBES]—25–11–06.

Why do you think this? Pages 3–4 of the notes show the exact opposite.

G. S[TOKES]—2–11–06.

Whether the Government of India's proposal is to be accepted is for Government to decide; if it is, the proposal marked **E** on page 11 seems the best way of meeting the Government of India's wishes.

M. HAMMICK—31–10–06.

Will Financial please set out shortly the conditions on which we were given—

(1) The Tank Restoration grant.
(2) Police grants.
(3) Eight lakhs grant.
(4) Six lakhs grant.
(5) University education.
(6) Any other special educational grants.

2. Will it also examine the objection that we cannot separate out the expenditure from the 8 lakhs grants under our existing system of accounts. If this is required we must have a separate head in the accounts for each special grant.

3. Also please set out clearly the objection on page 5 of the above notes that the 8 lakhs grant has come down from a former settlement.

4. Also set out shortly the former discussions about departmental finance.

5. In regard to (1) please set out the detail of the accounts so as to make the point clear.

G. S[TOKES]—2–11–06.

CONDITIONS ATTACHED TO SPECIAL GRANTS.

The conditions on which the several special grants have been sanctioned by the Government of India are set out below :—

I. TANK RESTORATION GRANT (5 LAKHS).

(*a*) In November 1903, the Government of India (Public Works department) requested that a report might be furnished to them stating what alteration in the existing system of tank restoration the Local Government would propose to make in order to give effect to the recommendations of the Irrigation Commission for a more vigorous prosecution of tank restoration works and what assistance, if any, in the way of additional Engineer establishment or funds, would be required from the Imperial Government to carry out the proposals.

Letter from the Government of India, Public Works department, No. 1600/C.W.I., dated 28th November 1903, on page 2 of G.O., No. 1198 I., dated 31st October 1904.

(*b*) In reply the Government stated that—

"During the five years ending 1903–1904, the grant that it has been found possible "to make annually for Tank Restoration Scheme "works averaged 4·06 lakhs and with an annual "assignment of only 38 lakhs under the head "'43. MINOR WORKS AND NAVIGATION' "according to the recent Provincial Settlement, this Government will not be in a position to allot "any amount appreciably in excess of the above sum. The additional funds that will therefore "be required to carry out the proposals made in this letter will be about 9 lakhs *per annum*."

Letter to the Government of India, Public Works department, No. 1199 I., dated 31st October 1904 (paragraph 9 on pages 3 and 4).

(*c*) India then replied—

". . . . . the Government of India regret that in view of the demands from other "Provinces, they are unable to give as large a "grant as Rs. 9 lakhs *per annum*. They are, "however, pleased to sanction an additional "allotment of Rs. 5 lakhs to Madras for the "current year under 43. MINOR WORKS AND NAVIGATION—*Provincial* and an additional assign-"ment to this extent which will be made through the Land Revenue head. . . . . it is the "intention of the Government of India to repeat this grant year by year unless in any year "financial exigencies require a reduction in the Imperial allotment under 43. MINOR WORKS.

Paras. 2 and 3 of letter from the Government of India, Revenue and Agricultural department (Civil Works), No. 813 I., dated 22nd June 1905, in G.O., No. 807 I., dated 4th September 1905 (page 2).

"It is believed that this assurance will suffice to enable the Government of Madras "to entertain the necessary establishments. I am to request that, with the permission of His "Excellency the Governor in Council, a revised scheme of tank restoration may now be drawn "up to utilize the above amount and the share of the assignment under 43. MINOR WORKS AND "NAVIGATION which the Local Government may be able to allot for the purpose of tank restora-"tion and which in the past five years has averaged 4·06 lakhs, and that it may be submitted to "the Government of India for information. . . . ."

(*d*) A scheme was then submitted to the Government of India working down to the reduced grant of 9 lakhs *per annum* which spread the tank restoration scheme operations over a period above twenty years in duration instead of fourteen years as originally contemplated. As regards the grant of 5 lakhs for 1905–1906 it was explained to India that the expenditure on tank restoration scheme and other minor works was, owing to the season, so forward in proportion to the grant that little difficulty was anticipated in spending it on repairs to tanks, but in case there should be any balance His Excellency the Governor in Council hoped that the Government of India would have no objection to this balance being spent on other minor works.

Para. 8 of G.O., No. 807 I., dated 4th September 1905, forwarded to the Government of India with endorsement No. 808 I., dated 4th September 1905.

Para. 8 *ibid.*

This was the first mistake.

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(*e*) The Government of India stated that they had—

"no objection to the utilization on other works of any unspent balance of (the) "Imperial contribution for tank restoration, "provided it is understood that such portion of "the Imperial contribution as may be diverted "in the manner proposed will be made good "from Provincial funds in subsequent years"

Para. 2 of letter from the Government of India, Public Works department, No. 1485—1, dated 2nd November 1905, on page 3 of K.W. No. 57, Financial, dated 18th January 1906.

The intention of this ruling of India's will be found discussed in K.W. 57, Financial, dated 18th January 1906.

(*f*) The budget estimate for 1905–1906 for tank restoration scheme works was 3·68 lakhs. The Government of India sanctioned in addition a grant of 5 lakhs. The total expenditure incurred in 1905–1906 was 5·86 lakhs.

Page 8 of Appendix to G.O., No. 519 I., dated 14th May 1906.
Page 11 of G.O., No. 1033 I., dated 27th September 1906.
It is obviously impossible to say how much of this is Imperial and how much Provincial.

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II. POLICE GRANTS.

(*a*) In their despatch to the Secretary of State, No. 28, dated 19th November 1903, communicating on the report of the Indian Police Commission, the Government of India remarked as follows in regard to the financing of the schemes arising out of the recommendations of the Police Commission :—

Paras. 13 to 15 of despatch communicated to this Government with Home Department letter, No. 250, dated 14th April 1904, in G.O., No. 1112, Judicial, dated 25th July 1904 (pages 25—31 of collection Government Order regarding correspondence relating to the Police Commission's report).

"13. There remains the question of cost. Our present annual expenditure on police is "262 lakhs of rupees. The proposals of the Commission involve an ultimate "additional annual expenditure of 150 lakhs, almost the whole of which will "have to be borne by what are at present Imperial revenues.

"We shall call upon Local Governments to scrutinize the proposals minutely, with a view "to every possible economy that is compatible with reasonable efficiency. We believe "that it will be found possible to effect such economies, though perhaps they will be "more easily effected in the smaller than in the larger items which constitute the total. "But, subject to such reductions as it may be found possible to make without impairing "the general standard of efficiency at which the Commission have aimed, we think "that the attainment of that standard is worth the cost; and we shall be prepared to "incur the expenditure necessary to that end.

"14. In referring the question to Local Governments we shall draw their attention to the "following points :—

"(1) Out of the total increase of Rs. 1,40,65,000 proposed on account of pay, only "Rs. 20,20,000 is for the pay of Europeans, the remainder, Rs. 1,20,45,000, "being for Indians.

"(2) Of this sum there would be required at starting—

	Rs.
"For Assistant Superintendents	4,43,000
"For head constables	8,81,000
"For constables	44,03,000
Total ..	57,27,000

"besides a further sum of uncertain amount for raising the minimum pay of "District Superintendents of Police to Rs. 700 a month. There will, on "the other hand, be some reduction on this figure by the operation of the "proviso that the periodical increments are only to be given to constables of "approved service.

"(3) As to the higher ranks, we shall ask Local Governments what their proposals are "for the introduction of the new scales in the event of their being sanctioned "and for an approximate estimate of their financial effect.

"(4) We shall further intimate to them our intention that part of the cost should be "contributed by the Government of India and part should be left to be provided "by degrees by Local Governments from the increase of provincial revenues "under the operation of the new settlements now about to be introduced; and "we shall inform them that in no circumstances can we accept as an imperial "charge any portion of the expenditure required for buildings, the amount "of which has not been estimated by the Commission. The responsibility for "this expenditure must be wholly Provincial, and the necessary extensions and "improvements, the necessity for which we readily admit, must be carried out "gradually as the resources of each province permit.

"15. Subject then to such modifications of detail as may arise from our reference, we "may sum up our view of the financial aspects of the Commission's recommenda- "tions in the following conclusions :—

"(i) The scales of pay proposed by them for the higher ranks of police officers must be "gradually and progressively applied, and in applying them the claims of indi- "viduals to be admitted to the higher rates must be jealously scrutinized.

"(ii) The strength of the force can only be raised gradually on consideration of the "requirements of the province or locality concerned and of the necessary "financial limitations.

"(iii) These conditions being complied with, we anticipate that the opening stages of the "process of the reforms contemplated by the Commission will impose upon the "revenues of India no burden at all comparable with that which will have to be "borne when the final stage is reached; and complete effect is given to the "Commission's recommendations. But by that time the revenues themselves "will have expanded, and will, so far as we can reasonably forecast, be able to "meet the increased charge.

"(iv) In the meantime we are in a position to place at the disposal of the Local Govern- "ments, for the purpose of these far-reaching and essential reforms, a contri- "bution of 25 lakhs during the next financial year, and, if conditions continued "to be normal and no unforeseen disaster forces us to retrench, we propose to "augment this contribution at the rate of 25 lakhs a year, or by such smaller "sum as the growth of provincial revenues may render adequate, until we have "carried out to the full the measure of reforms and expansion that the "exigencies of the occasion demand."

Para. 3 of Home department letter, No. 250, dated 14th April 1904, in G.O., No. 1112, Judicial, dated 25th July 1904 (page 25 of Collection G.O., regarding Police Commission Report).

(*b*) In forwarding to the several Local Governments a copy of their despatch, the Government of India invited special attention to paragraphs 13, 14 and 15 which dealt with the matter of expenditure.

Page 2 of G.O., No. 308, Financial, dated 10th April 1905.

(*c*) In Finance department letter No. 1764A, dated the 23rd March 1905, the Government of India sanctioned a recurring grant to this Presidency of 10 lakhs *per annum* with effect from the year 1905–1906 to enable the Madras Government to meet additional expenditure on Police arising out of the recommendations of the Police Commission.

Para. 24 on page 8 of the Government of India Financial Statement for 1905–1906.

In announcing this additional assignment in the Financial Statement for 1905–1906 the Finance Minister said :

"Turning now to the four measures of administrative improvement which involve increased "recurring expenditure, the first in urgency, though not in immediate magnitude, is the reform "of the Police, in accordance with the approved recommendations of the Police Commission. To "carry out those recommendations in full will cost a very large sum of money, and must neces- "sarily occupy a considerable time. For next year, however, we have arranged to make a "beginning by providing a sum of 50 lakhs of rupees which will be distributed among the "provinces as follows :—

"Madras .. .. 10 lakhs.

" * * * * *

"These grants will be permanent and will be added to the fixed assignment of each "province which has a Provincial settlement. The principal measures to which these grants will "be applied during 1905–1906 are the following :—

"(*a*) the strengthening of the armed police reserve;

"(*b*) an increase to the pay of the rank and file of the force;

"(*c*) the grant to all constables of a free kit on enlistment, together with local allowances "in special tracts and a deputation allowance of 2 annas a day (or 4 annas in Burma) when "deputed on duty beyond their circle; and

"(*d*) an increase of strength and pay and improved grading for sub-inspectors.

"It is estimated that these measures, which for the most part can be carried out without "delay, will absorb the whole of the provision made for 1905–1906. The remainder of the "approved reforms will be carried out in due course, the requisite funds being provided partly "from Provincial revenues and partly by means of additional assignments from Imperial. It is "hoped that not less than 25 lakhs per annum will be made available for this purpose in "1906–1907 and succeeding years until the entire scheme has been carried out; but it is evidently "recurring police expenditure, impossible to guarantee this rate of progress in advance."

(*d*) In Home Department letter No. 24, dated 11th January 1906, the Government of India recognised that as a result of the restriction of immediate reforms in Police to certain selected measures, a considerable portion of the special grant of 10 lakhs would remain unspent during 1905–1906 and they expressed the hope that the Madras Government would be able to arrange to utilize the amount so unspent on non-recurring police expenditure, such as police buildings.

Para. 4 on page 3 of G.O., Nos. 178, 179, Judicial, dated 1st February 1906.

(*e*) In Home department resolution, Nos. 488—500, dated the 4th May 1906, the Government of India intimated that they had "allotted in the budget for 1906–1907 between the "different Government and Administration a further grant of 25 lakhs of rupees in aid of "the reform of the Police." Of the grant Madras received 4·50 lakhs and the amount was "permanently added to the resources of the" Presidency. The Government of India desired that the grant should be devoted to the following objects :—

G.O., No. 815, Judicial, dated 14th May 1906.

No ear-marking here.

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(1) the introduction of the improved scale of pay for superior officers;

(2) the recuitment of Deputy Superintendents;

(3) the further recruitment of sub-inspectors;

(4) the formation of the provincial departments of criminal investigation; and

(5) the advancement of the reforms proposed in the police forces of the city of Madras.

Page 10 of the *Gazette of India*, dated 21st March 1906.

In paragraph 36 of the Government of India Financial Statement for 1906–1907, it is stated :

"We . . . . provide a sum of 25 lakhs [of which Madras gets 4·50 *per annum*] for "the reform of police, in accordance with the approved recommendations of the Police Commis- "sion. It will be remembered that last year a similar grant of 50 lakhs was provided for this "purpose, and the grant now given is in addition thereto. We are pledged to carry out these "reforms as funds become available, and though unfortunately a considerable part of the provision "made last year has not been spent, we hope that this will be made good in 1906–1907 and a "further material advance obtained."

III. 8 LAKHS GRANT FOR EDUCATION.

3. (*a*) In November 1901, the Government of India in dealing with the proceedings of the Educational Conference held at Simla in September 1901, informed this Government that whilst approving entirely of the resolutions of the Conference as regards various branches of education they recognized that it would—

"be beyond the power of local Governments and Administrations to give adequate effect "to the recommendations of the Conference from "the resources at their disposal under the current "Provincial Settlements, and the Governor-"General in Council is prepared to consider how "far he can give *assistance* for this object to Provincial revenues."

Para. 5 of Home Department letter No. 466, dated 6th November 1901, on page 3 of G.O., No. 678, Educational, dated 21st November 1901.

They therefore wished to learn—

"what will be the initial and recurring expenditure respectively, involved in carrying out "the proposals of the Conference, in so far as they are directly applicable to the circumstances of "Madras, and to what extent money will be required for either object in the financial year 1902–"1903, and in each succeeding year till the maximum recurring expenditure is reached."

They also asked that when submitting the estimates of increased expenditure, the local Government would state how far it would be possible to meet this expenditure from Provincial funds.

(*b*) In reply this Government stated that an initial expenditure of 4·63 lakhs and a recurring expenditure of 12·71 lakhs would be required and that Provincial funds unassisted could not meet any increased expenditure.

G.O., No. 74, Educational, dated 12th February 1902 (page 2 of G.Os., Nos. 87, 88, Educational, dated 18th February 1902) and letter to India, No. 88, Educational, dated 18th February 1902 (pages 16—17).

(*c*) The Government of India then intimated that they had decided to make a recurring grant of 8 lakhs to the Provincial revenues of Madras each year from the year 1902–1903 "till the close of the current Provincial Settlement." They explained further—

Finance and Commerce Department letter, No. 1423-A, dated 10th March 1902, in G.O., No. 162, Educational, dated 21st March 1902, printed on page 2 of G.O., No. 325, Educational, dated 29th May 1902.

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"that although the grant has been added to Provincial revenues under the head 22. "EDUCATION, there is no objection to a portion "of it being utilized for the cost of educational "buildings as well as for expenditure, whether "recurring or non-recurring, which is debitable "to the head of EDUCATION,"

Government of India, Home Department, letter No. 391, dated 10th May 1902, on pages 2–3 of G.O., No. 325, Educational, dated 29th May 1902.

and that—

"the grant of 8 lakhs was intended to meet in part the expenditure which will be the "outcome of the recommendations of the Educational Conference held at Simla in September "1901."

and that—

"it must therefore be understood that it should not be generally utilized to meet charges "falling outside that expenditure."

(*d*) When forwarding for the opinion of this Government their proposals for the Provincial Settlement now current, the Government of India adopted for the settlement figure under 22. EDUCATION the budget estimate for 1903–1904, viz., 23·98 lakhs and remarked that—

Para. 27 of letter No. 4933-A., dated 13th August 1903, on page 11 of G.O., No. 825, Financial, dated 8th December 1903.

"the settlement now proposed does not take into account the increased expenditure which "may be rendered necessary by reforms which are in contemplation in the administration of "... Education, except to the extent of the Rs. 8,00,000 a year already allowed under "[that] head. It will not be possible to determine for some years what the total additional "expenditure will be, and a long time is likely to elapse before the reforms come into full "operation. Part of the increase should in ordinary course be defrayed from Provincial revenues; "the remainder will hereafter be found by additional assignments from Imperial revenues."

(*e*) In their final letter on the present Provincial Settlement, in which the settlement figure under 22. EDUCATION was taken at 23·98 * lakhs, the Government of India said—

* The settlement figure under Adjusting Heads was also taken at the budget figure for 1903–1904—see para. 7 of note, dated 10th August 1906, on page 4 *supra*.

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"The Settlement does not take into account any contribution which the Government of "India may find it desirable to make towards "the expenditure rendered necessary by reforms "which are in contemplation in the admini-"stration of Police and Education, or towards "the additional expenditure on Irrigation which may result from the investigations of the "Irrigation Commission."

Para. 9 of Finance and Commerce Department letter, No. 1863-A, dated 19th March 1904, on page 3 of G.O., No. 273, Financial, dated 7th April 1904.

(*f*) In explaining to the Secretary of State the position taken up by them in regard to the financing of the schemes resulting from the Educational Conference held at Simla in September 1901, the Government of India stated that as the total approximate cost according to the forecasts received from the several Governments amounted to 58 lakhs of initial and 67 lakhs of recurring expenditure—

Despatch from the Government of India to the Secretary of State, No. 293, dated 17th September 1903, on pages 2–4 of G.O., No. 223, Educational, dated 6th April 1904.

Para. 5 of Despatch from the Government of India to the Secretary of State, No. 293, dated 17th September 1903, on page 3 of G.O., No. 223, Educational, dated 6th April 1904.

"We intimated to the Provincial Governments our intention of making recurring grants "amounting in all to 40 lakhs to be devoted "exclusively to Educational purposes. With "this announcement the question of carrying out "the principles laid down by the Conference "underwent a material change. Instead of "framing ideal estimates based on the assump-"tion that the requisite funds will be provided "by the Government of India, the local Govern-"ments found themselves restricted to a fixed "allotment which could only be expended by con-"tributions from Provincial resources . . . .

	LAKHS.
Madras	8
Bombay	6
Bengal	10
United Provinces	5
Punjab	4
Burma	4
Central Provinces	2
Assam	1
	40

"All the Governments . . . . except two (Bengal and the Punjab) have intimated "to us their inability to increase their educational expenditure from their own resources, "independently of the addition which we have made to their revenues.

"We anticipate no difficulty in keeping the expenditure of the local Governments for the "present within the limits now defined, but we propose to communicate the present correspondence "to local Governments in order that there may be no possibility of misunderstanding as to the "limitations which financial considerations impose upon them."

The Secretary of State remarked that—

Para. 4 of Despatch No. 138, Public, dated 20th November 1903, on page 5 of G.O., No. 223, Educational, dated 6th April 1904.

"whenever a proposal for increased "educational expenditure in any province is "submitted for my sanction it [should be] accompanied by a statement showing how much of the "special grant allotted to that province . . . . has been spent and how much is still available."

(*g*) In 1904 the Government of India remarked that previous to 1902–1903 there had been a normal increase in the expenditure from Provincial revenues on Education (amounting in the aggregate to 2 lakhs annually for the whole of India); that the recurring grants made in March 1902 (8 lakhs for Madras) supplemented this ordinary growth of expenditure and that in fixing the terms of the Provincial settlement account was taken of the recurring grant made in March 1902. They requested that they might be furnished with a comprehensive review of the educational improvements resulting from the 8 lakhs grant accompanied by a statement of the probable amount of expenditure in 1904–1905 upon Education, as shown in the budget estimate for that year from Provincial funds showing by how much this expenditure would exceed that of the year 1901–1902, how much of this increase had been met from the special recurring grant made in March 1902, and what were the main purposes to which this increase was being applied.

Letter, No 574, dated 11th July 1904, on page 2 of G.O., No. 449, Educational, dated 25th July 1904.

The Educational department replied to these requests in letter No. 129, Educational, dated the 6th March 1905.

(*h*) In December 1905 the Government of India were informed by this Government that the reforms resulting from the Educational Conference held at Simla in 1901 had for the most part been sanctioned and were either in full operation or in course of introduction and that expenditure would be incurred in succeeding years in connection with technical education, the reorganization of training schools and of the Engineering and the Presidency Colleges. They were accordingly requested to raise the assignment to the Provincial revenues of Madras by a further grant of one lakh during 1906–1907 and by a recurring grant of two lakhs from 1907–1908 onwards, in view of the promise held out in Finance and Commerce Department letter No. 1863 A., dated 19th March 1904, reproduced in clause (*g*) *supra* and in view of the fact that the increased expenditure under the head 22. EDUCATION had arisen from reforms carried out since the introduction of the present Provincial Settlement.

Letter to the Government of India, No. 884, Financial, dated 29th December 1905.

Para. 9 of letter on page 3 of G.O., No. 273, Financial, dated 7th April 1904.

(*i*) The Government of India observed in reply "that it is one of the principles of the "system of Provincial Settlements that provision "is made only for existing standards of revenue "and expenditure and that future growth of "expenditure must be met out of growth of revenue. In accordance, however, with their intention

Financial department letter No. 470 A., dated 25th January 1906, in G.O., No. 125, Financial, dated 14th February 1906.

"at the time of framing the settlement which were indicated in the letter of 19th March 1904, "the Government of India have since made "the following special grants for educational "purposes :—

Para. 3 (c) on page 16 *supra*.

"(i) A recurring grant of Rs. 6,00,000 to meet increased expenditure.

"(ii) A grant of 1·05 lakhs for University education.

"In these circumstances, the Government of India are unable to admit any claim to the "further assistance from Imperial revenues now asked for."

IV. Six Lakhs Grant for Primary Education.

Financial Department letter No. 1763-A, dated 23rd March 1905, on page 2 of G.O. No. 308, Financial, dated 10th April 1905.

4. (*a*) This grant was made in 1905 and in communicating the fact the Government of India stated

"that they have decided to make recurring grant of Rs. 6,00,000 per annum to the "Provincial revenues of Madras to meet increased expenditure on primary education. The "assignment will be made to Provincial revenues through the Land Revenue head every year "from 1905–1906 onwards. In making this grant, the Governor-General in Council desired that "it should be fully utilized in increasing the normal allotment for primary education, inclusive "of expenditure on buildings and outlay incurred through the agency of local boards" and that "a statement should be submitted every year to the Government of India in the Home department, "showing the extent to which this instruction has been complied with, the expenditure of 1904–"1905 being taken as the normal standard for the purpose of the return."

G.O., No. 520, Financial, dated 5th August 1905.
G.O., No. 304, Educational, dated 1st May 1906.
G.O., No. 355, Educational, dated 21st May 1906 (Hon'ble Mr. Stokes' note, dated 18th May 1906, on page 3 of K.W.).

(*b*) The six lakhs grants for 1905–1906 and 1906–1907 have been placed at the disposal of district boards in both the years.

V. Grant for University and Collegiate Education.

Home Department letter No. 5, dated 5th January 1905, on pages 2–3 of G.O., No. 88-89, Educational, dated 16th February 1905.

5. (*a*) In January 1905, the Government of India communicated their decision to allot a grant of 5 lakhs *for the whole of India* for a period of five years for the benefit of University and Collegiate education, which should be devoted to expenditure arising directly out of the reorganization which was originally set on foot by the Universities Commission and had so far culminated in the Universities Act.

(*b*) An estimate of the requirements of this Presidency was furnished to the Government of India with letter No. 89, Educational, dated 16th February 1906, and the Government of India sanctioned an allotment of Rs. 70,000 during 1904–1905 to be utilized for the following purposes :—

Home Department letter No. 192, dated 14th March 1905, on pages 2–3 of G.O., No. 190, Educational, dated 28th March 1905.

(1) Travelling expenses to Fellows residing in the mufassal attending the meetings of the Senate.

(2) Inspection of Colleges.

(3) Grants of a non-recurring nature for University and College buildings.

(*c*) The Government of India did not intend that any part of this grant should be devoted to the improvement of Government Colleges, the needs of which must be met from the ordinary resources of the local Government.

Home Department letter No. 406, dated 16th June 1905, on page 2 of G.O., No. 460, Educational, dated 5th July 1905.

(*d*) In December 1905, the Government of India intimated their decision to sanction an allotment of 1·05 lakhs for a period of four years from 1905–1906 and remarked that they could not promise to continue this special assignment beyond the financial year 1908–1909.

Home Department letter No. 752, dated 6th December 1905, on pages 2–4 of G.O., No. 29, Educational, dated 18th January 1906.

The grant (1·05 lakhs per annum) should be utilized as follows :—

·80 lakh for the improvement of Collegiate as distinct from University education. The main object to which the grant should be devoted is to render Colleges (private institutions) more efficient in those respects in which an inspection by the University shows them to be defective. The grant can most usefully be devoted to the development of the hostel system.

·25 lakh to be applied primarily to meet charges incurred for strengthening the administration of the University, inspection of Colleges and the travelling of Fellows on University business. The Government of India have no objection to this Government's subsidising University chairs either by a recurring grant-in-aid or by making over to the University a lump sum for that purpose from the Provincial balances in which portion of the grant remaining unspent being merged in the general Provincial revenues.

Home Department letter No. 23, dated 18th January 1906, on pages 2–3 of G.O., No. 89, Educational, dated 13th February 1906.

1904–1905	·70
1905–1906	1·05
1906–1907	1·05
	2·80

(*e*) The Government of India have sanctioned allotments aggregating 2·80 lakhs up to date and the following expenditure has so far been incurred :—

	Rs.
In 1904–1905	5,000
In 1905–1906	15,720
In 1906–1907	10,651
	31,372

In addition the cost (Rs. 38,500) of an indent which has been forwarded to the India Office for mathematical instruments for aided colleges will be met from this special grant.

VI. Grant-in-Aid of European and Eurasian Education.

6. (*a*) With Home Department letter No. 429, dated the 14th July 1903, the Government of India, in forwarding for the consideration of this Government a copy of the report of a Committee which had been appointed to frame a uniform Code for the education of Europeans in India and of a draft Code based on their recommendations, requested that an estimate might be submitted of the cost of giving effect in the Madras Presidency to the proposals of the Committee.

Para. 17 of Home Department letter No. 429, dated 14th July 1903, on page 5 of G.O., Nos. 565–66, Educational, dated 19th November 1903.

Para. 13 of letter to the Government of India (Home Department), No. 566, Educational, dated 19th November 1903 (page 25).

This Government accepted generally the provisions of the draft Code and estimated the cost at 5·11 lakhs *per annum*.

(*b*) With Home Department letter No. 531, dated 14th August 1905, the Government of India forwarded copies of the Code for European schools as revised by them in order that it might be brought into effect in Madras.

Pages 3—36 of G.O., No. 599, Educational, dated 5th September 1905.

(*c*) In paragraph 3 of that letter, the Government of India remarked :—

Page 3 of G.O., No. 599, Educational, dated 5th September 1905.

"The rates of aid at present given in European schools in Madras are considerably below "those in force in the rest of India. If the enhanced rates now provided by the Code can be "adopted also in that Presidency, the Government of India have no objection; but should such "a course be inconvenient, I am to suggest that in adopting the Code the Governor in Council "will modify the rates of grant to such an extent as may suit local conditions."

Para. 11 of G.O., No. 220, Educational, dated 26th March 1906 (page 13).
Paras. 2 to 4 of letter to Government of India, No. 312, Educational, dated 4th May 1906.

(*d*) The Madras Government proposed to introduce the Code from the 1st April 1906 and replied to India as follows :—

". . . . the salary and fixed grants now paid to schools classed as European schools "in this Presidency amount to about Rs. 78,000 while the ordinary grants based on attendance "calculated at the rates given in article 37 of the new Code would reach, it is estimated, the sum of "Rs. 1,48,000, which would entail an increased provision of Rs. 70,000. This increase does not "include the extra amount required for the payment of building, furniture, boarding and other "grants at the rates allowed by the new Code. The extra amount on account of boarding grants "alone will be about Rs. 10,000 if the new Code rates are adopted.

"His Excellency the Governor in Council has hitherto been unable to treat European "schools exceptionally in the matter of grants, and is even now unable with the limited funds "at the disposal of the Government to give them grants at the rates allowed by the new Code, to "which their status entitles them. In introducing the Code into this Presidency it has accordingly "for the present been decided to aid these schools by means of fixed grants under article 39 of the "Code. In the Civil Budget Estimates for 1906–1907, an extra sum of Rs. 20,000 only has been "provided for the purpose, calculated before the new Code had been thoroughly examined and on "an inadequate estimate of the demands that arise under it.

"His Excellency in Council is convinced that a very large number of deserving schools "which are supplying education to Europeans cannot hope to find from private sources the "additional funds necessary to maintain them in the desired state of efficiency. His Excellency "is therefore anxious to adopt the more liberal rates allowed by the new Code as soon as possible, "and I am to request that for this purpose the Government of India will be pleased to place "at the disposal of this Government at least "Rs. 70,000 of the special grant of 5 lakhs now "proposed to be allotted for Technical and "European education."

Note.—The special grant of 5 lakhs for the whole of India for Technical and European education is referred to in paragraph 39 of the Government of India Financial statement for 1906-1907.

Page 10 of the *Gazette of India*, 24st March 1906.

G.O., No. 417, Educational, dated 15th June 1906

(*c*) In Home Department letter No. 365–72, dated 26th May 1906, the Government of India have intimated that they

"have decided, with the approval of the Secretary of State, to make an annual recurring "grant of Rs. 2,46,000 from Imperial funds in aid of European and Eurasian education in India "with effect from the year 1906–1907", that "after due consideration of the needs of the various "provinces in this most important matter, the proportionate share of the grant which they have "decided to allot to the Madras Presidency is Rs. 40,000" and that "the amounts will be "adjusted by an addition . . . . to the fixed assignment under the Provincial settlement."

As regards the application of the grant the Government of India consider that expenditure would be most profitably incurred on the following objects:—

(i) an improvement of the pay and prospects of teachers,

(ii) an enhancement of the grants made in aid of the equipment and maintenance of the schools, and

(iii) the provision of scholarships on a more generous scale.

7. (*a*) The next point to which the Honourable Member refers is the question of THE SEPARATION FROM THE ORDINARY EXPENDITURE UNDER 22. EDUCATION OF THE SPECIAL GRANT OF 8 LAKHS MADE BY THE GOVERNMENT OF INDIA FROM 1902–1903 The origin of this grant is set out in paragraph 3 *supra*.

Pages 16 to 18 *supra*.

(*b*) In connection with this matter it is necessary to refer to the fact that the budget estimate under 22. EDUCATION for 1902–1903 was originally fixed by the local Government at 22·92 lakhs against the grant of 18·38 lakhs for 1901–1902. In the first edition of the budget notes the Financial Secretary reduced this allotment to 18·38 lakhs and when the fact of the special grant of 8 lakhs was subsequently intimated to this Government the 4·54 lakhs eliminated by India from the preliminary edition of the Civil Budget estimate was restored and the remaining 3·46 lakhs of the 8 lakhs was distributed as follows:—

Pages 64–66 of K.W. 329, Financial, 10th April 1902.

		LAKHS.
Pages 66 to 68 of K.W. 329, Financial, 10th April 1902.	22-A. Direction	·04
	22-B. Inspection	·66
	22-E. Government Schools—General	·13
	22-G. Grant-in-Aid	2·60
	22-H. Scholarships	·03
		3·46

These amounts were entered as lump provisions in the budget estimate for that year—*vide* pages 123, 124, 129 and 139 of the Civil Budget estimate for 1902–1903.

(*c*) The Educational department have (page 1 of these notes) taken the difference between the budget grant and the actuals as representing the lapses on the 8 lakhs grant in each year. The fallacy underlying this calculation will, it is submitted, be apparent if we examine some of these lump provisions.

Under DIRECTION there was a lump provision of Rs. 4,410 in the budget estimate for 1902–1903. A comparison of the detailed actuals of that year with the budget grant under that minor head gives the following results:—

Page 123, Civil Budget estimate for 1902–1903.

Detailed heads.	Budget estimate, 1902–1903.	*Actuals, 1902–1903.	Difference.
	RS.	RS.	RS.
Salaries	32,724	32,775	+ 51
Establishment	15,836	15,222	— 614
Allowances	1,980	2,565	+ 585
Supplies and Services	400	35	— 365
Contingencies	4,450	4,111	— 339
	† 55,390	54,708	— 682

* Page 125, Civil Budget estimate, 1904–1905. † Excluding the lump provision of Rs. 4,410.

So that the *ordinary* budget grant, irrespective of the lump provision which lapsed, showed savings of Rs. 614 under *Establishments*, of Rs. 365 under *Supplies and Services* and of Rs. 339 under *Contingencies*.

Again, to take the minor head 22-G. GRANTS-IN-AID under which the largest lump provision was made, the budget estimate, with this lump provision of 2·60 lakhs, totalled 11·95 lakhs; the actuals amounted to 8·68, a difference of 3·27 lakhs. A portion of the budget allotment was transferred to the head "CONTRIBUTIONS TO LOCAL". But if the figures under that head are examined the solution is not made easier; for the budget allotment for GRANTS-IN-AID FOR EDUCATION under that head was ·94 lakh in 1902–1903; the actuals amounted to 3·23, the budget allotment being exceeded by 2·29 lakhs.

Page 139, Civil Budget estimate for 1902–1903.

Page 141, Civil Budget estimate for 1904–1905.

Page 207, Civil Budget estimate for 1902–1903.

(*c*) So far lump provisions have been dealt with. When these lump provisions lose their character as such and find a place in the budget as specific allotments against specific items of expenditure, the difficulty of ascertaining, much less of stating definitely, the lapses that may have occurred in those allotments are increased. The lump provision of Rs. 4,410 in the budget estimate for 1902–1903 under 22-A. DIRECTION, to which reference has been made above, was intended to cover the cost of the new appointment of Deputy Director of Public Instruction. In the budget of 1903–1904 this lump provision was replaced by a definite allotment of Rs. 12,000 for the Deputy Director's salary, provision also being made for his exchange compensation allowance. In that year the allotment for the salary of the Deputy Director was not utilized fully, the actuals amounting to Rs. 7,613, as the appointment was sanctioned only during the course of the year, but the addition of an officer of this rank to the office of a head of a large department like Education must naturally have reacted upon the expenditure under other detailed heads; for instance such an additional appointment might entail extra charges for travelling allowance, it would certainly involve extra charges under Supplies and Services and Contingencies, and it would be impossible under the present structure of the accounts to separate off correctly the additional expenditure arising out of the appointment. In order to do so it would be necessary, for one thing, to scrutinize each and every item of contingent expenditure. This is a minor case, but is quoted as typical. There are other cases which have not so far acted in full on the accounts, such as the revision of the scale of Sub-Assistant Inspectors of Schools; but the difficulties are intensified when the provisions and actuals under analysis relate to large establishments, such as these Sub-Assistant Inspectors and their subordinate office establishment. It would be impossible to specify which of these particular officers and which part of their establishment should be taken as arising out of the special 8 lakhs grant. An officer after first appointment in a graded service moves from grade to grade, he is on leave occasionally, and no device would enable any account office to keep its finger on a particular appointment in a graded service and state definitely how much of the emoluments drawn by officers filling that appointment whilst on duty and how much of their leave allowances are met from a particular special grant. To quote a simpler example, it will be impossible two years hence to state how much of the additional police expenditure recently sanctioned will have been caused by a particular appointment of Sub-Inspector of Police.

Page 124, Civil Budget estimate for 1903–1904.

Page 125, Civil Budget estimate for 1905–1906.

(*d*) The procedure adopted by the Educational department of crediting the 8 lakhs grant with all the lapses that have occurred in the Educational budget is also, it is submitted, against past facts. The main theories underlying this calculation are (1) that ordinarily no difference occurs in practice between a budget grant and the actuals under a service head, and (2) that prior to the introduction of the 8 lakhs grant Educational expenditure was practically stationary. The first premise contemplates a state of financial precision which has not yet been attained anywhere in the world and is proved to be fallacious by the statement on page 1 of the Educational department note. The figures Educational themselves have afforded show that in 1896–1897 there was a lapse of ·60 in the budget grant under EDUCATION, and that in the year immediately preceding the advent of the 8 lakhs grant there was a lapse of ·23 lakh. It is, it is submitted, inconceivable that the advent of that grant produced such equilibrium between the budget and the actuals of recurring Educational expenditure in existence prior to 1902–1903 and such financial exactitude as the Educational calculations presuppose. The second theory is also condemned by known facts, for the expenditure under this service head does not remain stationary any more than under any other service head. It is respectfully submitted that a correct solution of the question of what has actually lapsed from this 8 lakhs grant would require much more detailed calculations than have yet been made in regard to the subject. Indeed it seems impossible to devise a method for arriving at anything like an approximately correct result.

(*e*) The objections detailed above which are based on the very structure of the accounts and of the budgets would render useless any attempt at separating off a particular portion of a grant for recurring expenditure in an expanding department and keeping an account of lapses therefrom. Even the solution which the Honourable Member suggests, viz., the maintenance of a separate head would not, it is respectfully submitted, be practicable for the reasons given in clause (*c*) above.

8. (*a*) The next point which the Honourable Member requires to be looked into is the objection arising from the fact that the 8 LAKHS GRANT CAME DOWN FROM A FORMER SETTLEMENT. As already mentioned, this 8 lakhs grant arose in the year 1902–1903. The present settlement had effect from the 1st April 1904, and it has been shown in paragraph 7 of the note on page 9 *supra* that in fixing the settlement figure under EDUCATION full account was certainly taken by the Government of India of this 8 lakhs grant.

(*b*) One of the main principles of the Provincial settlements is that the figures as settled provide for the standard of revenue and expenditure at the time of the making of the settlement, all future growth of expenditure being met from the growth of revenue under the transferred heads. In making the present settlement the Government of India based the figures under individual heads generally on the budget estimate for the year 1903–1904, and in fixing the settlement figure under EDUCATION, which went with other heads to build up the whole of the settlement, they followed this principle; in other words, the standard of expenditure under this head and under the cognate expenditure which occurs under CONTRIBUTIONS was taken at 27·53 lakhs, the figure of the budget estimate for 1903–1904, the year preceding the commencement of the settlement. The settlement so far as this head was concerned was thus based* "on the latest figures that were available "at the time the settlement was framed." This figure doubtless left some margin over and above the standard of expenditure at the time of the settlement, but it has to be remembered that at that time there were various large schemes in hand, many of which, or nearly all of which, have since been introduced. It has also to be remembered that when this Government, fearing that expenditure under the head would within three years of the commencement of the settlement exceed the settlement figure, applied to the Government of India for an additional assignment, they were referred to the principle stated above that increases of expenditure during the currency of a settlement period must be met from the ordinary growth of revenue under the transferred Provincial heads This was also the gist of the recent reply from India as regards the Village Service fund transaction, where the principle in framing the terms of the settlement was stated as that only the *present* condition or the *present* yield of the taxation should be taken into account, it being the practice to leave out of consideration prospective increase of revenue or expenditure. The principle has been reiterated in the recent letter from India regarding expenditure on secondary education where they say :—

Finance department letter, No. 470-A, dated 25th January 1906, in G.O., No. 125, Financial, dated 14th February 1906.

Para. 5 of Government of India, Finance and Commerce department, letter No. 4933-A, dated 13th August 1903, on page 2 of G.O., Nos. 825, 826, Financial, dated 8th December 1903.

* Para. 6 of Finance and Commerce department letter No. 2653-A, dated 14th May 1903, on page 3 of G.O., Nos. 631, 632, Financial, dated 12th October 1903.

Letter to the Government of India, Finance Department, No. 884, Financial, dated 29th December 1905

Finance Department letter No. 470-A, dated 25th January 1906, in G.O., No. 125, Financial, dated 14th February 1906.

Finance Department letter No. 5612-A, dated 5th October 1906.

"During recent years the Government of India have made special allotments to provinces "in aid of primary education and also in aid of "university and of technical and of European "education, but they regret that they can hold "out no hopes of affording similar assistance from Imperial revenues in the present instance. It "should be clearly understood that the whole cost of such improvements in secondary education "as may be undertaken must be met from Provincial revenues."

Paragraph 9 of Home Department letter No. 758, dated 10th October 1906.

(*c*) Another principle of the settlement arrangement is that the settlement is of a consolidated character. This is laid down clearly in rule 14 under article 283 of the Civil Account Code, and it has been impressed more than once upon this Government by the Government of India, *e.g.*—

(i) Paragraph 7 of Finance and Commerce department No. 1863-A, dated 19th March 1904, on page 2 of G.O., No. 273, Financial, dated 17th April 1904, where it was stated that "the settlement which had been arrived at is of a "consolidated character.";

(ii) Mr. Baker's demi-official No. 263-A of the 3rd January 1904 on page 3 of K.W. *ibid*, where he stated that "the settlements are essentially consolidated . . . the "only object of detail is to enable us to work up to a definite total"; and

(iii) the first paragraph of his demi-official No. 927-A, dated 8th February 1904, on page 7 of the same K.W., where he reminded this Government that the settlement would be a consolidated one and separate figures need not be fixed for the several heads of revenue and expenditure.

(*d*) The 8 lakhs which entered into a consolidated figure in a consolidated settlement merged in the settlement figures, whether we take them under EDUCATION separately or under all the Provincial heads collectively; and it is submitted that there is no more ground for asking this Government to keep a separate account of that 8 lakhs—even if such a course were practicable—which it is not—than to require a separate account to be kept of any allotment that has been made during a settlement period to cover additional expenditure introduced after the commencement of a settlement, *e.g.*, maintenance of land records which was introduced during the currency of the preceding Provincial settlement and for which this Government obtained a special assignment from the Government of India.

Finance and Commerce letter No. A/1180, dated 25th February 1902, on page 4 of G.O., No. 329, Financial, dated 10th April 1902; paragraph 5 (*a*) of letter to India, No. 65, Financial, dated 27th January 1903.

Finance and Commerce Department letter No. 822-A, dated 16th February 1903, in G.Os., Nos. 205, 206, Financial, dated 12th March 1903.

(*e*) It is submitted that this Government have done all in their power to spend this 8 lakhs. The statement on page 1 of the Educational note shows that, even after taking into account the special 6 lakhs grant for primary education which affects the figures for 1905–1906, the budget allotment for Education under the main head and under "Adjusting heads" has always exceeded by more than 8 lakhs the allotment of 19·46 lakhs in 1901–1902. The fact that it has been impossible to spend the budget allotments has been due to various causes, *e.g.*, the necessity for obtaining higher sanction to reorganization schemes and the necessary delay which must occur in introducing schemes involving the expenditure of so large a sum of money, not to any desire on the part of the Local Government to appropriate to other heads any portion of the settlement grant under EDUCATION.

9. The last point upon which the Honourable Member directed that papers should be looked up is the discussion about the system of DEPARTMENTAL FINANCE. These are contained in K.W., No. 1058, Financial, dated the 23rd November 1901, and attention is solicited to the notes on pages 21, 22, 34 and 41 of that K.W. The special treatment which the Educational department would apparently give to this 8 lakhs grant would really amount to a separate financial settlement being made between two departments of the Local Government as regards a particular service head. This contention errs against the principle of a consolidated settlement and would moreover fetter the hands of the Local Government who are given the revenues from certain sources with which to meet the expenditure on all the services transferred to their financial keeping. The financing of Provincial funds would be reduced to an *impasse* were this principle extended to other heads. For, if Educational has its settlement as between Financial and Educational, why should not much rather Revenue which is concerned with the revenue producing heads—the sources from which Educational expenditure is really met—have its settlement also; so also Public Works department and Judicial? Such a procedure would be both opposed to the cardinal principles of the Provincial settlement and would also be impracticable in actual working.

10. The following extract from the Finance Member's budget speach at Calcutta on the 28th March last bears somewhat on the general questions raised in this note :—

"Almost all the matters for which we are invited to provide additional grants are within "the sphere of the Provincial Governments. We have conferred upon these Governments definite "powers and responsibilities which extend to most branches of the Civil administration and we "have provided them with growing revenues, on what may be fairly described as a very liberal "scale to enable them to discharge their duties adequately in all branches. The local Governments have not merely ample funds, but also full discretion in the expenditure of them. It "would be wholly inconsistent with the first principles of the system of Provincial settlements, if "we were to dictate to any local Government what it should spend on each individual head; and "it is also an entire mistake to suppose that the money for improvement in the Provincialised "branches of the administration ought to be or can only be provided in normal circumstances "by special additional assignments from Imperial revenues. If any particular measure is outside "the terms of the settlement, or is of such magnitude as to be beyond the powers of the local "Governments, then Imperial revenues may fairly contribute, as they have done on several "occasions in the past. Police reform is a conspicuous instance of this."

C. M. SCHMIDT—14-11-06.

This further note is submitted.

What I meant by saying that the difference between the gross expenditure on education before the grant of Rs. 8 lakhs and the gross expenditure after that grant would give a bigger total than that produced by Mr. Taylor's method was that, whereas in 1901-1902 the expenditure was Rs. 19,23,137, this sum + 8 lakhs comes to Rs. 27,23,137 to which should be added Rs. 25,000, the normal rate of increased expenditure, year by year. The figures given on page 1 of the notes seem to show that until 1905–1906 we spent nothing like the sum and the lapse from the 8 lakhs in each year is very considerable.

	Rs.
	27,23,137
	25,97,674
	1,26,463

There is no reason to add Rs. 25,000. It is only 2 to 1 that there was any short fall of expenditure In two years out of 6 there was a large excess over the grant. Any way as you are dealing with actual figures you have taken the annual increase into account in the figure 27,23,137.

G. S[TOKES].

Not from the 8 lakhs. The lapse on the Educational grant was over 2 lakhs.

G. S[TOKES]—2-11-06.

M. HAMMICK—15-11-06.

[The printed notes on the subject of the ear-marking of special grants and growth of Provincial finance should be read with this note.]

It is necessary first to state what the issue here is. India has made the recurring grants dealt with in the notes and these grants are included in the fixed assignment. Accordingly provision is made in the expenditure of Government. The issue is whether if there are lapses in such expenditure such lapses fall into the Provincial balances, and if they do, is there anything to distinguish them from all other lapses which are available for appropriation to such other objects and to such extent as the financial exigencies of the Government at the time may require.

2. The ordinary settlement and budget principle is that all such lapses fall into the Provincial balance, and if any exceptional treatment is to be accorded to these lapses the reasons for and orders setting aside the usual position must be shown. I cannot find any such. It is quite plain from the abstract of the correspondence set out above that nowhere till now have India required or suggested that such lapses should be kept apart and reappropriated till exhausted. It is plain that in the correspondence noted they have no intention whatever of suspending or altering the ordinary rules which govern this matter, and I ascertained from Mr. Meyer the other day that this is the case.

I agree that the old 8 lakhs grant was not treated as ear-marked. Nor was the Police grant meant by India to be so ear-marked. Since other circumstances compel the Local Government to spend it as designed.

G. S. F[ORBES]—25-11-06.

3. Mr. Forbes argues in another case (see printed notes on the subject of the growth of Provincial finance) that India must have the power to make special grants for special purposes. We must fully admit that the Government of India may give us sums of money and require from us certain service in return and further that it is our duty as fully as we can consistently with the due and best interests of the State to spend that money to the full for the purpose for which it was given, and further that the Government of India are fully justified in requiring from us an account of our stewardship. They may require of us a statement showing "the probable amount of expenditure" upon Education. They know perfectly well that, as the notes above show, they cannot get an accurate statement of it which is what ear-marking means. But nowhere do they dispute the fundamental position that all lapses from these grants pass into the Provincial balances and are subject to the ordinary Financial rules. We cannot allow ourselves to be pushed out of this position without losing our Financial independence. To the above extent only can we accept Mr. Forbes' argument in the notes referred to.

* Pages 43 and 44 of notes.

I see no danger to our Financial independence. In the circumstances explained in my note * of 4th October 1906.

G. S. F[ORBES] 25-11-06.

4. His next argument in that case raises the question of Departmental Finance. This is an old trouble which I had hoped had been laid comfortably at rest. No Reserve is allowed in our Budgets. After the Budget is framed the function of Financial during the year is—

(i) to collect lapses,

(ii) to distribute them according to claims, *i.e.*, to unforeseen current expenditure.

The contention of Educational is that Financial is not to require lapses from it whether from special grants or otherwise. If such a claim is admissible in Educational it must apply to all Departments, and Government would have no reserve to meet claims. If Educational is not to surrender lapses it cannot claim grants during the year. Hence would follow, what used to occur, viz., bogus budgetting to secure lapses and a scramble and wrangle over the Budget by every Department to get money into its Budget on any pretence. We cannot possibly revert to Departmental Finance consistently with the interests of Government generally or even of individual departments. The papers † connected with this question are set out in the Financial notes above and can be referred to.

I put forward no such broad contention. My remarks as to lapses relate only to lapses under the one or two very special ear-marked grants.

G. S. F[ORBES]—25-11-06.

My remarks apply not to departmental finance, but as I have stated above to the very exceptional cases in question.

G. S. F[ORBES]—25-11-06.

[† Page 21 and 22 of these notes.]

5. The next argument put forward by Mr. Forbes in the notes referred to is that part of the balance is already ear-marked in the 20-lakhs balance. But surely it is a very different thing that the Government of India should say "when you are framing your budget you must so regulate your whole expenditure as to retain a balance of 20 lakhs" and to say that "out of your balance you must distinguish the sum which appertains to a particular grant or even Head of Account."

No more real difficulty in the one case than in the other.

G. S. F[ORBES]—25-11-06.

6. The Government of India have never said this for the simple reason that it is quite impossible ‡ to ascertain exactly and extremely difficult to determine even approximately what the lapse under each head of account is. The reasons why it is impossible are set out in the above notes (pages 7 and 8). I would commend them to my Honourable Colleague's examination as he seems not to understand our Budget system or our system§ of Accounts. It was owing to ignorance on this point that the very serious mistake which permeates the letter of March 1905—a letter which should never have been sent out without reference to Financial—has been made. The argument of that letter is as follows. Taking 1902–1903—

‡ These notes themselves contain proof of this. See page 7. The Examiner can give expenditure, but cannot say anything about the grants from which it comes.

G. S[TOKES].

I agree that the 8 lakhs grant not having been treated "as ear-marked" it is now probably impracticable to determine lapses proper to it.

G. S. F[ORBES]—25-11-06.

§ Accounts are made for the administration, not the administration for the accounts.

G. S. F[ORBES]—25-11-06.

It was a grave dereliction on the part of the department to issue the letter of March 1905 without acceptance by Financial. I regret it. But I was not in charge of the department at the time.

G. S. F[ORBES]—25-11-06.

	Rs.
Our grant is	28,16,000
Our expenditure is	25,97,674
Therefore lapse in the 8 lakhs grant is	2,18,326

But this conclusion clearly (Financial notes, page 19, et. seq.) does not follow. Since the 8 lakhs grant was distributed over all the Budget heads the approximately correct conclusion would be "Therefore the lapse from the 8 lakhs grant is $\frac{8,00,000}{28,16,000} \times 2,18,326 = \text{Rs. } 62,024$."

7. Taking another way of looking at the matter we may say India gave us 8 lakhs to spend extra We have spent extra 6·74. Therefore we have failed to meet India's instruction only to the extent of 1,26,000 not to the extent of 2,18,000. The above is enough to show how impossible it is to arrive at even an approximate estimate of the lapse from the 8 lakhs grant, but it further shows conclusively that we have been giving ourselves away to India to a very large extent quite gratuitously.

* Expenditure in 1902–1903 is	25·97
„ 1901–1902 is	19·23
	6·74

As I have said I agree as to the 8 lakhs grant: but that does not affect the future or the special grants in question.

G. S. F[ORBES]—25-11-06.

8. In the current the Government of India hope that this Government will agree with them in thinking that "whatever sums have lapsed from the special recurring grant should be devoted to educational purposes". We may agree that so far as we can (and we fully recognise that we should spend our allotments to the full) we will allot for Education our normal * expenditure + any special grant made by India for a special Educational purpose + the share of Education in growing revenues, but we cannot undertake to increase this allotment for the next year by any lapses which may occur in the grants for any year. There is no reason whatever for treating Educational specially in the matter. If we do so we shall have to treat the Public Works Department specially owing to the Tank Restoration Scheme grant, Judicial specially owing to the Police grant, Revenue specially owing to Agricultural and Survey grants, and so on. The position which the Government of India put forward is totally inconsistent with the settlement and with our whole Budget and Accounts system.

* *I.e.*, the scale of expenditure before the special grant was made.

G. S[TOKES]—20-11-06.

The Tank Restoration Scheme grant was placed on a separate footing, I think.

G. S. F[ORBES]—25-11-06.

9. But while the position which the Government of India take up is untenable in regard to any grant and must be repudiated, it is especially untenable in regard to the 8 lakhs grant. The above Financial notes show that this grant has been taken into account in and has merged in the settlement. We cannot possibly admit therefore any responsibility to account for it separately or otherwise, as to do so would be to go behind and re-open the whole settlement. I would point out that Mr. Forbes admits this fully in paragraph 2 of his note, dated 4th October 1906, on the subject of the ear-marking of special grants and growth of Provincial finance.

Pages 43 and 44 of notes.

10. This letter is written from the Home department of India. I know from Mr. Meyer that the position it takes up is repudiated entirely by the Financial Department If we refused to recognise the demand made in this letter India will not press it.

11. We cannot, therefore, accept in Financial the position put forward by India in this letter or the arguments of the Educational Department set out in the above notes.

G. S[TOKES]—20-11-06.

M. HAMMICK—21-11-06.

The issue of the letter of 6th March 1905 to India intimating certain lapses, without reference to the Financial department was a serious blunder.

Letter No. 129, Educational, dated 6th March 1905.

2. At any rate it appears now that with regard to the expenditure of the 8 lakhs grant given first in 1902, we are unable on further investigation to declare what proportion of it was not expended on the objects for which it was intended. No separate accounts were kept; there was expenditure properly chargeable against the grant not only under "EDUCATION" but also under "PUBLIC WORKS" (on buildings, etc.).

3. The total expenditure on educational purposes became subsequently absorbed in the late financial settlement; and the 8 lakhs grant was not repeated.

4. The fact is the 8 lakhs grant was not treated as an ear-marked grant and it is impossible now to say what might properly have been charged against and what not.

5. We shall have to admit that the estimates of lapses, given in the letter of March 1905, cannot be substantiated.

6. Since the financial settlement we have received such special grants as the 6 lakhs grant for *primary* education and the grant for *University* education, etc., and I have proposed that these should be treated strictly as ear-marked grants.

Pages 43 and 44 of notes.

I have explained this in my note, dated 4th October 1906. It is the only way of dealing with these very special grants so as to ensure their being devoted to the purposes for which they have been *specifically* assigned. Nor do I see any practical difficulties which cannot be overcome.

G. S. F[ORBES]—25-11-06.

Demi-official—from A. Y. G. CAMPBELL, Esq., I.C.S., Private Secretary to His Excellency the Governor.
To—the Chief Secretary to Government.
Dated—Government House, the 5th December 1906.

I am desired by His Excellency to return this file and to ask you to have notes printed.

Have the notes printed up.

H. BRADLEY—6-12-06.

The notes have been printed up and the files are resubmitted.

V. GOPALAKRISHNAN—15-12-06.

C. M. SCHMIDT—15-12-06.

Submitted in print.

H. BRADLEY—15-12-06.

It appears that—

(1) Our letter to India in March 1905 was incorrect and misleading.

(2) It is impossible for us to say with accuracy how much if any of the 8 lakhs grant lapsed. A letter should go to India protesting against the acceptance of their proposition that there is a sum of over 7 lakhs remaining unexpended from the special grant which is ear-marked and available for Educational purposes over and above our normal expenditure *plus* the 8 lakhs grant from India

A. L[AWLEY]—15-1-07.

Return to Educational.

H. BRADLEY—17-1-07.

To the Educational Department.

EDUCATIONAL DEPARTMENT.

Please draft.

H. D. TAYLOR—18-1-07.

A draft letter is submitted below for approval.

K. RANGASWAMI AIYANGAR—2-2-07.

Type my draft and send to me to-day please.

C. A. SOUTER—13-2-07.

Typed and resubmitted.

K. RANGASWAMI AIYANGAR—13-2-07.

A draft is submitted. I regret the delay which has occurred. The file was quite new to me and somewhat complicated and I have found work not too light on returning from leave.

I have attempted to make the draft as "gentle" as possible, though the notes would appear to warrant a slightly more peremptory tone. If you approve of the draft it may go to Financial for acceptance.

C. A. SOUTER—14-2-07.

The draft is submitted for approval through the Financial department. It appears to embody the arguments as set forth in the notes of the Financial department.

I am not quite certain as to the wisdom of retaining the words in brackets at "A" in (paragraph 2) of the draft, which might be used as an argument *against* us, but the statement is correct in itself and does not affect the principle on which the proposal of the Government of India is resisted.

H. D. TAYLOR—14-2-07.

Honourable Member through Financial Department.

Assistant Secretary (Educational)—

I am sorry I have had this case so long but I have constantly taken it up amidst very heavy Financial statement work and laid it aside in a vain endeavour to save our face. I venture to make the following suggestions :—

(*a*) For paragraphs 3, 4 and 5 substitute something like the following :—

"I am directed to express the regret of His Excellency the Governor in Council that "the calculation of the lapses from the recurring grant of eight lakhs given in paragraphs 5 to 8 "of my letter of the 6th March 1905 was based on a misapprehension of facts and of the nature "of the transactions. The lapses there given were the total lapses from the annual budget "allotments under the head 22. EDUCATION and the adoption of these figures as to representing "the unspent portion of the special grant of eight lakhs would be correct only on the assump- "tions that prior to the introduction of the special grant the expenditure under the head "22. EDUCATION was practically stationary and that there were ordinarly no differences "between the actuals and the budget grant under this service head. It does not appear to be "necessary to adduce either facts or figures to prove that both these assumptions are fallacious. "This grant has been absorbed in the general allotment for education and the very structure of the "accounts renders it impracticable to maintain separate accounts of the expenditure from it or to "state which portion of the additional expenditure in a particular year under this service head "has been derived from the special grant. Concrete cases may be quoted to show the difficulty "surrounding such an examination of the expenditure. With the existance of the 8 lakhs grant "the post of Deputy Director of Public Instruction was created during 1903-1904, and the "addition of an officer of this rank to the office of a head of a large department such as the "Educational department must naturally have reacted upon the expenditure under other detailed "heads; for instance such an additional appointment might entail extra charges for travelling "allowance, it would certainly involve extra charges under Supplies and Services and Contingen- "cies, and it would be impossible under the present structure of the accounts to separate "off correctly the additional expenditure arising out of the appointment except by scrutinizing "each and every item of contingent expenditure. This is a minor case, but is typical. There are "other cases which have not so far acted in full on the accounts, such as the revision of the scale "of Sub-Assistant Inspectors of Schools; and the difficulties are intensified when the provisions "and actuals under analysis relate to large establishments, such as these Sub-Assistant Inspectors "and their subordinate office establishment. It would be impossible to specify which of these "particular officers and which part of their establishment should be taken as arising out of the "special 8 lakhs grant. An officer after first appointment in a graded service moves from grade "to grade, he is on leave occasionally, and no device would enable a particular appointment in a "graded service to be singled out for examination as to how much of the emoluments drawn by "officers filling the appointment whilst on duty and how much of their leave allowances are met "from a particular special grant. Again, it would be impossible to differentiate the cost of build- "ings met from a particular 8 lakhs of revenues from the cost of other educational buildings all "which are included under the head 45. CIVIL WORKS which is distinct from the head under "discussion.

(*b*) *Paragraph* 4 might run somewhat as follows :—

"His Excellency the Governor in Council would also invite the attention of the "Government of India to another aspect of this question which appears to have escaped notice "and which arises out of the history of the special grant of 8 lakhs."

Then proceed as in paragraphs 6, 7, 8 and 9.

(*c*) Omit paragraph 10 and go on as follows :—

"The settlement figures therefore included the special grant of 8 lakhs. It is to be "noted that the grants for education in 1901-1902, the year preceding that in which the special "grant of 8 lakhs was made were 18·38 lakhs under 22. EDUCATION and 1·08 lakhs under "CONTRIBUTIONS, a total of 19·46 lakhs, or 8·07 lakhs below the budget grant for 1903-1904 "which was adopted for the settlement."

(*d*) Omit paragraph 11.

(*e*) Omit the first sentence of paragraph 12 and include paragraph 12 as slightly modified.

C. M. SCHMIDT—13-3-07.

Done and the file is submitted to the Secretary.
K. RANGASWAMI AIYANGAR—14-3-07.

Now type the draft which Mr. Schmidt proposes and place it with mine. Please submit to Secretary to-day.

C. A. SOUTER—14-3-07.

The draft as revised in accordance with the suggestions of the Financial department is submitted for approval through the Financial department.

Honourable Member through the Financial department.

H. D. TAYLOR—15-3-07

277, 278 Edl.—8

Submitted. I have ventured to suggest a few further alterations in pencil.

C. M. SCHMIDT—16-3-07.

I have added one or two verbal amendments. The draft is accepted in Financial.

H. BRADLEY—18-3-07.

A clean draft may now go to Honourable Member.

C. A. SOUTER—19-3-07.

Yes please.

H. D. TAYLOR—19-3-07.

A clean draft is placed below. It may be submitted to Honourable Member.

K. RANGASWAMI AIYANGAR—20-3-07.

C. A. SOUTER—20-3-07.

Paragraph 2.—I have cut out : no need to recapitulate the points against us.

Paragraph 3 is too elaborate and I have modified and shortened it though keeping the main argument. But it is all rather special pleading. We must admit that the whole grant was not utilized. All we have to say in effect is that it is impracticable to give any real estimate. I would also say that the letter of 6th March 1905, issued unfortunately without reference to the Financial department, as explaining our *volteface*.

But if Secretary can spare half an hour I should be very glad if he could come up so that we may go over the draft together. I am not at all sure it takes the great line. It is little use going in for so much special pleading.

G. S. F[ORBES]—28-3-07.

(I saw Honourable Member on Tuesday, 2nd April.)

Will office please type the draft fair as revised. I am not quite sure that the Honourable Member has finally approved it. I will take in person at Ootacamund.

I have further revised it
G. S. F[ORBES].

H. D. TAYLOR—12-4-07.

The draft has been typed and is placed below.

K. RANGASWAMI AIYANGAR—12-4-07.

Before this goes again to the Honourable Member the draft as revised by the Honourable Member will be sent to the Financial Department for acceptance or remarks. The original additions proposed by the Registrar, Financial Department, were embodied in the draft as originally submitted to the Honourable Member which has how been revised by him.

H D. TAYLOR—23-4-07.

To the Financial Department.

FINANCIAL DEPARTMENT.

May be accepted. Please see one or two pencil notes in margin of draft.

C. M. SCHMIDT—23-4-07.

H. BRADLEY—24-4-07.

To the Educational Department.

EDUCALIONAL DEPARTMENT.

1. Resubmitted.

2. The file was returned at Madras, but I am not quite certain whether the Honourable Member intended to carry out any further revision. his last orders on the note file being dated 28th March 1907.

H. D. TAYLOR—26-4-07.

A | Owing to the interruption of work in connection with the Financial Statement, I had not completed the revision of the draft. Further modifications I have entered on the retyped copy which has been put up embodying my first alterations.
| Please verify the figures I have given at the end of paragraph 4 — before issue.

G. S. F[ORBES]—27-4-07.

Draft letter approved.

A. L[AWLEY]—30-4-07.

Please verify as at "**A.**"

Financial should see once more before issue.

H. D. TAYLOR—1-5-07.

In 1904–1905 the expenditure under 22 Education amounted to Rs. 21,87,554—*vide* page 128 of the Civil Budget Estimate for 1906–1907, and that under contribution from Provincial to Local Fund for educational purposes amounted to Rs. 3,70,350—*vide* page 217 of the Civil Budget Estimate for 1906–1907. The total expenditure under Education thus was Rs. 25,57,904.

2. In 1905–1906, the expenditure under 22. Education amounted to Rs. 23,18,093—page 128 of the Civil Budget Estimate for 1907–1908—and that under contribution from Provincial to Local Funds for educational purposes amounted to Rs. 9,12,789—page 218 of the Civil Budget Estimate for 1907–1908. The total expenditure thus was Rs. 32,30,882. But the amount of Rs. 9,12,789 shown under contributions includes the special grant of six lakhs for primary education which was spent during the year on school buildings. Excluding this amount, the total expenditure on education was Rs. 26,30.882.

3. The figures given by Honourable Member at the end of paragraph 4 of the draft letter may therefore be altered into 25·58 lakhs and 26·31 lakhs respectively.

H. D. TAYLOR.

4. The file may now be sent to the Financial department.

T. KANAKASUNDRAM PILLAI—2-5-07.

C. A. SOUTER—3-5-07.

To the Financial Department.

FINANCIAL DEPARTMENT.

Have the draft as revised by Honourable Member checked thoroughly please.

C. M. SCHMIDT—3-5-07.

The draft has been checked.

V. GOPALAKRISHNAN—3-5-07.

It is respectfully submitted that the portion marked **A** on page 2 of the draft may be retained. The main fallacy of the Educational department calculations of 1905 consisted in taking the differences between the budget and actuals as the lapse from the eight lakhs grant.

I think the draft better as it is.
H. BRADLEY—4-5-07.

2. In the Honourable Member's red ink addition to paragraph 4 (page 6) of the draft "22. Education" should be "22. Education and contributions" and lower down after 26·31 lakhs should be added "exclusive of expenditure from "the special grant of six lakhs for primary education."

This may be corrected as proposed.
H. BRADLEY—4-5-07.

C. M. SCHMIDT—3-5-07

Issue.

H. BRADLEY—4-5-07.

To the Educational Department.

EDUCATIONAL DEPARTMENT.

Issue.

H. D. TAYLOR—6-5-07.

[G O., Nos. 277, 278, Educational, dated 9th May 1907.]

[E.]
1,500—2-12

EDUCATIONAL DEPART

CURRENT FILE.

CONTENTS.

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[1158]	Govt of India	512	11-7-06.	1-2

[P. T. O. FOR PUT UP PAPER

PAPERS PUT UP WITH CURRENT No. _____

Papers of the department to which the current belongs.

Number.	Date.	Original (=O) or spare copy (=S. C.).	Remarks. (In this column such of the papers as have been removed for copying, printing, &c., should be marked with a cross.)	Initials of Referencer with date in token of return to Reference department.
7-29	6-3-05	SC	162 Mis dy 21-3-02	
7-R.	19-12-04	docket-	87-88- dy 18-2-02	
4	2-10-04.	SC	678 dy 21-11-01.	
6	23-8-04	SC		
9	25-7-04	SC		
3	6-4-04	SC		
15-16.	6-4-04	SC		
78	14-3-04	SC		
51-52	27-5-03	SC		
98-99	11-4-02	SC		
92-93	20-8-02	SC		
66.	20-6-02	docket		
325-	29-5-02.	DC		

Papers of other departments.

Department.	Number.	Date.	Original (=O) or spare copy (=S. C.).	Despatcher to note the return of the papers to the departments concerned.

Col CURRENT No. 1158

No. 512.

From

W. S. Marris, Esq.,

Depy. Secy. to the Govt. of India,

To

The Secretary to the Government of Madras,

Education Department.

Home Department.

(Education)

Simla, the 11th July 1906.

Sir,

I am directed to address the Government of Madras with reference to the expenditure on Education from the recurring grant of eight lakhs which was allotted to the Madras Presidency in the letter from the Government of India in the Finance Department no. 1423, dated the 10th March 1902.

Page 13 Flag J

2. In paragraph 5 of your letter no. 129, dated the 6th March 1905, the Government of Madras stated that owing to the fact that certain of the schemes to which the recurring grant had been allotted had not come into full operation the lapses in the educational budget due to the postponement of such schemes amounted in the year 1902-3 to 2.18 lakhs, in 1903-4 to 2.52 lakhs and in 1904-5 to 2.73 lakhs (estimated). The Government of India are not aware whether there was any further lapse in the year 1905-1906, but in any case they hope that the Governor in Council will agree with them in thinking that whatever sums have lapsed from the special recurring grant allotted for education should be devoted to educational purposes. This course has already been adopted, with the approval of the Government of India, in the case of another province. From paragraphs 7 and 8 of your letter of the 6th March 1905, it appears to be assumed that the recurring grant in question would all have been absorbed as soon as the expenditure from public funds exceeds that of the year 1901-2 by the

Page 14 Flag J

nt of the grant. The Government of India are unable to
pt this view inasmuch as it throws on to the Imperial
ignment the automatic increases in educational expenditure
ch the provincial revenues would otherwise have had to bear.
this connection I am to refer to the Home Department letter
574, dated the 11th July 1904, in which it was stated that
e recurring grant in March 1902 to the provincial revenues
meet increased expenditure under education supplemented this
dinary growth of expenditure. With the permission of the
vernor in Council the Government of India will be glad to be
formed in due course of the action which the Madras Government
opose to take in regard to the sums which have lapsed from
e recurring grant.

I have the honour to be,

Sir,

Your most obedient servant,

Depy. Secretary to the Govt. of India.

Educational Depart

24

memo 439 dt 2-

The Accountant General is requested to be so good as to furnish a statement showing the detailed expenditure under the heads Education and Adjusting heads - contribution to Local Funds (act V of 1871) during 1905-06. A copy of the printed form usually supplied by the D.P.I. for entering the budget figures of 1905-06 in which the Actuals of 1905-06 are printed will be sufficient but in the case of the actuals under adjusting heads detailed figures for grants, subsidies and the expenditure from Public works from the special grant of six lakhs will be required. In his preliminary account for 1905-06 the actuals under adjusting heads on account of "Education" are shown as Rs 6.05 lakhs and the actuals on account of "Public works" as 5.56 lakhs. Separate information regarding the amounts included under these heads on account of grants, subsidies & the expenditure on primary school buildings is required.

By 11/16

9.9.06

From the Accountant General, Madras. No B.4.B. dated 15th September 1906.

Depy 9/11/16

V
4

Educational Department.

25 2

MEMORANDUM: 440 dt 4/9/06

Dcap 7/9/6

The Director of Public Instructi is requested to submit at an early da as accurate a forecast as possible of the additional expenditure which will incurred by way of grant or subsidy to local bodies in aid of education under the new Grant-in-Aid Code and Education Rules. Charges on the special grant of six lakhs including the extra expenditur above the normal expenditure of local bodies arising from the payment of capitation allowance to trained teachers in Board schools (under rule 83 of the Education Rules) and the loss to Local Boards caused by the permission given (in rule 84) to teachers of Elementary Board schools teaching up to the third standard to appropriate the fees, should be omitted from this forecast.

Para. 7 dft. no 504 dt 31-7-06

Paras. 8 & 9 do —.

Chm
8.9.06

Dft
3/9/6

Dcap
11/9/6

1st Rr 8-10-06
2nd Rr 24-10-06

From the D.P.I. No. B.E.S. D 15.
96

Statement shewing the Charges of

the Educational Department

for

1905-06.

HEAD OF EXPENDITURE.	CURRENT MONTH. Detailed Entry. Rs. A. P.	CURRENT MONTH. Imperial and Provincial Minor Heads. Rs. A. P.	CURRENT MONTH. Local Minor Heads. Rs. A. P.	1st April to Date 12 Months. Imperial and Provincial Minor Heads. Rs. A. P.	1st April to Date 12 Months. Local Minor Heads. Rs. A. P.	Budget Grant Rs.
Brought forward—						
Minor head total						
CATTLE POUNDS.						
Clerks in Deputy Tahsildar Offices ..						
Poundkeepers, Watchmen and Sweepers ..						
Travelling Allowance of Clerks in Deputy Tahsildar Offices						
Construction and Repair of Pounds						
Feeding Charges						
Rewards to Impounders						
Hospital Charges						
Rents, Rates and Taxes						
Other Contingencies						
STEAM BOILER INSPECTION ESTABLISHMENTS.						
Inspector						
Exchange Compensation Allowance ..						
Clerks and Servants						
Travelling allowance						
Conveyance Allowance						
Overtime Allowance						
Purchase of Furniture						
Repairs to Furniture						
Purchase of Books						
Tools and Plant						
Hot and Cold Weather Charges						
Cleaning Charges						
Tour Charges						
Postage Charges						
Telegraph Charges						
Telephone Charge						
Office Expenses						
Miscellaneous						
INSPECTION OF ELECTRIC INSTALLATIONS.						
Fees						
REFUNDS.						
Police Refunds						
Cattle Pound Refunds						
Steam Boiler Inspection Refunds						
TOTAL, POLICE.						

6

Statement Showing the charges of the Educational Department for 1905-06

HEAD OF EXPENDITURE.	Amount	Total
	Rs. A. P.	Rs. A. P.
22. EDUCATION.		
UNIVERSITY.		
Grant to the Madras University		21 325 9 10
DIRECTION.		
Director of Public Instruction	25500 . .	
Exchange Compensation Allowance	1593 12 .	
Deputy Director	11589 4 1	
Exchange Compensation Allowance	692 14 .	
Personal Allowance	1000 . .	
~~First~~ Personal Assistant to the Director of Public Instruction	7200 . .	
Clerks and Servants	15791 3 4	
Temporary Establishments	499 15 9	
Travelling Allowance of Officers	2282 10 .	
Travelling Allowance of Establishment ..	1099 12 .	
Warm Clothing Allowance	- - -	
Allowance to Secretary, Text Book Committee ..	480 . .	
Honoraria Art Gallery Collection	2941 13 5	
Maps for the Public Instruction Report ..	110 8 .	
Cost of Striking Medals	155 6 10	
Translation Charges	- - -	
Printing Text Books, &c.	- - -	
Purchase of Furniture	291 9 .	
Purchase of Books	248 12 3	
Repairs to Furniture	105 7 6	
Light Stationery for Text Book Committee with Special Ink for Swan Fountain Pen ..	- - -	
Freight Charges	- - -	
Hot and Cold Weather Charges	279 4 7	
Cleaning Charges	75 8 .	
Tour Charges	444 4 6	
Postage Charges	263 13 .	
Telegraph Charges	247 7 .	
Telephone Charges	185 . .	
Rents, Rates and Taxes	558 2 4	
Office Expenses	231 2 9	
Miscellaneous	3 . .	
		76140 10 7
Carried forward—		
Minor head total		97466 4 5

7 27

HEAD OF EXPENDITURE.	Amount	Total
	Rs. A. P.	Rs. A. P.
Brought forward—		
Minor head total		97466 4 5
INSPECTION.		
Inspectors of Schools	4272 4 1	
Exchange Compensation Allowance	1969 13 .	
Personal Allowance	3660 . .	
Inspectress of Girls' Schools	17341 6 1	
Exchange Compensation Allowance	691 3 9	
Assistant Inspectors of Schools	38998 11 5	
Assistant Inspectresses of Girls' Schools ..	7290 6 11	
Sub-Assistant Inspectors of Schools	137185 10 7	
Superintendent of Hill Schools	2324 13 5	
Muhammadan Inspecting Schoolmaster ..	413 13 1	
Inspectors' and Inspectresses' Establishment.		
Clerks and Servants	13324 2 4	
Temporary Establishment	668 15 .	
Assistant Inspectors' and Inspectresses' Establishment.		
Clerks and Servants	13959 4 2	
Temporary Establishment	2179 14 9	
Sub-Assistant Inspectors' Establishment.		
Clerks and Servants	38536 5 1	
Temporary Establishment	642 5 9	
Hill School Superintendents' Establishments.		
Clerks and Servants	883 9 9	
Travelling Allowance of Officers	6918 9 8	
Travelling Allowance of Establishment ..	2158 3 7	
Printing Examination Cards, &c.	16 5 .	
Remuneration to Copyists	- - -	
Purchase of Books and Maps	722 1 .	
Purchase of Furniture	1049 5 6	
Repairs to Furniture	341 . 9	
Purchase of Stationery	86 7 .	
Petty Repairs to Buildings	58 8 .	
Landing and Shipping Charges		
Freight Charges		
Cleaning Charges	976 3 11	
Hot and Cold Weather Charges	394 8 .	
Tour Charges	7303 6 .	
Postage Charges	16501 10 3	
Telegraph Charges	555 . .	
Rents, Rates and Taxes	5462 13 6	
Office Expenses	2175 12 4	
Miscellaneous	52 12 5	449256 5 1
Carried forward—		
Minor head total		546722 9 6

HEAD OF EXPENDITURE.	Amount			Total		
	Rs.	A.	P.	Rs.	A.	P.
Brought forward—						
Minor head total				5467229	6	
GOVERNMENT COLLEGES—GENERAL.						
Principals and Head Masters	26446	6	7			
Exchange Compensation Allowance ..	1113	3	.			
Personal Allowance	2258	1	.			
Professors	82273	6	3			
Personal allowance	1200	.	.			
Exchange Compensation Allowance ..	3788	7	.			
Assistant Professors and Lecturers	48993	15	2			
Exchange Compensation Allowance ..	-	-	-			
Masters and Teachers	19458	.	7			
Clerks, Librarian and Servants	8130	14	5			
Temporary Establishment	1650	.	.			
Travelling Allowance of Officers	382	1	.			
Travelling Allowance of Establishment ..	261	10	5			
Payments to Municipal Colleges	-	-	-			
Gymnastics	304	8	10			
Purchase of apparatus	403	14	4			
Library and Prize Allowances	3492	4	8			
Reading Room Charges	-	-	-			
Laboratory Charges	5956	.	10			
Instruments and Chemicals from Medical Stores.	341	.	3			
Petty Works of Construction	200	.	.			
Periodical Examination Charges	-	-	-			
Purchase of Books	158	10	.			
Class Books and Maps	25	.	.			
Batta and Carriage to Students	120	.	.			
Purchase of Stationery	-	-	-			
Petty Repairs to Buildings	533	13	3			
Freight Charges	18	12	.			
Landing and Shipping Charges	-	-	-			
Purchase of Furniture	1310	14	.			
Repairs to Furniture	158	6	4			
Hot and Cold Weather Charges	67	8	.			
Cleaning Charges	37	9	.			
Tour Charges	109	2	.			
Postage Charges	107	1	6			
Telegraph Charges	67	6	6			
Telegraph charges	125	.	.			
Rents, Rates and Taxes	2799	2	6			
Office Expenses	786	2	6			
Miscellaneous	114	9	6			
				213125	15	5
GOVERNMENT COLLEGE—PROFESSIONAL.						
Law College.						
Principal	11104	11	7			
Exchange Compensation Allowance ..	695	10	.			
Professors and Assistants	9858	1	1			
Exchange Compensation Allowance ..	-	-	-			
Special Lecturer	-	-	-			
Clerks and Servants	1587	.	1			
Special Furniture	-	-	-			
Library and Prizes	996	7	.			
Periodical Examination Charges	-	-	-			
Purchase of Books	-	-	-			
Purchase of Furniture	50	.	.			
Repairs to Furniture	29	11	6			
Petty Repairs to Buildings	-	-	-			
Hot and Cold Weather Charges	108	10	3			
Cleaning Charges	59	10	9			
Tour Charges	15	12	.			
Postage Charges	25	.	.			
Telegraph Charges	-	-	-			
Telephone Charges	105	.	.			
Rents, Rates and Taxes	3403	12	10			
Office Expenses	2049	3	.			
Miscellaneous	-	-	-			
Carried forward—						
Detailed head total	28234	.	4			
Minor head total				7598488	11	

HEAD OF EXPENDITURE.	Amount			Total		
	Rs.	A.	P.	Rs.	A.	P.
Brought forward—						
Minor head total				7598488	11	
Detailed head total	28234	.	4			
College of Engineering.						
Principal	9337	15	9			
Exchange Compensation Allowance ..	590	13	6			
Professors	22365	12	.			
Exchange Compensation Allowance ..	675	.	.			
Masters	17851	5	1			
Exchange Compensation Allowance ..	204	5	.			
Clerks, Librarian and Servants	2808	5	7			
Temporary Establishment	-	-	-			
Travelling Allowance of Offices and Students.	394	7	.			
Travelling Allowance of Establishment ..	258	4	9			
Personal Allowance	60	.	.			
House-rent Allowance	-	-	-			
Local Allowance	-	-	-			
Presidency Allowance	-	-	-			
Allowance for Lecturing in Chemistry ..	-	-	-			
Remuneration to Examiners	3000	.	.			
Library and Prizes including Medals ..	650	5	1			
Instruments and Books	4513	5	10			
Instruments and Chemicals from Medical Stores	87	2	4			
Europe Stores including Machinery ..	4494	3	.			
Workshop and Laboratory Charges ..	2484	.	4			
Printing and Preparing Maps and Diagrams at the Survey Office	170	13	8			
Workshop Materials	3336	.	1			
Batta and Carrirge to Students	2378	38	.			
Riding and Workshop Fees	250	.	.			
Frieght Charges	-	-	-			
Lithography Charges	4	4	.			
Class Books	-	-	-			
Purchase of Furniture and Models	224	2	.			
Repairs to Furniture and Models	4	.	.			
Repairs to Instruments	-	-	-			
Petty Works of Construction	-	-	-			
Petty Repairs to Buildings	-	-	-			
Hot and Cold Weather Charges	156	1	9			
Cleaning Charges	52	.	.			
Tour Charges	155	9	3			
Postage Charges	147	7	7			
Telegraph Charges	11	8	2			
Telephone Charges	62	8	.			
Rents, Rates and Taxes	112	12	4			
Office Expenses	197	9	6			
Miscellaneous	8	.	.			
Carried forward—						
Detailed head total	101188	8	10			
Minor head total				7598488	11	

HEAD OF EXPENDITURE.	Amount			Total											
	Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.	Rs.
Brought forward—																
Minor head total				759848	8	11										
Detailed head total	101188	8	10													
Teachers' College.																
Principal	10560	.	.													
Exchange Compensation Allowance ..	660	.	.													
Vice-Principals	7795	13	.													
Exchange Compensation Allowance ..	-	-	-													
Lady Superintendent	2400	.	.													
Exchange Compensation Allowance ..	150	.	.													
Masters and Teachers	19333	5	1													
Clerks and Servants	1894	9	1													
Temporary Establishment	1777	15	8													
Travelling Allowance of Officers	-	-	-													
Travelling Allowance of Establishment ..	607	9	1													
House-rent Allowance	1008	.	.													
Conveyance Allowance	288	.	.													
Petty Works of Construction	233	15	.													
Library and Prizes	813	8	9													
Stipends	16492	6	4													
Purchase of Apparatus	732	11	10													
Laboratory Charges	40	1	7													
Instruments and Chemicals	14	.	7													
Class Books and Maps	196	15	6													
Purchase of Books	89	9	3													
Periodical Examination Charges	50	6	.													
Purchase of Furniture	1162	10	10													
Repairs to Furniture	91	14	1													
Frieght Charges	-	-	-													
Purchase of Stationery	-	-	-													
Gymnasium	8	13	9													
Petty Repairs to Buildings	189	12	3													
Repairs to Tennis and Badminton Courts ..	-	-	-													
Hot and Cold Weather Charges	84	7	9													
Cleaning Charges	281	2	3													
Tour Charges	269	5	3													
Postage Charges	114	13	8													
Telegraph Charges	8	6	5													
Rents, Rates and Taxes	1	14	9													
Office Expenses	504	2	3													
Miscellaneous	52	.	.													
College of Agriculture.																
Principal	1176	14	6													
Exchange Compensation Allowance ..	735	3	.													
Vice-Principal	-	-	-													
Exchange Compensasion Allowance ..	-	-	-													
Masters and Teachers	8675	5	1													
Clerks and Servants	2380	.	1													
Travelling Allowance of Officers ..	36	.	.													
Travelling Allowance of Establishment ..	241	7	6													
Carried forward—																
Detailed head total	1928953	.														
Minor head total				7598488	11											

HEAD OF EXPENDITURE.	Amount			Total											
	Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.	Rs.
Brought forward—																
Minor head total				759848	8	11										
Detailed head total	192895	3	.													
Veterinary Hospital Charges	2094	5	7													
Library and Prizes	209	1	.													
Purchase of Apparatus	2210	1	3													
Purchase of Live-stock	-	-	-													
Laboratory Charges	378	15	1													
Farm Charges	8918	11	.													
Botanical Gardens	1195	.	5													
Pettv Works of Construction	237	14	.													
Grain and sample for the Museum ..	-	-	-													
Honoraria	50	.	.													
Purchase of Fufniture	-	-	-													
Batta and Carriage to Students	580	15	3													
Purchase of Books	7	6	.													
Landing and Shipping Charges	-	-	-													
Repairs to Furniture	17	6	.													
Petty Repairs to Buildings	776	.	3													
Freight Charges	19	8	.													
Cleaning Charges	45	12	5													
Tour Charges	93	12	3													
Postage Charges	87	5	6													
Telegraph Charges	2	5	.													
Rents, Rates and Taxes	172	12	.													
Office Expenses	533	5	9													
Miscellaneous	-	-	-													
																2105251 9
GOVERNMENT SCHOOLS—GENERAL.																
Secondary Schools for Boys (Madrasa i-Azam).																
Head Masters	2747	14	3													
Exchange Compensation Allowance ..	55	3	.													
Masters and Teachers	8098	13	8													
Clerks and Servants	772	14	11													
Travelling Allowance	27	12	.													
Purchase of Apparatus	8	15	.													
Library and Prizes	200	.	.													
Results Stipends in Salary-result Schools ..	-	-	-													
Class Books and Maps	48	15	.													
Purchase of Furniture	665	14	.													
H. R. H. the Prince of Wales' Visit charges ..	242	.	.													
Purchase of Books	-	-	-													
Petty Works of Construction	17	15	7													
Periodical Examination Charges	-	-	-													
Laboratory Charges	37	11	5													
Repairs to Furniture	46	3	.													
Cleaning Charges	325	15	6													
Tour Charges	3	2	.													
Postage Charges	9	14	6													
Rents, Rates and Taxes	1845	4	.													
Office Expenses	1088	1	.													
Miscellaneous	11	13	9													
Carried forward—																
Detailed head total	15050	15	8													
Minor head total																9703448

HEAD OF EXPENDITURE.	Amount			Total																		Rs.
	Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.	
Brought forward—																						
Minor head total				9703748																		
Detailed head total	1505058																					
Other Secondary Schools for Boys.																						
Head Masters	259457																					
Exchange Compensation Allowance ..	- - -																					
Masters and Teachers	537510 9																					
Clerks and Servants	51910 5																					
Travelling Allowances	69 . .																					
House rent allowance	7958																					
Results Stipends in Salary-result Schools ..	300 . .																					
Payments to Municipal Schools	126726																					
~~Purchase of Apparatus~~	. . .																					
Library and Prizes	48481																					
Class Books and Maps	8096																					
Purchase of Furniture and Apparatus	103 . .																					
Laboratory Charges	- - -																					
Purchase of Stationery	- - -																					
Repairs to Furniture	23 . .																					
Gymnasium	378 .																					
Petty Works of Construction	100 . .																					
Petty Repairs to Buildings	545 . .																					
Periodical Examination Charges	- - -																					
Landing and Shipping Charges	- - -																					
Hot and Cold Weather Charges	5 . .																					
Cleaning Charges	28 . .																					
Tour Charges	285 .																					
Postage Charges	26 . 6																					
Telegraph Cearges	1 10 6																					
Rents, Rates and Taxes	- - -																					
Office Expense	258 12 10																					
Miscellaneous	10 . .																					
Carried forward—																						
Detailed head total	2692512																					
Minor head total				9703748																		

HEAD OF EXPENDITURE.	Amount			Total																		Rs.
	Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.	
Brought forward—																						
Minor head total				9703748																		
Detailed head total	2692512																					
Secondary Schools for Girls.																						
Head Mistresses	100001 1																					
Masters and Teachers	227497 2																					
Clerks and Servants	26319 7																					
Travelling Allowances	174 10 9																					
Allowance to Conductresses and Peons ..	22221 2																					
Results Stipends in Salary-result Schools ..	449 13 .																					
Payments to Municipal Schools	- - -																					
Library and Prizes	507 . 6																					
~~Purchase of Apparatus~~																						
Petty Works of Construction	250 . .																					
Class Books and Maps	24 . .																					
Periodical Examination Charges	- - -																					
Purchase of Furniture and apparatus	896 14 .																					
Purchase of Stationery	4 9 6																					
Purchase of Books	34 12 .																					
Petty Repairs to Buildings	735 5 .																					
Repairs to Furniture	107 9 9																					
Hot and Cold Weather Charges	. 6 .																					
Cleaning Charges	391 12 3																					
Tour Charges	248 .																					
Postage Charges	234 10 6																					
Telegraph Charges	4 . .																					
Rents, Rates and Taxes	4142 2 2																					
Office Expenses	393 10 10																					
Miscellaneous	15 3 2																					
Carried forward—																						
Detailed head total	7285065																					
Minor head total				9703748																		

| HEAD OF EXPENDITURE. | Amount | | | Total | | |

HEAD OF EXPENDITURE.	Amount			Total																				
	Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.	Rs.
Brought forward— Minor head total				1143402	14	9																		
GOVERNMENT SCHOOLS, SPECIAL.																								
Training Schools for Masters.																								
Principal and Vice-Principal	3774	8	3																					
Exchange Compensation Allowance ..	165	.	.																					
Lady Superintendent	600	.	.																					
Exchange Compensation Allowance ..	37	8	.																					
Head Masters	14949	1	.																					
Masters and Teachers	31673	8	10																					
Clerks and Servants	3729	7	4																					
Temporary Establishment	13	15	3																					
Travelling Allowance	1892	14	2																					
House-rent Allowance	252	.	.																					
Conveyance Allowance	72	.	.																					
Library and Prizes	957	1	3																					
Stipends	6886	3	4																					
Charges in connection with Education Periodical Examination Charges .. Secondary	467	2	11																					
Laboratory Charges	10	.	5																					
Class Books and Registers	83	10	4																					
Purchase of Furniture and Apparatus. ..	4285	9	8																					
Purchase of Books and Maps	1034	1	1																					
Purchase of Stationery	1	4	6																					
Petty Works of Construction	1598	.	.																					
Landing and Shipping Charges	-	-	-																					
Petty Repairs to Buildings	847	7	3																					
Repairs to Furniture	360	7	11																					
Hot and Cold Weather Charges	29	3	9																					
Cleaning Charges	803	5	7																					
Tour Charges	401	1	6																					
Postage Charges	706	11	7																					
Telegraph Charges	13	9	7																					
Rents, Rates and Taxes	2784	2	8																					
Office Expenses	967	6	2																					
Miscellaneous	230	12	.																					
Carried forward— Detailed head total	140170	6	4																					
Minor head total				1143402	14	9																		

HEAD OF EXPENDITURE.	Amount			Total																				
	Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.	Rs.
Brought forward— Minor head total				1143402	14	9																		
Detailed head total	140170	6	4																					
Training Schools for Mistresses.																								
Superintendent	4216	1	11																					
Exchange Compensation Allowance ..	179	14	.																					
Head and Assistant Mistresses	19260	13	11																					
Clerks and Servants	1615	14	8																					
Travelling Allowance	4	.	.																					
House-rent Allowance	-	-	.																					
Conveyance Allowance	1112	3	5																					
Allowance to Conductresses	397	5	4																					
Library and Prizes	344	.	.																					
Stipends	7501	13	10																					
Petty Works of Construction	31	7	4																					
Periodical Examination Charges ..	-	-	-																					
Class Books and Maps	-	-	-																					
Honoraria	-	-	-																					
Purchase of Furniture and Apparatus ..	194	3	.																					
Purchase of Books	3	7	6																					
Purchase of Stationery	-	-	-																					
Petty Repairs to Buildings	-	-	-																					
Repairs to Furniture	200	10	9																					
H. R. H. the Prince of Wales' Visit Charges. .	6	12	.																					
Hot and Cold Weather Charges	45	8	.																					
Cleaning Charges	79	15	9																					
Tour Charges	47	3	8																					
Postage Charges	59	4	.																					
Telegraph Charges	1	5	.																					
Rents, Rates and Taxes	1540	11	10																					
Office Expenses	261	3	5																					
Miscellaneous	95	1	6																					
Carried forward— Detailed head total	177366	5	2																					
Minor head total				1143402	14	9																		

HEAD OF EXPENDITURE.	Amount Rs.	A.	P.	Total Rs.	A	P.
Brought forward—						
Minor head total				1143402	14	9
Detailed head total	177366	5	2			
School of Arts.						
Superintendent	6000	.	.			
Exchange Compensation Allowance ..	375	.	.			
Assistant Superintendent	3086	2	8			
Teachers	1855	.	.			
Clerks and Servants	2311	4	1			
Temporary Establishment	6081	9	1			
Exchange Compensation Allowance of Temporary Establishment	-	-	-			
Travelling Allowance	322	15	.			
House-rent Allowance	-	-	-			
Local Allowance	218	5	4			
Library and Prizes	-	-	-			
Materials	-	-	-			
Stipends of Apprentices	497	14	10			
Wages for Coolies	-	-	-			
Expenses on account of Monograph	-	-	-			
Purchase of Furniture and Apparatus ..	1720	.	6			
Purchase of Books	403	2	.			
Petty Works of Construction	-	-	-			
Repairs to Furniture	391	6	.			
Freight Charges	-	-	-			
Landing and Shipping Charges	-	-	-			
Hot and Cold Weather Charges	2	2	.			
Cleaning Charges	18	4	6			
Tour Charges	4	15	6			
Postage Charges	280	9	6			
Telegraph Charges	9	12	.			
Telephone Charges	200	.	.			
Rents, Rates and Taxes	1006	8	.			
Office Expenses	416	4	5			
Miscellaneous	438	6				
Carried forward—						
Detailed head total	207085	1	1			
Minor head total				1143402	14	9

HEAD OF EXPENDITURE.	Amount Rs.	A.	P.	Total Rs.	A.	P.
Brought forward—						
Minor head total				1143402	14	9
Detailed head total	207085	1	1			
School of Engineering.						
Principal	9337	15	8			
Exchange Compensation Allowance	590	13	6			
Masters and Teachers	6552	5	9			
Personal Allowance	60	.	.			
Clerks, Librarian and Servants	2809	14	4			
Temporary Establishment	-	-	-			
Travelling Allowance of Officers	-	-	-			
Travelling Allowance of Establishment ..	258	4	9			
Remuneration to Examiners	1904	8	.			
Class Books	-	-	-			
Library and Prizes including Medals ..	345	11	.			
Purchase of Furniture and Models ..	360	1	6			
Purchase of Instruments and Books ..	4	12	5			
Batta to Students	1242	7	11			
Lithography	-	-	-			
Europe Stores including Machinery	232	6	1			
Workshop and Laboratory Charges	1218	9	6			
Printing and Preparing Maps and Diagrams at the Survey Office	-	-	-			
Petty Works of Construction and Repairs ..	-	-	-			
Repairs to Furniture and Models ..	3	.	.			
Repairs to Instruments	-	-	-			
Workshop Materials	1343	2	4			
Landing and Shipping Charges	-	-	-			
Hot and Cold Weather Charges	140	5	1			
Cleaning Charges	4	14	.			
Tour Charges	125	11	7			
Postage Charges	200	5	11			
Telegraph Charges	8	1	10			
Telephone Charges	62	8	.			
Rents, Rates and Taxes	112	14	10			
Office Expenses	168	6	1			
Miscellaneous	6	.	.			
Carried forward—						
Detailed head total	2341	7	8	52		
Minor head total				1143402	14	9

HEAD OF EXPENDITURE.	Amount			Total																		Rs.
	Rs.	A.	P.	Rs.	A	P.	Rs.	A	P.	Rs.	A.	P.	Rs.	A.	P.	Rs.	A	P.	Rs.	A.	P.	Rs.
Brought forward—																						
Minor head total				1143402	14	9																
Detailed head total	234178	5	2																			
Reformatory School.																						
Superintendent and Deputy Superintendent ..	4793	8	9																			
Exchange Compensation Allowance ..	-	-	-																			
Masters and Teachers	4922	12	5																			
Clerks and Servants	3302	.	.																			
Hospital Assistants	410	.	.																			
Travelling Allowance of Officers	-	-	-																			
Travelling Allowance of Establishment ..	216	11	3																			
Personal Allowance	-	-	-																			
House rent allowance	180	.	.																			
Rations	6759	13	7																			
Hospital Charges	1994	1																				
Remuneration for Inspection and Examination of Industrial Classes	89	.	.																			
Clothing and Bedding	999	6	.																			
Library and Prizes	150	13	.																			
Class Books	89	15	.																			
Badge Mark, and Work Money	732	1	11																			
Purchase of Materials	3370	5	.																			
Raw materials	226	12	4																			
Petty Works of Construction	300	.	.																			
Petty Repairs to Buildings	-	-	-																			
Purchase of Furniture and Apparatus ..	1796	13	10																			
Repairs to Furniture	14	12	.																			
Purchase of Books	-	-	-																			
Extra Servants	-	-	-																			
Allowance to Discharged Pupils	122	13	.																			
Stipends to Pupil Teachers	-	-	-																			
Cleaning Charges	-	-	-																			
Tour Charges	-	-	-																			
Postage Charges	102	.	.																			
Telegraph Charges	10	2	.																			
Rents, Rates and Taxes	394	.	.																			
Office Expenses	371	3	8																			
Miscellaneous	449	4	5																			
Carried forward—																						
Detailed head total	26418	1	35																			
Minor head total				1143402	14	9																

HEAD OF EXPENDITURE.	Amount			Total																		Rs.
	Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.	Rs.
Brought forward—																						
Minor head total				1143402	14	9																
Detailed head total	264181	35																				
Commercial School.																						
Head Master	1680	.	.																			
Masters and Teachers	2396	2	1																			
Clerks and Servants	239	4	.																			
Travelling Allowance	-	-	-																			
Purchase of Apparatus	-	-	-																			
Purchase of Stationery	-	-	-																			
Cost of Type-writers including Freight ..	-	-	-																			
Petty Printing Charges	-	-	-																			
Landing and Shipping Charges	-	-	-																			
Class Books and Maps	34	15	.																			
Petty Works of Construction	-	-	-																			
Petty Repairs to Buildings	3	12	.																			
Library and Prizes	95	14	.																			
Purchase of Furniture	4	.	.																			
Purchase of Books	-	-	-																			
Repairs to Furniture	29	13	.																			
Cleaning Charges	-	-	-																			
Tour Charges	1	12	.																			
Postage Charges	14	.	.																			
Telegraph Charges	-	-	-																			
Office Expenses	150	15	3																			
Miscellaneous	19	14	5																			
Other Special Schools.																						
Carpentry Class, Rajahmundry College.																						
Carpenter	-	-	-																			
Miscellaneous	-	-	-																			
Drawing Class, Kumbakónam College.																						
Drawing Master	596	6	10																			
Miscellaneous	311	13	6																			
Technical Class Teachers' College.																						
Drawing Master	516	.	.																			
Miscellaneous	-	-	-																			
Developement of Technical Education.																						
Officer on Special Duty	13800	.	.																			
Exchange Compensation Allowance	909	11	.																			
Personal allowance	2535	.	5																			
Travelling Allowance of Officers	2049	14	.																			
Pleader																						
Do. of Establishment	1206	6																				
Temporary Establishment	1036	15	11																			
Office Expenses	37	4	.																			
Miscellaneous	578	8	.																			
Purchase of Furniture																			291424	34		
Carried forward—																						
Minor head total																			1434826	21		

HEAD OF EXPENDITURE.	Amount			Total																				
	Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.	Rs.
Brought forward—																								
Minor head Total				1434827	2	1																		
GRANTS-IN-AID—																								
Salary and Rent Grants to Colleges, General ..	101522	11	10																					
Salary and Rent Grants to Schools, General, for Boys { Secondary	100554	13	1																					
Primary	12288	8	2																					
Do. do. for Girls. { Secondary	43148	15	8																					
Primary	19819	14	4																					
Do. do. Special for Boys. { Training	6260	7	4																					
Technical	9309	4	.																					
Do. do. for Girls. { Training	9173	3	8																					
Technical	3841	14	6																					
Scholarship Grants in { Institutions for General Education.	4080	15	3																					
Training Schools for Masters ..	13652	2	6																					
Do. for Mistresses ..	16317	7	2																					
Gymnastic Schools	-	-	-																					
Technical do.	2602	7	3																					
Grants to Eleemosynary Schools	-	-	-																					
Payments by Results. { Ordinary Schools	3209962	6	.																					
European do.	12500	.	.																					
Technical do.	6265	.	.																					
Cadet Grants	2250	.	.																					
Building Grants. { Ordinary Schools	37907	.	.																					
Technical do.	-	-	-																					
Grants for Furniture, Apparatus and Special objects. { Ordinary Schools	13044	10	.																					
European do.	-	-	-																					
Technical do.	269	.	.																					
Feeding and Clothing Grants	17629	.	.																					
Grants to Municipal Funds. { Ordinary Schools	423305	9																						
Technical do.	5114	3	4																					
				806278	12	4																		
SCHOLARSHIPS.																								
In Colleges, General	12214	7	4																					
Do. Professional	6701	6	4																					
In Secondary Schools for Boys	14432	10	8																					
Do. for Girls	12348	1	1																					
In Primary Schools for Boys	2166	13	10																					
Do. for Girls	806	.	3																					
In Training Schools	-	-	-																					
In Special Schools other than Training Schools	9146	3	11																					
				57815	11	5																		
Carried forward—																								
Minor head total				2298921	9	10																		

HEAD OF EXPENDITURE.	Amount			Total																				
	Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.	Rs.
Brought forward—																								
Minor head total				2298921	9	10																		
MISCELLANEOUS.																								
Grants for the encouragement of Literature ..	-	-	-																					
Purchase and Collections of Oriental Manuscripts	3634	7	9																					
Registration of Books	3466	4	4																					
Sub-Assistant Inspectors' Test Charges ..	21	6	3																					
Teachers' Certificate Examination Charges ..	7343	2	2																					
Special Fifth Standard Examination Charges ..	650	11	9																					
Students' Hostels	-	-	-																					
Honoraria	1504	8	.																					
Miscellaneous	2411	2	.																					
				19031	10	3																		
REFUNDS				140	1	2																		
Total Education Provincial				2318093	5	3																		
Adjusting Heads																								
Contributions from Provincial to Local																								
On account of Education																								
Grants - - - - - - - -	128184	12	-																					
Subsidies - - - - - - -	208581	12	2																					
Contributions to Badrachalam Taluk Board - - - - -	10023	"	"																					
Expenditure on Primary School buildings - - - - -	566000	"	"																					
Total Adjusting Heads				9127882																				

Fort Saint George
Accountant General's office
Recd 15th September 1906
E & B

Mem
To

Chief Superintendent

No. B. L. B. 96 dy.

The Secretary to Government, Educational Deptt
with reference to his memorandum No. 439 dt. 8th September 1906

HEAD OF EXPENDITURE.	CURRENT MONTH.								1st April to Date, 12 months.						Budget Grant.
	Detailed Entry.			Imperial and Provincial Minor Heads.			Local Minor Heads.			Imperial and Provincial Minor Heads.			Local Minor Heads.		
	Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.	Rs.	A.	P.	Rs.
23. ECCLESIASTICAL.															
Ecclesiastical Establishments.															
Church of England.															
Lord Bishop															
Archdeacon															
Secretary and Registrar															
Chaplains, Ministers and Registrars ..															
Exchange Compensation Allowance ..															
Church Establishment															
Local Allowance															
Visitation Allowances															
Travelling Allowance of Chaplains, &c., on Duty															
Travelling Allowance for joining Appointments															
Conveyance Allowance															
House rent Allowance															
Church Furniture, Altar Cloth, &c. ..															
Petty Works of Construction															
Purchase of Furniture															
Purchase of Stationery															
Purchase of Books															
Petty Repairs to Buildings															
Repairs to Furniture															
Lighting Charges															
Hot and Cold Weather Charges															
Cleaning Charges															
Tour Charges															
Postage Charges															
Telegraph Charges															
Rents, Rates and Taxes															
Office Expenses															
Miscellaneous															
Church of Scotland.															
Chaplains and Registrars															
Exchange Compensation Allowance ..															
Church Establishment															
House-rent Allowance															
Travelling Allowance of Chaplains, &c., on Duty															
Travelling Allowance of Chaplains, &c., in joining Appointments															
Purchase of Furniture															
Purchase of Books															
Petty Repairs to Buildings															
Repairs to Furniture															
Purchase of Stationery															
Lighting Charges															
Hot and Cold Weather Charges															
Tour Charges															
Postage Charges															
Telegraph Charges															
Rents, Rates and Taxes															
Office Expenses															
Miscellaneous															
Carried forward—															
Minor head total															

NOTES.

NOTES CONNECTED WITH G.O., No. 5, ~~FINANCIAL~~, DATED 4 May 1907
~~NOVEMBER 1906.~~

[SUBJECT.—*Allotment for educational purposes of the lapses from the recurring grant of 8 lakhs made by the Government of India.*]

EDUCATIONAL DEPARTMENT.

From the Government of India, Home Department, dated 11th July 1906, *No.* 512.

The actual educational expenditure compared as follows with the budget grant during the last ten years :—

Year.	Budget grant.		Total.	Actuals.		Total.	Difference.
	22. Education.	Adjusting heads.		22. Education.	Adjusting heads.		
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1896-97	17,41,000	93,000	18,34,000	16,75,004	98,890	17,73,894	— 60,106
1897-98	17,52,000	1,03,000	18,55,000	17,47,283	92,958	18,40,241	— 14,759
1898-99	17,40,000	1,00,000	18,40,000	18,04,753	92,699	18,97,452	+ 57,452
1899-1900	17,43,000	1,00,000	18,43,000	17,87,554	91,661	18,79,215	+ 36,215
1900-1901	17,60,000	97,000	18,57,000	17,68,188	85,936	18,54,124	— 2,876
1901-1902	18,38,000	1,08,000	19,46,000	18,27,091	96,046	19,23,137	— 22,863
1902-1903	27,22,000	94,000	28,16,000	22,74,547	3,23,127	25,97,674	— 2,18,326 } 7,07,373
1903-1904	28,98,000	3,55,000	27,53,000	21,31,945	3,69,104	25,01,049	— 2,51,951 }
1904-1905	23,00,000	3,95,000	27,95,000	21,87,554	3,70,350	25,57,904	— 2,37,096
1905-1906	29,78,000	3,43,000	33,21,000	23,18,093	9,12,790	32,30,883	— 90,117
Budget— 1906-1907	30,03,000	3,72,000	33,75,000	..	..	..	..

2. The recurring grant of 8 lakhs began with 1902–1903. Since then there have been lapses of Rs. 7,07,373 up to 1904–1905. The final figures of 1905–1906 are not ready as yet and the preliminary accounts under ADJUSTING HEADS show a portion of the 6 lakhs grant under Education and a portion under Public Works with other grants. Financial department has no details. The exact amount of lapse from the budget grant in 1905–1906 cannot therefore be now stated, but there has been a lapse of not less than Rs. 70,000.

There has been no increase in the normal allotment for education since the year 1902–1903 as the necessity for it was not felt owing to the 8 lakhs grant.

3. The Government of [illegible] now say that the lapses in the budget should be utilized for educational purposes. The Director may be asked how he can best utilize the amount and meanwhile copy of the letter and notes may be forwarded u.o. to the Financial department for information and remarks.

P. T. THARYAN—24-7-06.

Secretary—

C. G. MACKAY—25-7-06.

India's letter refers to the 8 lakhs grant made from 1902–1903. Besides this there is the recurring grant of 6 lakhs in aid of primary education made first in 1905–1906 and special grants for the University expenditure.

2. When, in the current year, we provided in the Educational budget for increased expenditure under "Education" consequent on these grants, India peremptorily reduced it.

3. Under the 6 lakhs grant in 1905–1906 please put up the statement showing the allotments made to each district. These allotments having been credited to Local funds will not lapse, but any sums unexpended by the Local Boards will be watched and kept to the proper object.

4. Then please note the allotments made and expenditure incurred out of the special grants in aid of University education.

5. With reference to the statement at **A** in paragraph 2 of the office-note India clearly anticipate an expansion in normal expenditure from Provincial funds on education and will not rest content with the remark that there was no increase or expansion, because of the special grant of 8 lakhs.

But we would have obtained them if asked.
C.M.S.

	Rs.
Grant under 22. Education exclusive of 6 lakhs grant	23,78,000
Actuals	23,07,000
Balance ..	71,000

The provision under Adjusting heads has been almost fully utilized.

P.T.T.—24-7-06.

A

G.O., 325, Educational, 29th May 1902.

G.O., 282, Educational, 2nd May 1905.

G.Os., 190, Educational, 28th March 1905, and 29, Educational, 18th January 1906.

Budget notes for 1906-07 (flagged)

K.W. , Financial, November 1906.

6. The Provincial expenditure on education rose from Rs. 17,73,894 in 1896–1897 to Rs. 19,23,137 in 1901–1902—an increase of Rs. 1½ lakhs in six years, or Rs. 25,000 a year, which might be taken as the normal annual increase from Provincial funds.

7. Please furnish information called for in paragraphs 3 and 4 *supra* and fill in budget figures for 1906–1907 in the statement in paragraph 1 of the office-note.

H. D. Taylor—26-7-06.

The following statements furnish the information called for in paragraphs 3 and 4 of the Secretary's note above:—

I.—Statement showing the allotments made to each district under 6 lakhs grant in 1905–1906—*page* 6 *of G.O., No.* 139, *Educational, dated* 3*rd March* 1906, *as modified by that Government Order.*

	Rs.
1. Anantapur ..	9,000
2. Arcot, North	37,000
3. Arcot, South	16,000
4. Bellary ..	18,000
5. Canara, South	21,350
6. Chingleput	17,000
7. Coimbatore	27,700
8. Cuddapah ..	18,500
9. Ganjám ..	30,000
10. Gódávari ..	16,750
11. Kistna ..	35,600
12. Koraput ..	3,000
13. Kurnool ..	10,000
14. Madura ..	28,000
15. Malabar ..	35,000
16. Nellore ..	13,000
17. The Nilgiris	9,100
18. Salem ..	62,000
19. Tanjore ..	44,000
20. Tinnevelly ..	16,000
21. Trichinopoly	30,000
22. Vizagapatam	56,000
23. Guntúr ..	14,000
Total ..	5,67,000

II.—Statement showing the allotments made and the expenditure incurred out of the special grant-in-aid of University education.

	Year.	Allotment.	Expenditure.		Balance.
				Rs. A. P.	Rs. A. P.
Vide page 1 of notes K.W. G.O., No. 371, Educational, 26th May 1906.	1904–1905.	70,000	Travelling penses of fellows.	5,000 0 0	65,000 0 0
	1905–1906.	1,05,000	Inspection of Colleges ..	15,720 0 0	
			Cost of mathematical instruments (about)	6,000 0 0	
			Total ..	21,720 0 0	83,280 0 0
G.O., 371, Educational, 26th May 1906.	1906–1907.	1,05,000	Inspection of College ..	651 10 0	
			Cost of mathematical instruments (about)	32,500 0 0	
			Travelling expenses of fellows	10,000 0 0	
				43,151 10 0	61,848 6 0
Grand total for the three years	..	2,80,000		69,871 10 0	2,10,128 6 0

2. The whole of the six lakhs grant for 1905–1906 was allotted in that year, but at the instance of the Financial department Rs. 33,000 was transferred tot he head "Subsidy"—*vide* notes and orders in G.O., No. 139, Educational, dated 3rd March 1906. This amount has, however, been spent in another form on primary education and there has been no lapse from the six lakhs grant for 1905–1906.

H.D.T.
9.806.

In the case of the University grant the final adjustments on account of the cost of mathematical instruments have not yet been made. At any rate no report has been received from the Accountant-General or the Director of Public Instruction on the subject and the figures are only approximate.

Financial may with reference to India's letter be asked to note this in the "claims register."

H.D.T.

It can however be safely said that Financial has to give us back over 2 lakhs out of this grant.

3. The budget figures of 1906–1907 have been inserted in the statement on page 1 *supra*.

P.T.T.—4-8-06. C.G.M.—8-8-06.

Secretary—

Before any reference is made to the Director of Public Instruction as to how he can utilize the balance, we had better ask Financial if they are prepared to accept India's suggestion as to the utilization of the unexpended balances referred to on "Education."

2. The six lakhs grant in 1905–1906 was fully expended, any balances unexpended by the district boards will be watched and reallotted to Education in the District Board budgets.

3. Financial may be asked to note in the "claims register" the items of the grants for University education remaining unexpended. In reallotting these sums it will be necessary to explain in *detail*, in submitting next year's budget, or we shall have our estimated requirements cut again. As an alternative, separate application may be made to India for specific allotments from balance as may be required.

4. As to the 8 lakhs it is not possible to say specifically how it has been allocated for expenditure or why lapses have occurred.

5. In this connection it would appear necessary to fix what the normal growth of expenditure on Education from Provincial funds would be. This I have estimated in paragraph 6 of my previous note at Rs. 25,000 *per annum*.

H.D.T.—9-8-06.

Vide portion of Govt. of India, Home Dept. letter no. 572 dated 11-7-06 marked A [on page 1 of C.F.] H.D.T.

FINANCIAL DEPARTMENT.

Chief Secretary—

Before details of expenditure are examined it seems to be necessary to decide whether the Government are prepared to accept the position taken up by India in their present communication.

2. The first point to be noticed is that the special grant of 8 lakhs from the Government of India for increased expenditure under 22. EDUCATION was made *before* the present settlement.

3. In making this grant the Government of India intimated that it—

"was intended to meet in part the expenditure which will be the outcome of the "recommendations of the Educational Con-

Para. 2 of Home department letter 391, 10th May 1902, on page 3 of G.O., 325, Educational, 29th May 1902.

"ference held at Simla in September 1901. It "must therefore be understood that it should not "be generally utilized to meet charges falling outside that expenditure;"

Para. 1 *ibid.*

but at the same time stated that there was "no objection to a portion of it being utilized "for the cost of Educational buildings."

4. When forwarding their proposals for the Provincial settlement now current, the Government of India in their letter No. 4933-A., dated the 13th August 1903, adopted for the settlement figure under 22. EDUCATION the budget estimate for 1903–1904, viz., 23·98 lakhs. This was in accordance with the general scheme of the settlement which adopted under major heads, which were not specially mentioned in the letter, the budget estimate for the current year. The only direct reference to Education is contained in paragraph 27 of that letter which was as follows:—

Page 13 of G.O., 825, Financial, 8th December 1903.

Para. 5 of Finance and Commerce department letter, 4933-A, 13th August 1903, on page 2 *ibid.*

"The settlement now proposed does not take into account the increased expenditure which "may be rendered necessary by reforms, which "are in contemplation in the administration of "Police and Education, except to the extent of the Rs. 8,00,000 a year already allowed under the "latter head. It will not be possible to determine for some years what the total additional expendi-"ture will be, and a long time is likely to elapse before the forms come into full operation. "Part of the increase should, in ordinary course, be defrayed from Provincial revenues; the "remainder will hereafter be found by additional assignment from Imperial revenues, which it "would be premature to discuss on the present occasion."

Page 11 of G.O., 825, Financial, 8th December 1903.

5. The Government claimed a settlement estimate of 26 lakhs and its observations under this head are extracted below :—

"The settlement estimates proposed by the Government of India as regards the expendi-
"ture relating to education are as follows :—

	Lakhs.
"(1) 22. Education	23·98
"(2) Contributions—from Provincial to Local Funds—to Local "Funds (Act V of 1884) for Education (grants-in-aid) ..	1·15
"Lump provision for subsidy to Local Boards on account of "education..	2·40

Paras. 58 and 59 of letter No. 826 Fin., 8-12-03

XXV

"These figures also represent the budget grants for 1903–1904 under the heads specified. "The grant of 2·40 lakhs against item (3) is a portion of the special grant of 8 lakhs under 22. "Education.

"The Government of India have intimated that the settlement now proposed does not take "into account the increased expenditure which may be rendered necessary by reforms which are "in contemplation in the administration of Education except to the extent of the 8 lakhs a year "already allowed under this head. In dealing with the estimate under this head the Madras "Government have therefore not taken into consideration the larger reforms which may be the "result of the Educational Conference held at Simla in 1901. It has not been possible as yet to "make full use of the additional recurring allotment of 8 lakhs sanctioned last year owing to the "delay necessary for working out the schemes for the expenditure under several of the items. "Money originally placed in the Educational budget of this year has been transferred to the "Public Works department budget for educational buildings and the budget estimate for 1903–"1904 of 23·98 lakhs makes no provision for expenditure already determined on and for those "schemes to be taken up in the near future. Among the projects already determined on may "be mentioned the reform of training schools and the further reorganization of girls' schools while "among those to be undertaken in the near future are included the appointment of a Professor "of Geology for the Presidency College, a considerable increase in the European inspecting staff "and the establishment of agricultural schools in selected places. Provincial funds will be unable "to bear any large increase under Education. The settlement estimate should be taken at "26 lakhs at least."

The notes connected with these paragraphs are on pages 135–139 of K.W. 826, Financial, dated 8th December 1903.

6. The next stage of the discussion will be found on page 36 of K.W. 273, Financial, dated the 7th April 1904, from which it will be seen that India adhered to the settlement figure of 23·98 lakhs and this they did up to the end. The settlement under the head still stands at that figure excluding the special grants for primary education and for University and Collegiate education.

23

7. This settlement included the special grant of 8 lakhs ; for the budget estimate for 1903–1904 under 22. Education was 23·98 lakhs which was adopted for the settlement figure. Under Adjusting heads—Contributions from Provincial to Local were also included in the budget estimate for 1903–1904, grants-in-aid to local boards for Education (1·15) and a lump provision of 2·40 as a subsidy to local boards on the same account, and it will be seen from the papers noted in the margin that the settlement figure under Adjusting heads—Contributions from Provincial to Local was fixed at the budget estimate figure for 1903–1904 less certain special items which were provincialised. The total grant for Education was thus (23·98+1·15+2·40) 27·53 lakhs in the budget estimate for 1903–1904 and this was practically repeated in the settlement. The grants for Education in 1901–1902, the year preceding that in which the special grant of 8 lakhs was made were 18·38 lakhs under 22. Education and 1·08 lakhs under Contributions, a total of 19·46 lakhs, or 8·07 lakhs below the budget grant for 1903–1904.

See Notes on pages 138, 139 of K.W. 825, 826, Financial, 8th December 1903.

Y

Para. 105 of letter 826, Financial, 8th December 1903.

Z

Financial note, 17th February 1904, on page 44 of K.W. 273, Financial, 7th April 1904.

8. It is a principle of the settlement that—

"The settlement for each province is a consolidated one, and is not a collection of "separate settlements for each Provincial head. The Local Government and Administrations "will be expected to maintain all the Provincial "services in a state of administrative efficiency, "providing any increased expenditure necessary for the purpose either from the savings in "expenditure to be effected by economical administration of the Provincial services, or from "development of revenues."

Rule 14 in article 283, Civil Account Code.

Page 3 of K.W. 273, Financial, 7th April 1904.

This principle was stated in another way in Mr. Baker's demi-official No. 263-A, dated the 12th January 1904, where he said—

"It is not necessary to discuss detail. The settlements are essentially consolidated. The "only object of details is to enable us to work up to a definite total; . . . . ."

It is also a principle of the settlement that it provides for the existing standards of revenue and expenditure. The Local Government will have to meet any increased expenditure necessary for the purpose of maintaining this Provincial service of education in a state of administrative efficiency either from savings in expenditure under other heads or from the development of revenues. This principle was impressed upon this Government when they applied for additional assignments to meet increased expenditure under this self-same head, for India said—

Article 283 (14) of the Civil Account Code.

"It is one of the principles of the system of Provincial settlements that provision is made "only for existing standards of revenue and "expenditure and that future growth of expendi- "ture must be met out of growth of revenue."

Para. 2 of Finance department letter, 470-A, 25th January 1906, in G.O., 125, Financial, 14th February 1906.

It is submitted that India's idea of carrying forward the transactions of one settlement period to the succeeding settlement period should be resisted.

9. Another contention underlying the present communication which it seems necessary to protest against is in connection with the system of "ear-marking" which, according to the present proposals, would be carried to its extreme limits. The Government of India virtually require this Government to keep a ledger account of the expenditure under Education, *i.e.*, an account showing on one side the settlement figures and the special grants and on the other the actual expenditure. But it is not possible under the present system of accounts to bring together under a single head all the extra expenditure which is involved in schemes of reorganization. More schools and more officers mean for one thing more stationery, the cost of which is shown under a distinct head. India admitted that portion of the 8 lakhs could be devoted to educational buildings, but how are the cost of buildings met from a particular 8 lakhs of Provincial revenues to be differentiated from the cost of other educational buildings? The Government of India themselves have pointed to the difficulties surrounding the ascertainment of the exact amount spent on a particular service department when they have been taxed with the profit made out of Law and Justice, and the same difficulties must, it is submitted, attend any system of ledgering expenditure. Such a system seems moreover to be altogether opposed to the principles of the settlement and especially so when it carries transactions back to a settlement period which has expired. Rule 15 in article 283 of the Civil Account Code gives the Government of India, it is true, very wide powers as regards the issue of instructions on general or particular matters affecting the revenues and services transferred to Provincial under the settlement arrangement, but this power is in the nature of a saving clause and could not, it is submitted, have been intended to upset the main principles which govern the settlement.

C. M. Schmidt—10-8-06.

I don't think it necessary to add to the above note now. I do not see how it is possible with any approximation to accuracy to say how much of the additional expenditure since the beginning of this grant is from the grant and how much is due to the normal expansion of Provincial expenditure. The proposal of the Government of India, if extended to all our fixed grants, will be productive of great confusion and produce most needlessly complicated accounts. I think the proposal should be resisted.

M. Hammick—16-8-06.

Educational Department.

Submitted to the Honourable Member.

2. If the view of Financial that India's proposal should be resisted is accepted in this department, the current may be transferred to Financial as being in a better position to deal with the technicalities of the subject.

G.O., 500, Educational, 27th July 1906.

3. Proposals are now under consideration for the construction of additional quarters, rent-free, for professors attached to certain colleges subject to the condition that they exercise certain supervision over the students out of college hours, also for the construction of a combined laboratory and lecture hall for the Medical and Presidency Colleges.

G.O., 1039 W., 8th May 1906.

4. As to the grant for University education, India, on a specific reference made to them, stated that it was open to this Government to issue any orders they thought fit as to the re-allotment for University purposes of the unexpended balances which had lapsed to the

G.Os., 645, 646, 29th September 1905.
G.O., 29, 18th January 1906.
„ 89, 13th February 1906.

general Provincial balance; but this amount, it is submitted, should be eventually allotted for expenditure connected with the University either by way of hostel accommodation to private colleges or by the endowment of a professorial chair and laboratory as soon as definite schemes, now under the consideration of the Director of Public Instruction, have been worked out.

G.O., 29, 16th January 1906.
G.O., 89, 13th February 1906.

5. Will office please note the expenditure on Educational buildings shown in Public Works budget of Civil works for the last three years and budget estimate for current year? This expenditure forms no part of the Educational budget.

H.D.T.—17-8-06.

The expenditure on Educational buildings shown in the Public Works budgets for 1903–1904 to 1906–1907 is as follows:—

	Rs.
1903–1904	1,69,270
1904–1905	1,13,187
1905–1906	1,72,362
1906–1907	1,92,361

The amounts, however, are only the totals of the allotments in the budget from which there were considerable surrenders. The Public Works department have no information here regarding the actual expenditure in the first three years It seems that for this reference will have to be made to the Examiner, Public Works Accounts.

Unnecessary. The budget figures are a rough guide.

H.D.T.—17-8-06.

About Rs. 42,000 of the allotment for 1904–1905 came from the special grant of three lakhs given by the Government of India—G.Os., No. 276, Financial, dated 8th April 1904, and No. 11, Financial, dated 4th January 1905, and the abstracts of Government orders read in the latter.

P.T.T.—17-8-06.

H.M.—

H.D.T.—17-8-06.

The notes have been written on the supposition that India's mode of supplemental grant is to be resisted, but it is not likely they will alter it; nor as at present advised, do I see any urgent reason for a modification.

Will office therefore note on the supposition that the grant will be continued as a special supplemental grant and show how it can best be so administered, dealing also with the other questions to answer India.

G. S. F[orbes]—26-8-06.

As to the eight lakhs' grant it does not seem probable, if our proposals in respect of training schools are approved, that there will in future be any material lapses under the educational budget.

B | Please first obtain the *actuals* for 1905–1906 and note what additional *recurring items* of expenditure over and above that included in the actuals for 1905–1906 will have to be met in the current and future years.

2. As noted, there is the expenditure in respect of training schools, the increase to the Inspectorate against which will be set the abolition and transfer to revenue of the Agricultural College, the Directorship of Technical schools. There is not likely to be any lapse under the six lakhs' grant for Primary education as this is paid to, and incurred through, the agency of Local Boards.

3. Before any definite scheme can be drawn up, it will have to be decided in consultation with Financial whether the department will allow for an increase in the budget provision on account of normal expansion of Educational charges, which is estimated in paragraph 6 of my note of 26th July 1906 at Rs. 25,000 *per annum*.

Page 2 supra

4. As to *accumulations* owing to lapses in past years, these sums, if they are to be ear-marked for educational purposes, cannot be utilised for recurring expenditure, but there are the special schemes referred to in paragraph 3 of my note of 17th August 1906 for special educational buildings. Will office please estimate in detail the cost of these buildings and of the additional sum

Page 5 supra

C | over and above the average expenditure as expended or included in the Public Works budget for the last five years on account of Educational buildings, which we may reasonably expect to receive in the near future on account of new buildings for girls' schools, training schools and the like.

5. The grants for University expenditure is a separate matter, which need not be dealt with in this connection: the Director of Public Instruction's proposals on this subject may be awaited and he should be reminded separately.

6. It will perhaps hardly be possible at present to forecast the additional expenditure which will be incurred by way of grant or subsidy to local bodies in aid of elementary education under the new Educational rules. The Director of Public Instruction may, however, be asked to send in

D | as accurate a forecast as possible. Certain items have, in the notes in connection with the Educational rules, been specified as a first charge upon the six lakhs' grant. The cost of these items should be eliminated when framing the forecast now required. Please refer to those items in the proposed reference.

H.D.T.—29-8-06.

The following u.o. note to the Public Works department and draft memorandum to the Director of Public Instruction are submitted for approval with reference to the Secretary's notes at **B, C** and **D** on page 6 *supra*. On receipt of replies a further note will be submitted.

P.T.T.—1-9-06.

"The following provisions were made for Educational buildings in the Public Works budgets "for the last five years :—

	Rs.
"1901-1902	78,980
"1902-1903	2,31,707
"1903-1904	1,69,270
"1904-1905	1,13,187
"1905-1906	1,72,362

"The budgets do not show what the actual expenditure on Educational buildings was during "these years. The Public Works department may be asked u.o. to be so good as to obtain the "figures and note them against the provision for each year."

Issue.

P.T.T-1-9-06.

C.G.M.—3-9-06.

Be 2 of current

[Memorandum to the Director of Public Instruction issued No. 440, Educational, dated 4th September 1906—II.]

Public Works Department.

Under Secretary—

The figures quoted above represent the total of the grants specified in part I, class A of the Provincial Civil Works budgets for the several years in question. They do not take into account the amounts included in the lump sum grants for minor works and repairs.

Appendix A of the Provincial Civil Works budget gives figures of expenditure up to 1904-1905. Educational wishes to know the expenditure during 1905-1906, as well as the grants, presumably final grants, for Educational works during the five years specified.

The Examiner, Public Works Accounts, may be requested to furnish a complete statement giving the information required.

R.K.—15-9-06.

A. G. Romilly—17-9-06.

Office of the Examiner, Public Works Accounts.

The expenditure on Educational buildings from 1901-1902 to 1905-1906 is given below :—

	Original works.	Repairs.
	Rs.	Rs.
1901-1902	1,99,375	12,646
1902-1903	1,62,258	15,532
1903-1904	2,23,679	17,530
1904-1905	1,78,795	13,087
1905-1906	1,38,379	16,976

2. It is not possible for this office to give the amount of *grant* for each year, as the lump sum provisions for minor original works and repairs are not allotted by main and sub-heads.

C. R. T. Balston—27-9-06.

Public Works Department.

To Educational u.o.

A.G.R.—9-10-06.

Educational Department.

From the Government of India, dated 15th October 1906, *No.* 795.

The Government of India wish to know when a reply may be expected to their reference * regarding the action which this Government propose to take in regard to the sums which have lapsed from the special recurring grant of 8 lakhs given by them in 1902.

* Letter 512, 11th July 1906. (current)

2. The matter is still under consideration. Certain information was called for from the [redacted] the Director of Public Instruction and the Public Works department on the 4th September 1906. Reply has been received from [redacted] the Public Works department. The Director of Public Instruction has not yet replied. A reminder went to him on the 3rd instant and another is now going.

Submitted that the following reply may be sent to the Government of India :—

"The matter is still under the consideration of this Government. A reply will be sent as soon as it is disposed of."

P.T.T.—24-10-06.

Secretary—

C.G.M.—24-10-06.

We cannot put off India with an evasive answer such as that suggested. They ask for definite information, and must get it. The main question involved is one for Financial, *i.e.*, whether (*a*) the Government will accept the proposal of India to treat the lapsed balances out of the special grant as ear-marked for Educational purposes; (*b*) whether Provincial will in addition to these special grants allow increased provision for Educational purposes out of ordinary Provincial funds to meet normal expansion of expenditure.

Financial should not accept this position.
G. S[TOKES]—20-11-06.

Educational will get its share of our growing revenues no doubt.
G. S[TOKES].

2. What the effect of the new Educational rules will be in respect of this normal expansion we cannot at present foresee with accuracy, but at least we can formulate definite schemes for new buildings, hostels, etc., which can be provided for out of the amounts of the lapsed balances as definitely ascertained.

They have not been definitely ascertained and cannot be so.
G. S[TOKES]—20-11-06.

3. I cannot trace the reference to Director of Public Instruction approved by the Assistant Secretary on 3rd September 1906, so I cannot see what the exact terms of that reference were. Apparently it asked merely for information as to the effect of the new Educational rule and the provision to be made in future for recurring expenditure—a totally different matter for which the disposal of the present reference should not be delayed. Office should not have slept all this time without preparing a statement of definite expenditure of a non-recurring nature proposed to be met from the accumulations of the lapsed balances now with Financial. Office will now please note on the point without delay on the main file.

Memorandum 440, 4th September 1906. [Page 2 C.F.]
Quite useless for disposal of this reference. What *was* required was the suggestion of the Director of Public Instruction as to objects on which the accumulated balances could be spent. The reference deals only with the future not with the past.
H. D. TAYLOR.
29.10.06

H.D.T.—25-10-06.

4. Will office please note further independently of the Director's reply to memorandum No. 440, Educational, dated 4th September 1906? From the statement furnished by the Accountant-General, the figures as to actuals for 1905–1906 on page 1 *supra* appear to be wrong. There was an actual lapse in all for that year of Rs. 90,000.

[Page 2 of current] Page 22

Submitted that these were only the preliminary actuals as stated in the margin of page 1.
P.T.T.

5. Will office please note at once details of the proposals under consideration for schemes involving *non-recurring* expenditure? There have been lapses to about 8 lakhs owing to non-utilization of the special grants since 1902–1903.

H.D.T.—25-10-06.

The following statement shows the expenditure in 1905–1906 as compared with the provision for 1906–1907 under the several minor heads under the major head 22. EDUCATION and under ADJUSTING HEADS so far as regards Education :—

Page 22

	Expenditure in 1905–1906.	Provision for 1906–1907.
	Rs.	Rs.
University	21,325	20,000
Direction	76,140	75,900
Inspection	4,49,256	5,09,000
Government Colleges—General	2,13,126	2,07,000
Government Colleges—Professional	2,10,526	1,97,500
Government Schools—General	1,73,029	1,85,800
Government Schools—Special	2,91,424	2,71,300
Grants-in-aid	8,06,279	8,56,000
Scholarships	57,816	54,000
Miscellaneous	19,032	24,000
Refunds	140	1,300
Lump provision for Primary education	..	6,00,000
Do. for reorganization subordinate educational service	..	1,200
Total ..	23,18,093	30,03,000
Adjusting heads	9,12,790	3,72,000
Grand Total ..	32,30,883	33,75,000

C.G.M.

Any increments may be neglected.

C.G.M.

2. The provision under University may be left out of account. Out of the grant of Rs. 2,80,000 made up to date by the Government of India, Rs. 2,10,128 remains unutilized—page 2 *supra*. Of this amount about 2 lakhs have merged in the Provincial balance.

3. Under Direction there will be no additional recurring expenditure.

4. Under Inspection the full number of Sub-Assistant Inspectors of Schools, clerks and servants was not employed in 1905–1906. The exact number of Sub-Assistants of the 4th class employed in that year is not shown in the Civil budget estimate—page 129—but in the other classes there were 64 against 86 proposed for 1906–1907. Similarly there were only 72 clerks and 117 servants against 135 and 240 proposed for 1906–1907. Two new Inspectors also have been appointed in 1906–1907. Altogether there will be an increased recurring charge of Rs. 59,744 under the minor head Inspection.

C.G.M.

The improvements suggested by the Universities Commission for Government colleges were few and slight.

C.G.M.

5. Under Government Colleges—General no additional recurring expenditure is anticipated.

6. Under Government Colleges—Professional, Educational will, in 1906–1907 and future years, be relieved of the cost of the College of Agriculture between Rs. 40,000 and Rs. 50,000, but the cost of the school department of the College of Engineering (between Rs. 20,000 and Rs. 27,000) hitherto shown under Government Schools—Special will now be transferred to this head. An additional recurring expenditure will also be necessary on account of the reorganization of the latter college. The details have not been worked out as yet.

Page 135, Civil budget estimate.
Page 142, Civil budget estimate.
Page 133, Civil budget estimate.

7. Under Government Schools—General there will be no recurring additional expenditure except a few hundred rupees required for starting new schools in the Gódávari Agency, but under Government Schools—Special Rs. 30,000 will shortly be required for the reorganization of training schools for primary teachers and Rupees 20,000 after a time for the higher grade training schools, suggested by the Government of India. On the other hand Mr. Chatterton's pay formerly shown under this head will from the current year be transferred to the Revenue budget.

(In round figures).
Paragraph 5 of letter 496, 25th July 1906.
Paragraph 6 of do.

I.e., 1,370 × 12.

C.G.M.

Perhaps the Director may want Rs. 30,000 in addition to this Rs. 40,000 in place of the budget Rs. 20,000. Notes K.W. G.O., 417, Educational, 15th June 1906.

8. Under Grants-in-aid additional amounts will be required for payment of grants to European schools, but for this the Government of India have given a special grant of Rs. 40,000 —G.O., No. 417, Educational, dated 15th June 1906.

9. Under the new Educational rule 83, local bodies have to pay capitation allowances to trained teachers in their lower elementary schools and under rule 84 they will lose the fees hitherto levied in the same class of schools maintained by them. The excess expenditure in the former case will be met and the loss in the latter case will be made good from the 6 lakhs grant. Under rules 81 and 82 also, local bodies will have to incur larger expenditure than at present on their schools the staff of which will be reorganized, but the excess in the case also will be met from the 6 lakhs grant.

The amounts have not been worked out and may be omitted from consideration at present as they come from the 6 lakhs grant. We are dealing only with the 8 lakhs grant.

C.G.M.

But the 6 lakhs grant may not suffice.

H.D.T.

[Page 29 c.f.]

The Director was asked in Memorandum No. 440, dated 4th September 1906, to submit as accurate a forecast as possible of the amount required for these purposes, but he has not as yet furnished the required information.

Under rule 5 of the Grant-in-aid a large number of the schools and departments formerly aided from Provincial funds will now have to be aided from Local funds and Provincial will have to make good the excess in the shape of subsidies. The amounts hitherto paid as grants will however be available for payment as subsidies. Under foot-note (1) on page 1 of the Grant-in-aid Code and under rule 34 of the Code the total grants payable from Provincial and Local will remain unaltered at least for the present.

Para. 30 of office-note on page 9 of K.W. 356, Educational, 21st May 1906.

I.e., for the triennium beginning 1906–1907.

C.G.M.

But schools newly admitted have to be provided for.

H.D.T.

10. On the whole it would seem that there will not be any lapses in the Educational budget for the future and there will be slight increases year after year in the annual expenditure on education when the reorganization of training schools is sanctioned and additional schools come under maintenance or aid.

11. Means have therefore to be found only for spending the lapses from 1902–1903 which amount to Rs. 7,97,490 up to the close of 1905–1906, and it is chiefly on this point that the Government of India call for information—*vide* the last sentence of their letter.

12. The note of the Examiner, Public Works Accounts, on page 7 *supra*, shows that the average expenditure on original works during the last five years was Rs. 1,84,497. The provision in the current year's budget is Rs. 1,92,361. This includes Rs. 41,950 for new lecture rooms for the Presidency College. Estimates for new laboratories for the Medical College amounting to Rs. 1,70,130 are now ready. Estimates for quarters for the Principal of the Kumbakónam College and for deputy warders for the Victoria students and the Rajahmundry College hostels are under preparation. The total cost of these buildings may be put down at about Rs. 30,000. In addition to these, educational buildings estimated to cost several lakhs of rupees remain to be constructed. Grants amounting to Rs. 2,73,490 were asked for by Public Works officers on behalf of these buildings in 1906–1907 alone—pages 54–59 of the Public Works budget for the current year. If Financial can allot the required amount and if Public Works department can hurry up the estimates for these buildings, the lapses in the Educational budget referred to in the foregoing paragraph can be spent in two or three years if not in a shorter time.

Page 15 of the budget.

Paragraph 7 of the office-note, 30th June 1906.

G.Os., 500 A., Educational, 27th July 1906, and 590, Educational, 8th September 1906.

Principal's quarters Rs. 14,000, and warders' quarters Rs. 8,000, each approximately (G.O., 299, 300, 8th May 1905).

In most cases estimates are awaited.

C.G.M.—29-10-06.

P.T.T.—25-10-06.

Secretary—

C.G.M.—29-10-06.

India's letter deals practically with two points—

(*a*) the expenditure of the sums amounting in all to Rs. 7,97,490 which have lapsed to the general Provincial balance out of the increased provision for education consequent on the special grant made by India since 1901–1902.

This seems to take no account of what has been spent on buildings in Educational from 1902–1903 to 1905–1906.

M.H.—31-10-06.

It takes no account of what has been spent under Adjusting heads.

G. S[TOKES]. 2-11-06.

(*b*) the provision from Provincial funds of money to meet automatic other than special increase of expenditure.

2. The Financial department is disposed to resent any proposal to regard these lapses as earmarked for educational purposes, but it is not likely that India will be prepared to listen * to any remonstrance on that ground. It remains therefore to be seen what expenditure of a recurring nature is likely to be incurred in the future and on what objects the expenditure in connection with which will be of a non-recurring nature, the past accumulations as they can be placed at our disposal by Financial can best be expended.

If you can show them wrong, India will listen, and if they won't, we can go to the Secretary of State.

G. S[TOKES]. 2-11-06.

* I know from Mr. Meyer that the Finance department will listen and approve. Never prophesy unless you know.

G. S[TOKES]. 2-11-06

3. The office-notes show that, in the future, we are likely to spend on charges of a recurring nature the full amounts of the budget provision and that the provision will require slight expansion from year to year to meet automatic increases.

We cannot give any such assurance. If such hostels, etc., are wanted they must come up for consideration on a par with all the other claims on Government.

E

G. S[TOKES]. 2-11-06.

As to past accumulations India may be informed that the Government propose to spend the lapsed balances, as funds can be made available with reference to the general Provincial budget estimate, on buildings required for educational purposes such as hostels, lecture rooms and quarters for Principals, Girls' schools and Training schools.

4. India have sent a reminder asking when a reply may be expected. It is really a question for Financial to reply to. If Financial agree to the proposal of India to utilize these balances for educational purposes, there are numerous objects on which Educational can spend them.

A | 5. In reply to India's reminder we may perhaps say that the question is being considered in the Financial department in connection with the budget and that a reply will be sent within two months.

6. It is really a simple matter to be dealt with in Financial. The latter must say whether they agree to provide the funds. Until Financial agree we cannot send any reply in Educational. Will Financial please say whether they accept the reply to the reminder as indicated at **A**, and whether they will be prepared to accept the transfer of the file—a reply to India's reference. Will Financial please treat this as very urgent.

On the contrary it is most disputatious.
G. F. [FORBES].

H.D.T. 29.X.1906.
FINANCIAL DEPARTMENT.

Chief Secretary—

Submitted that the reply to India's reference should in any case be drafted in Educational. This department is concerned mainly with the acceptance of India's principles and this matter has been discussed in the main file. It will be observed that Educational arrive at the figure 7·97 lakhs as the lapse on the special grant of 8 lakhs up to the end of 1905–1906 by taking the difference between the budget allotments and the actuals for each year from 1902–1903. It is not quite clear how this calculation gives a correct idea of the facts. In 1896–1897 ·60 lakh lapsed out of the Educational grant; in 1901–1902, ·23 lakh—these have been treated as Provincial lapses. It does not seem to be correct to treat the *whole* of the lapses after 1902–1903 as ear-marked lapses.

Of course it does not do so.
G. S. S[TOKES]—20–11–06.

C.M.S.—29–10–06.

H.M.—

If the Government accept the views of the Government of India, and I suppose there is small chance of their giving way on this point, I do not see that the mode of calculating the amount that has lapsed out of the 8 lakhs, as calculated by the Educational department, is correct. Educational apparently merely take what has lapsed in each year since 1902–1903. I do not understand how that sum can possibly be said to be the amount that has lapsed from the 8 lakhs. Surely if any calculation is to be made, it should be by finding out what exactly was spent on education—including what was spent on educational buildings—before 1902–1903 and then seeing how much has been spent in each subsequent year on the same objects and taking the difference as the amount spent from the grant less Rs. 25,000 which Mr. Taylor calculates to be the normal increase in educational expenditure from year to year. I imagine this method will give a very much larger sum than Rs. 7,97,490; so if India is satisfied with this figure, Provincial had better accept it. Merely taking the lapses in each year will give no accurate result, as the budget figures did not apparently allow for the expenditure of the whole special grant of 8 lakhs.

Why? This is a common and most fallacious argument.
G. S[TOKES]. 2.11.06.

Obviously it is quite incorrect.
G. S[TOKES]. 2-11-06

I agree.
G. S. F[ORBES]. 2.11.06

Why do you think this? Pages 3–4 of the notes show the exact opposite.
G. S[TOKES]. 2-11-06.

Whether the Government of India's proposal is to be accepted is for Government to decide; if it is, the proposal marked **E** on page 10 seems the best way of meeting the Government of India's wishes.

M.H.—31–10–06.

Will Financial please set out shortly the conditions on which we were given—

(1) The Tank Restoration grant.
(2) Police grants.
(3) Eight lakhs grant.
(4) Six lakhs grant.
(5) University education.
(6) Any other special educational grants.

2. Will it also examine the objection that we cannot separate out the expenditure from the 8 lakhs grants under our existing system of accounts. If this is required we must have a separate head in the accounts for each special grant.

3. Also please set out clearly the objection on page 5 of the above notes that the 8 lakhs grant has come down from a former settlement.

4. Also set out shortly the former discussions about departmental finance.

5. In regard to (1) please set out the detail of the accounts so as to make the point clear.

G. S[TOKES]—2–11–06.

Chief Secretary—

CONDITIONS ATTACHED TO SPECIAL GRANTS.

The conditions on which the several special grants have been sanctioned by the Government of India are set out below:—

I. Tank Restoration Grant (5 Lakhs).

(*a*) In November 1903, the Government of India (Public Works department) requested that a report might be furnished to them stating what alteration in the existing system of tank restoration the Local Government would propose to make in order to give effect to the recommendations of the Irrigation Commission for a more vigorous prosecution of tank restoration works and what assistance, if any, in the way of additional Engineer establishment or funds, would be required from the Imperial Government to carry out the proposals.

Letter from the Government of India, Public Works department, 1600/C.W.I., 28th November 1903, on page 2 of G.O., 1198 I., 31st October 1904.

(*b*) In reply the Government stated that—

"During the five years ending 1903–1904, the grant that it has been found possible "to make annually for Tank Restoration Scheme "works averaged 4·06 lakhs and with an annual "assignment of only 38 lakhs under the head "'43. Minor Works and Navigation' "according to the recent Provincial Settlement, this Government will not be in a position to allot "any amount appreciably in excess of the above sum. The additional funds that will therefore "be required to carry out the proposals made in this letter will be about 9 lakhs *per annum*."

Letter to the Government of India, Public Works department, 1199 I., 31st October 1904 (paragraph 9 on pages 3 and 4).

(*c*) India then replied—

". . . . the Government of India regret that in view of the demands from other "Provinces, they are unable to give as large a "grant as Rs. 9 lakhs *per annum*. They are, "however, pleased to sanction an additional "allotment of Rs. 5 lakhs to Madras for the "current year under 43. Minor Works and Navigation—*Provincial* and an additional assign- "ment to this extent which will be made through the Land Revenue head. . . . . it is the "intention of the Government of India to repeat this grant year by year unless in any year "financial exigencies require a reduction in the Imperial allotment under 43. Minor Works.

"It is believed that this assurance will suffice to enable the Government of Madras "to entertain the necessary establishments. I am to request that, with the permission of His "Excellency the Governor in Council, a revised scheme of tank restoration may now be drawn "upto utilize the above amount and the share of the assignment under 43. Minor Works and "Navigation which the Local Government may be able to allot for the purpose of tank restora- "tion and which in the past five years has averaged 4·06 lakhs, and that it may be submitted to "the Government of India for information. . . . ."

Paras. 2 and 3 of letter from the Government of India, Revenue and Agricultural department (Civil Works), 813 I., 22nd June 1905, in G.O., 807 I., 4th September 1905 (page 2).

(*d*) A scheme was then submitted to the Government of India working down to the reduced grant of 9 lakhs *per annum* which spread the tank restoration scheme operations over a period above twenty years in duration instead of fourteen years as originally contemplated. As regards the grant of 5 lakhs for 1905–1906 it was explained to India that the expenditure on tank restoration scheme and other minor works was, owing to the season, so forward in proportion to the grant that little difficulty was anticipated in spending it on repairs to tanks, but in case there should be any balance His Excellency the Governor in Council hoped that the Government of India would have no objection to this balance being spent on other minor works.

Para. 3 of G.O., 807 I., 4th September 1905, forwarded to the Government of India with endorsement 808 I., 4th September 1905.

Para. 8 *ibid.*

This was the first mistake.

G. S[tokes].
20.11.06.

(*e*) The Government of India stated that they had—

"no objection to the utilization on other works of any unspent balance of (the) "Imperial contribution for tank restoration, "provided it is understood that such portion of "the Imperial contribution as may be diverted "in the manner proposed will be made good "from Provincial funds in subsequent years."

Para. 2 of letter from the Government of India, Public Works department, 1485—1, 2nd November 1905, on page 3 of K.W. 57, Financial, dated 18th January 1906.

The intention of this ruling of India's will be found discussed in K.W. 57, Financial, dated 18th January 1906.

(*f*) The budget estimate for 1905–1906 for tank restoration scheme works was 3·68 lakhs. The Government of India sanctioned in addition a grant of 5 lakhs. The total expenditure incurred in 1905–1906 was 5·86 lakhs.

Page 8 of Appendix to G.O., 519 I., 14th May 1906.
Page 11 of G.O., 1033 I., 27th September 1906.

It is obviously impossible to say how much of this is Imperial and how much Provincial.

G. S[tokes].
20.11.06

II. Police Grants.

(*a*) In their despatch to the Secretary of State, No. 28, dated 19th November 1903, communicating on the report of the Indian Police Commission, the Government of India remarked as follows in regard to the financing of the schemes arising out of the recommendations of the Police Commission :—

Paras. 13 to 15 of despatch communicated to this Government with Home Department letter, 250, dated 14th April 1904, in G.O., 1112, Judicial, 25th July 1904, (pages 25—31 of collection Government Order regarding correspondence relating to the Police Commission's report).

"13. There remains the question of cost. Our present annual expenditure on police is "262 lakhs of rupees. The proposals of the Commission involve an ultimate "additional annual expenditure of 150 lakhs, almost the whole of which will "have to be borne by what are at present Imperial revenues.

"We shall call upon Local Governments to scrutinize the proposals minutely, with a view "to every possible economy that is compatible with reasonable efficiency. We believe "that it will be found possible to effect such economies, though perhaps they will be "more easily effected in the smaller than in the larger items which constitute the total. "But, subject to such reductions as it may be found possible to make without impairing "the general standard of efficiency at which the Commission have aimed, we think "that the attainment of that standard is worth the cost; and we shall be prepared to "incur the expenditure necessary to that end.

"14. In referring the question to Local Governments we shall draw their attention to the "following points:—

"(1) Out of the total increase of Rs. 1,40,65,000 proposed on account of pay, only "Rs. 20,20,000 is for the pay of Europeans, the remainder, Rs. 1,20,45,000, "being for Indians.

"(2) Of this sum there would be required at starting—

	Rs.
"For Assistant Superintendents	4,43,000
"For head constables	8,81,000
"For constables	44,03,000
Total ..	57,27,000

"besides a further sum of uncertain amount for raising the minimum pay of "District Superintendents of Police to Rs. 700 a month. There will, on "the other hand, be some reduction on this figure by the operation of the "proviso that the periodical increments are only to be given to constables of "approved service.

"(3) As to the higher ranks, we shall ask Local Governments what their proposals are "for the introduction of the new scales in the event of their being sanctioned "and for an approximate estimate of their financial effect.

"(4) We shall further intimate to them our intention that part of the cost should be "contributed by the Government of India and part should be left to be provided "by degrees by Local Governments from the increase of provincial revenues "under the operation of the new settlements now about to be introduced; and "we shall inform them that in no circumstances can we accept as an imperial "charge any portion of the expenditure required for buildings, the amount "of which has not been estimated by the Commission. The responsibility for "this expenditure must be wholly Provincial, and the necessary extensions and "improvements, the necessity for which we readily admit, must be carried out "gradually as the resources of each province permit.

"15. Subject then to such modifications of detail as may arise from our reference, we "may sum up our view of the financial aspects of the Commission's recommenda- "tions in the following conclusions:—

"(i) The scales of pay proposed by them for the higher ranks of police officers must be "gradually and progressively applied, and in applying them the claims of indi- "viduals to be admitted to the higher rates must be jealously scrutinized.

"(ii) The strength of the force can only be raised gradually on consideration of the "requirements of the province or locality concerned and of the necessary "financial limitations.

"(iii) These conditions being complied with, we anticipate that the opening stages of the "process of the reforms contemplated by the Commission will impose upon the "revenues of India no burden at all comparable with that which will have to be "borne when the final stage is reached; and complete effect is given to the "Commission's recommendations. But by that time the revenues themselves "will have expanded, and will, so far as we can reasonably forecast, be able to "meet the increased charge.

"(iv) In the meantime we are in a position to place at the disposal of the Local Govern- "ments, for the purpose of these far-reaching and essential reforms, a contri- "bution of 25 lakhs during the next financial year, and, if conditions continued "to be normal and no unforeseen disaster forces us to retrench, we propose to "augment this contribution at the rate of 25 lakhs a year, or by such smaller "sum as the growth of provincial revenues may render adequate, until we have "carried out to the full the measure of reforms and expansion that the "exigencies of the occasion demand."

Para. 3 of Home department letter, 250, 14th April 1904, in G.O., 1112, Judicial, 25th July 1904 (page 25 of Collection G.O.,regarding Police Commission Report).

(*b*) In forwarding to the several Local Governments a copy of their despatch, the Government of India invited special attention to paragraphs 13, 14 and 15 which dealt with the matter of expenditure.

(*c*) In Finance department letter No. 1764A, dated the 23rd March 1905, the Government of India sanctioned a recurring grant to this Presidency of 10 lakhs *per annum* with effect from the year 1905–1906 to enable the Madras Government to meet additional expenditure on Police arising out of the recommendations of the Police Commission.

Page 2 of G.O., 308, Financial, 10th April 1905.

Para. 24 on page 8 of the Government of India Financial Statement for 1905–1906.

In announcing this additional assignment in the Financial Statement for 1905–1906 the Finance Minister said :

"Turning now to the four measures of administrative improvement which involve increased "recurring expenditure, the first in urgency, though not in immediate magnitude, is the reform "of the Police, in accordance with the approved recommendations of the Police Commission. To "carry out those recommendations in full will cost a very large sum of money, and must neces-"sarily occupy a considerable time. For next year, however, we have arranged to make a "beginning by providing a sum of 50 lakhs of rupees which will be distributed among the "provinces as follows :—

"Madras .. .. 10 lakhs.
" * * * * * * * * *

"These grants will be permanent and will be added to the fixed assignment of each "province which has a Provincial settlement. The principal measures to which these grants will "be applied during 1905–1906 are the following :—

"(*a*) the strengthening of the armed police reserve ;
"(*b*) an increase to the pay of the rank and file of the force ;
"(*c*) the grant to all constables of a free kit on enlistment, together with local allowances "in special tracts and a deputation allowance of 2 annas a day (or 4 annas in Burma) when "deputed on duty beyond their circle ; and
"(*d*) an increase of strength and pay and improved grading for sub-inspectors.

"It is estimated that these measures, which for the most part can be carried out without "delay, will absorb the whole of the provision made for 1905–1906. The remainder of the "approved reforms will be carried out in due course, the requisite funds being provided partly "from Provincial revenues and partly by means of additional assignments from Imperial. It is "hoped that not less than 25 lakhs per annum will be made available for this purpose in "1906–1907 and succeeding years until the entire scheme has been carried out ; but it is evidently "recurring police expenditure, impossible to guarantee this rate of progress in advance."

(*d*) In Home department letter No. 24, dated 11th January 1906, the Government of India recognised that as a result of the restriction of immediate reforms in Police to certain selected measures, a considerable portion of the special grant of 10 lakhs would remain unspent during 1905–1906 and they expressed the hope that the Madras Government would be able to arrange to utilize the amount so unspent on non-recurring police expenditure, such as police buildings.

Para. 4 on page 3 of G.O., 178, 179, Judicial, 1st February 1906.

(*e*) In Home department resolution, Nos. 488—500, dated the 4th May 1906, the Government of India intimated that they had "allotted in the budget for 1906–1907 between the "different Government and Administration a further grant of 25 lakhs of rupees in aid of "the reform of the Police." Of the grant Madras received 4·50 lakhs and the amount was "permanently added to the resources of the" Presidency. The Government of India desired that the grant should be devoted to the following objects :—

G.O., 815, Judicial, 14th May 1906.

No ear-marking here.

G. S[TOKES]. 20.11.06.

(1) the introduction of the improved scale of pay for superior officers ;
(2) the recuitment of Deputy Superintendents ;
(3) the further recruitment of sub-inspectors ;
(4) the formation of the provincial departments of criminal investigation ; and
(5) the advancement of the reforms proposed in the police forces of the city of Madras.

Page 10 of the *Gazette of India*, 21st March 1906.

In paragraph 36 of the Government of India Financial Statement for 1906–1907, it is stated :

"We . . . . provide a sum of 25 lakhs [of which Madras gets 4·50 *per annum*] for "the reform of police, in accordance with the approved recommendations of the Police Commis-"sion. It will be remembered that last year a similar grant of 50 lakhs was provided for this "purpose, and the grant now given is in addition thereto. We are pledged to carry out these "reforms as funds become available, and though unfortunately a considerable part of the provision "made last year has not been spent, we hope that this will be made good in 1906–1907 and a "further material advance obtained."

III. 8 lakhs grant for Education.

3. (*a*) In November 1901, the Government of India in dealing with the proceedings of the Educational Conference held at Simla in September 1901, informed this Government that whilst approving entirely of the resolutions of the Conference as regards various branches of education they recognized that it would—

"be beyond the power of local Governments and Administrations to give adequate effect "to the recommendations of the Conference from "the resources at their disposal under the current "Provincial Settlements, and the Governor-

Para. 5 of Home department letter, 466, 6th November 1901, on page 3 of G.O., 678, Educational, 21st November 1901.

"General in Council is prepared to consider how far he can give *assistance* for this object to "Provincial revenues."

They therefore wished to learn—

"what will be the initial and recurring expenditure respectively, involved in carrying out "the proposals of the Conference, in so far as they are directly applicable to the circumstances of "Madras, and to what extent money will be required for either object in the financial year 1902–"1903, and in each succeeding year till the maximum recurring expenditure is reached."

They also asked that when submitting the estimates of increased expenditure, the local Government would state how far it would be possible to meet this expenditure from Provincial funds.

(*b*) In reply this Government stated that an initial expenditure of 4·63 lakhs and a recurring expenditure of 12·71 lakhs would be required and that Provincial funds unassisted could not meet any increased expenditure.

G.O., 74, Educational, 12th February 1902 (page 2 of G.Os., 87, 88, Educational, 18th February 1902) and letter to India, 88, Educational, 18th February 1902 (pages 16—17).

(*c*) The Government of India then intimated that they had decided to make a recurring grant of 8 lakhs to the Provincial revenues of Madras each year from the year 1902–1903 "till the close of the current Provincial Settlement."

Finance and Commerce department letter, 1423-A, 10th March 1902, in G.O., 162, Educational, 21st March 1902, printed on page 2 of G.O., 325, Educational, 29th May 1902.

G. S. F[orbes].

They explained further—

"that although the grant has been added to Provincial revenues under the head 22. "Education, there is no objection to a portion "of it being utilized for the cost of educational "buildings as well as for expenditure, whether "recurring or non-recurring, which is debitable "to the head of Education,"

Government of India, Home department, letter, 391, 10th May 1902, on pages 2–3 of G.O., 325, Educational, 29th May 1902.

and that—

"the grant of 8 lakhs was intended to meet in part the expenditure which will be the "outcome of the recommendations of the Educational Conference held at Simla in September "1901."

and that—

"it must therefore be understood that it should not be generally utilized to meet charges "falling outside that expenditure."

(*d*) When forwarding for the opinion of this Government their proposals for the Provincial Settlement now current, the Government of India adopted for the settlement figure under 22. Education the budget estimate for 1903–1904, viz., 23·98 lakhs and remarked that—

Para. 27 of letter 4933-A., 13th August 1903, on page 11 of G.O., 825, Financial, 8th December 1903.

"the settlement now proposed does not take into account the increased expenditure which "may be rendered necessary by reforms which are in contemplation in the administration of "... Education, except to the extent of the Rs. 8,00,000 a year already allowed under "[that] head. It will not be possible to determine for some years what the total additional "expenditure will be, and a long time is likely to elapse before the reforms come into full "operation. Part of the increase should in ordinary course be defrayed from Provincial revenues; "the remainder will hereafter be found by additional assignments from Imperial revenues."

(*e*) In their final letter on the present Provincial Settlement, in which the settlement figure under 22. Education was taken at 23·98* lakhs. the Government of India said—

* The settlement figure under Adjusting Heads was also taken at the budget figure for 1903–1904—see para. 7 of note, 10th August 1906, on page 4 *supra*.

C.M.S.—14-11-06.

"The Settlement does not take into account any contribution which the Government of "India may find it desirable to make towards "the expenditure rendered necessary by reforms "which are in contemplation in the admini-"stration of Police and Education, or towards "the additional expenditure on Irrigation which may result from the investigations of the "Irrigation Commission."

Para. 9 of Finance and Commerce department letter, 1863-A, 19th March 1904, on page 3 of G.O., 273, Financial, 7th April 1904.

(*f*) In explaining to the Secretary of State the position taken up by them in regard to the financing of the schemes resulting from the Educational Conference held at Simla in September 1901, the Government of India stated that as the total approximate cost according to the forecasts received from the several Governments amounted to 58 lakhs of initial and 62 lakhs of recurring expenditure—

Despatch from the Government of India to the Secretary of State, 293, 17th September 1903 on pages 2—4 of G.O., 223, Educational. 6th April 1904.

Para. 5 of Despatch from the Government of India to the Secretary of State, 293, 17th September 1903, on page 3 of G.O., 223, Educational, 6th April 1904.

"We intimated to the Provincial Governments our intention of making recurring grants "amounting in all to 40 lakhs to be devoted "exclusively to Educational purposes. With "this announcement the question of carrying out "the principles laid down by the Conference "underwent a material change. Instead of "framing ideal estimates based on the assump- "tion that the requisite funds will be provided "by the Government of India, the local Govern- "ments found themselves restricted to a fixed "allotment which could only be expended by con- "tributions from Provincial resources . . . .

	Lakhs.
Madras	8
Bombay	6
Bengal	10
United Provinces	5
Punjab	4
Burma	4
Central Provinces	2
Assam	1
	40

"All the Governments . . . . except two (Bengal and the Punjab) have intimated "to us their inability to increase their educational expenditure from their own resources, "independently of the addition which we have made to their revenues.

"We anticipate no difficulty in keeping the expenditure of the local Governments for the "present within the limits now defined, but we propose to communicate the present correspondence "to local Governments in order that there may be no possibility of misunderstanding as to the "limitations which financial considerations impose upon them."

Para. 4 of Despatch 138, Public, 20th November 1903, on page 5 of G.O., 223, Educational, 6th April 1904.

The Secretary of State remarked that—

"whenever a proposal for increased "educational expenditure in any province is "submitted for my sanction it [should be] accompanied by a statement showing how much of the "special grant allotted to that province . . . . has been spent and how much is still available."

(*g*) In 1904 the Government of India remarked that previous to 1902–1903 there had been a normal increase in the expenditure from Provincial revenues on Education (amounting in the aggregate to 2 lakhs annually for the whole of India); that the recurring grants made in March 1902 (8 lakhs for Madras) supplemented this ordinary growth of expenditure and that in fixing the terms of the Provincial settlement account was taken of the recurring grant made in March 1902. They requested that they might be furnished with a comprehensive review of the educational improvements resulting from the 8 lakhs grant accompanied by a statement of the probable amount of expenditure in 1904–1905 upon Education, as shown in the budget estimate for that year from Provincial funds showing by how much this expenditure would exceed that of the year 1901–1902, how much of this increase had been met from the special recurring grant made in March 1902, and what were the main purposes to which this increase was being applied.

Letter, 574, 11th July 1904, on page 2 of G.O., 449, Educational, 25th July 1904.

The Educational department replied to these requests in letter No. 129, Educational, dated the 6th March 1905.

(*h*) In December 1905 the Government of India were informed by this Government that the reforms resulting from the Educational Conference held at Simla in 1901 had for the most part been sanctioned and were either in full operation or in course of introduction and that expenditure would be incurred in succeeding years in connection with technical education, the reorganization of training schools and of the Engineering and the Presidency Colleges. They were accordingly requested to raise the assignment to the Provincial revenues of Madras by a further grant of one lakh during 1906–1907 and by a recurring grant of two lakhs from 1907–1908 onwards, in view of the promise held out in Finance and Commerce Department letter No. 1863 A., dated 19th March 1904, reproduced in clause (*g*) *supra* and in view of the fact that the increased expenditure under the head 22. Education had arisen from reforms carried out since the introduction of the present Provincial Settlement.

Letter to the Government of India, 884, Financial, 29th December 1905.

Para. 9 of letter on page 4 of G.O., 273, Financial, 7th April 1904.

(*i*) The Government of India observed in reply "that it is one of the principles of the "system of Provincial Settlements that provision "is made only for existing standards of revenue "and expenditure and that future growth of "expenditure must be met out of growth of revenue. In accordance, however, with their intentions "at the time of framing the settlement which were indicated in the letter of 19th March 1904, "the Government of India have since made the following special grants for educational "purposes :—

"(i) A recurring grant of Rs. 6,00,000 to meet increased expenditure.

"(ii) A grant of 1·05 lakhs for University education.

Financial department letter 470 A., 25th January 1906, in G.O., 125, Financial, 14th February 1906.

"In these circumstances, the Government of India are unable to admit any claim to the "further assistance from Imperial revenues now asked for."

IV. Six Lakhs Grant for Primary Education.

Financial Department letter 1763-A, 23rd March 1905, on page 2 of G.O., 308, Financial, 10th April 1905.

4. (*a*) This grant was made in 1905 and in communicating the fact the Government of India stated

"that they have decided to make recurring grant of Rs. 6,00,000 per annum to the "Provincial revenues of Madras to meet increased expenditure on primary education. The "assignment will be made to Provincial revenues through the Land Revenue head every year "from 1905–1906 onwards. In making this grant, the Governor-General in Council desired that "it should be fully utilized in increasing the normal allotment for primary education, inclusive "of expenditure on buildings and outlay incurred through the agency of local boards" and that "a statement should be submitted every year to the Government of India in the Home department, "showing the extent to which this instruction has been complied with, the expenditure of 1904–"1905 being taken as the normal standard for the purpose of the return."

G.O., 520, Financial, 5th August 1905.
G.O., 304, Educational, 1st May 1906.
G.O., 355, Educational, 21st May 1906 (Hon'ble Mr. Stokes' note, 18th May 1906, on page 3 of K.W.).

(*b*) The six lakhs grants for 1905–1906 and 1906–1907 have been placed at the disposal of district boards in both the years.

V. Grant for University and Collegiate Education.

5. (*a*) In January 1905, the Government of India communicated their decision to allot a grant of 5 lakhs *for the whole of India* for a period of five years for the benefit of University and Collegiate education, which should be devoted to expenditure arising directly out of the reorganization which was originally set on foot by the Universities Commission and had so far culminated in the Universities Act.

Home Department letter, 5, 5th January 1905, on pages 2–3 of G.O., 88–89, Educational, 16th February 1905.

(*b*) An estimate of the requirements of this Presidency was furnished to the Government of India with letter No. 89, Educational, dated 16th February 1906, and the Government of India sanctioned an allotment of Rs. 70,000 during 1904–1905 to be utilized for the following purposes:—

Home Department letter, 192, 14th March 1905, on pages 2–3 of G.O., 190, Educational, 28th March 1905.

(1) Travelling expenses to Fellows residing in the mufassal attending the meetings of the Senate.
(2) Inspection of Colleges.
(3) Grants of a non-recurring nature for University and College buildings.

(*c*) The Government of India did not intend that any part of this grant should be devoted to the improvement of Government Colleges, the needs of which must be met from the ordinary resources of the local Government.

Home Department letter, 406, 16th June 1905, on page 2 of G.O., 460, Educational, 5th July 1905.

(*d*) In December 1905, the Government of India intimated their decision to sanction an allotment of 1·05 lakhs for a period of four years from 1905–1906 and remarked that they could not promise to continue this special assignment beyond the financial year 1908–1909. The grant (1·05 lakhs per annum) should be utilized as follows:—

Home Department letter, 752, 6th December 1905, on pages 2–4 of G.O., 29, Educational, 18th January 1906.

·80 lakh for the improvement of Collegiate as distinct from University education. The main object to which the grant should be devoted is to render Colleges (private institutions) more efficient in those respects in which an inspection by the University shows them to be defective. The grant can most usefully be devoted to the development of the hostel system.

·25 lakh to be applied primarily to meet charges incurred for strengthening the administration of the University, inspection of Colleges and the travelling of Fellows on University business. The Government of India have no objection to this Government's subsidising University chairs either by a recurring grant-in-aid or by making over to the University a lump sum for that purpose from the Provincial balances in which portion of the grant remaining unspent being merged in the general Provincial revenues.

Home Department letter, 23, 18th January 1906, on pages 2–3 of G.O., 89, Educational, 13th February 1906.

1904–1905	·70
1905–1906	1·05
1906–1907	1·05
	2·80

(*e*) The Government of India have sanctioned allotments aggregating 2·80 lakhs up to date and the following expenditure has so far been incurred:—

	Rs.
In 1904–1905	5,000
In 1905–1906	15,720
In 1906–1907	10,651
	31,372

In addition the cost (Rs. 38,500) of an indent which has been forwarded to the India Office for mathematical instruments for aided colleges will be met from this special grant.

VI. Grant-in-Aid of European and Eurasian Education.

6. (*a*) With Home Department letter No. 429, dated the 14th July 1903, the Government of India, in forwarding for the consideration of this Government a copy of the report of a Committee which had been appointed to frame a uniform Code for the education of Europeans in India and of a draft Code based on their recommendations, requested that an estimate might be submitted of the cost of giving effect in the Madras Presidency to the proposals of the Committee.

Para. 17 of Home Department letter, 429, 14th July 1903, on page 5 of G.O., 565–66, Educational, 19th November 1903.

Para. 13 of letter to the Government of India (Home Department), 566, Educational, 19th November 1903 (page 25).

This Government accepted generally the provisions of the draft Code and estimated the cost at 5·11 lakhs *per annum*.

(*b*) With Home Department letter No. 531, dated 14th August 1905, the Government of India forwarded copies of the Code for European schools as revised by them in order that it might be brought into effect in Madras.

Pages 3—36 of G.O., 599, Educational, 5th September 1905.

(*c*) In paragraph 3 of that letter, the Government of India remarked :—

Page 3 of G.O., 599, Educational, 5th September 1905.

"The rates of aid at present given in European schools in Madras are considerably below "those in force in the rest of India. If the enhanced rates now provided by the Code can be "adopted also in that Presidency, the Government of India have no objection; but should such "a course be inconvenient, I am to suggest that in adopting the Code the Governor in Council "will modify the rates of grant to such an extent as may suit local conditions."

(*d*) The Madras Government proposed to introduce the Code from the 1st April 1906 and replied to India as follows :—

Para. 11 of G.O., 220, Educational, 26th March 1906 (page 13).
Para. 2 to 4 of letter to Government of India, 312, Educational, 4th May 1906.

". . . . the salary and fixed grants now paid to schools classed as European schools "in this Presidency amount to about Rs. 78,000 while the ordinary grants based on attendance "calculated at the rates given in article 37 of the new Code would reach, it is estimated, the sum of "Rs. 1,48,000, which would entail an increased provision of Rs. 70,000. This increase does not "include the extra amount required for the payment of building, furniture, boarding and other "grants at the rates allowed by the new Code. The extra amount on account of boarding grants "alone will be about Rs. 10,000 if the new Code rates are adopted.

"His Excellency the Governor in Council has hitherto been unable to treat European "schools exceptionally in the matter of grants, and is even now unable with the limited funds "at the disposal of the Government to give them grants at the rates allowed by the new Code, to "which their status entitles them. In introducing the Code into this Presidency it has accordingly "for the present been decided to aid these schools by means of fixed grants under article 39 of the "Code. In the Civil Budget Estimates for 1906–1907, an extra sum of Rs. 20,000 only has been "provided for the purpose, calculated before the new Code had been thoroughly examined and on "an inadequate estimate of the demands that arise under it.

"His Excellency in Council is convinced that a very large number of deserving schools "which are supplying education to Europeans cannot hope to find from private sources the "additional funds necessary to maintain them in the desired state of efficiency. His Excellency "is therefore anxious to adopt the more liberal rates allowed by the new Code as soon as possible, "and I am to request that for this purpose the "Government of India will be pleased to place "at the disposal of this Government at least "Rs. 70,000 of the special grant of 5 lakhs now "proposed to be allotted for Technical and "European education."

Note.—The special grant of 5 lakhs for the whole of India for Technical and European education is referred to in paragraph 39 of the Government of India Financial statement for 1906–1907.

Page 10 of the *Gazette of India*, 21st March 1906.

(*e*) In Home Department letter No. 365–72, dated 26th May 1906, the Government of India have intimated that they

G.O., 417, Educational, 15th June 1906.

"have decided, with the approval of the Secretary of State, to make an annual recurring "grant of Rs. 2,46,000 from Imperial funds in aid of European and Eurasian education in India "with effect from the year 1906–1907", that "after due consideration of the needs of the various "provinces in this most important matter, the proportionate share of the grant which they have "decided to allot to the Madras Presidency is Rs. 40,000" and that "the amounts will be "adjusted by an addition . . . . to the fixed assignment under the Provincial settlement."

As regards the application of the grant the Government of India consider that expenditure would be most profitably incurred on the following objects :—

(i) an improvement of the pay and prospects of teachers,

(ii) an enhancement of the grants made in aid of the equipment and maintenance of the schools, and

(iii) the provision of scholarships on a more generous scale.

7. (*a*) The next point to which the Honourable Member refers is the question of THE SEPARATION FROM THE ORDINARY EXPENDITURE UNDER 22. EDUCATION OF THE SPECIAL GRANT OF 8 LAKHS MADE BY THE GOVERNMENT OF INDIA FROM 1902–1903. The origin of this grant is set out in paragraph 3 *supra*.

(*b*) In connection with this matter it is necessary to refer to the fact that the budget estimate under 22. EDUCATION for 1902–1903 was originally fixed by the local Government at 22·92 lakhs against the grant of 18·38 lakhs for 1901–1902. In the first edition of the budget notes the Financial Secretary reduced this allotment to 18·38 lakhs and when the fact of the special grant of 8 lakhs was subsequently intimated to this Government the 4·54 lakhs eliminated by India from the preliminary edition of the Civil Budget estimate was restored and the remaining 3·46 lakhs of the 8 lakhs was distributed as follows :—

Pages 64–66 of K.W. 329, Financial, 10th April 1902.

Pages 66 to 68 of K.W. 329, Financial, 10th April 1902.

	LAKHS.
22-A. Direction	·04
22-B. Inspection	·66
22-E. Government Schools—General	·13
22-G. Grant-in-Aid	2·60
22-H. Scholarships	·03
	3·46

These amounts were entered as lump provisions in the budget estimate for that year—*vide* pages 123, 124, 129 and 139 of the Civil Budget estimate for 1902–1903.

(*c*) The Educational department have (page 1 of these notes) taken the difference between the budget grant and the actuals as representing the lapses on the 8 lakhs grant in each year. The fallacy underlying this calculation will, it is submitted, be apparent if we examine some of these lump provisions.

Under DIRECTION there was a lump provision of Rs. 4,410 in the budget estimate for 1902–1903. A comparison of the detailed actuals of that year with the budget grant under that minor head gives the following results :—

Page 123, Civil Budget estimate for 1902–1903.

Detailed heads.	Budget estimate, 1902–1903.	*Actuals, 1902–1903.	Difference.
	RS.	RS.	RS.
Salaries	32,724	32,775	+ 51
Establishment	15,836	15,222	— 614
Allowances	1,980	2,565	+ 585
Supplies and Services	400	35	— 365
Contingencies	4,450	4,111	— 339
	† 55,390	54,708	— 682

* Page 125, Civil Budget estimate, 1904–1905.

† Excluding the lump provision of Rs. 4,410.

So that the *ordinary* budget grant, irrespective of the lump provision which lapsed, showed savings of Rs. 614 under *Establishments*, of Rs. 365 under *Supplies and Services* and of Rs. 339 under *Contingencies*.

Again, to take the minor head 22-G. GRANTS-IN-AID under which the largest lump provision was made, the budget estimate, with this lump provision of 2·60 lakhs, totalled 11·95 lakhs; the actuals amounted to 8·68, a difference of 3·27 lakhs. A portion of the budget allotment was transferred to the head "CONTRIBUTIONS TO LOCAL". But if the figures under that head are examined the solution is not made easier; for the budget allotment for GRANTS-IN-AID FOR EDUCATION under that head was ·94 lakh in 1902–1903; the actuals amounted to 3·23, the budget allotment being exceeded by 2·29 lakhs.

Page 139, Civil Budget estimate for 1902–1903.

Page 141, Civil Budget estimate for 1904–1905.

Page 207, Civil Budget estimate for 1902–1903.

(*c*) So far lump provisions have been dealt with. When these lump provisions lose their character as such and find a place in the budget as specific allotments against specific items of expenditure, the difficulty of ascertaining, much less of stating definitely, the lapses that may have occurred in those allotments are increased. The lump provision of Rs. 4,410 in the budget estimate for 1902–1903 under 22-A. DIRECTION, to which reference has been made above, was intended to cover the cost of the new appointment of Deputy Director of Public Instruction.

Page 124, Civil Budget estimate for 1903–1904.

In the budget of 1903–1904 this lump provision was replaced by a definite allotment of Rs. 12,000 for the Deputy Director's salary, provision also being made for his exchange compensation allowance. In that year the allotment for the salary of the Deputy Director was not utilized fully, the actuals amounting to Rs. 7,613, as the appointment was sanctioned only during the course of the year, but the addition of an officer of this rank to the office of a head of a large

Page 125, Civil Budget estimate for 1905–1906.

department like Education must naturally have reacted upon the expenditure under other detailed heads; for instance such an additional appointment might entail extra charges for travelling allowance, it would certainly involve extra charges under Supplies and Services and Contingencies, and it would be impossible under the present structure of the accounts to separate off correctly the additional expenditure arising out of the appointment. In order to do so it would be necessary, for one thing, to scrutinize each and every item of contingent expenditure. This is a minor case, but is quoted as typical. There are other cases which have not so far acted in full on the accounts, such as the revision of the scale of Sub-Assistant Inspectors of Schools; but the difficulties are intensified when the provisions and actuals under analysis relate to large establishments, such as these Sub-Assistant Inspectors and their subordinate office establishment. It would be impossible to specify which of these particular officers and which part of their establishment should be taken as arising out of the special 8 lakhs grant. An officer after first appointment in a graded service moves from grade to grade, he is on leave occasionally, and no device would enable any account office to keep its finger on a particular appointment in a graded service and state definitely how much of the emoluments drawn by officers filling that appointment whilst on duty and how much of their leave allowances are met from a particular special grant. To quote a simpler example, it will be impossible two years hence to state how much of the additional police expenditure recently sanctioned will have been caused by a particular appointment of Sub-Inspector of Police.

(*d*) The procedure adopted by the Educational department of crediting the 8 lakhs grant with all the lapses that have occurred in the Educational budget is also, it is submitted, against past facts. The main theories underlying this calculation are (1) that ordinarily no difference occurs in practice between a budget grant and the actuals under a service head, and (2) that prior to the introduction of the 8 lakhs grant Educational expenditure was practically stationary. The first premise contemplates a state of financial precision which has not yet been attained anywhere in the world and is proved to be fallacious by the statement on page 1 of the Educational department note. The figures Educational themselves have afforded show that in 1896–1897 there was a lapse of ·60 in the budget grant under EDUCATION, and that in the year immediately preceding the advent of the 8 lakhs grant there was a lapse of ·23 lakh. It is, it is submitted, inconceivable that the advent of that grant produced such equilibrium between the budget and the actuals of recurring Educational expenditure in existence prior to 1902–1903 and such financial exactitude as the Educational calculations presuppose. The second theory is also condemned by known facts, for the expenditure under this service head does not remain stationary any more than under any other service head. It is respectfully submitted that a correct solution of the question of what has actually lapsed from this 8 lakhs grant would require much more detailed calculations than have yet been made in regard to the subject. Indeed it seems impossible to devise a method for arriving at anything like an approximately correct result.

(*e*) The objections detailed above which are based on the very structure of the accounts and of the budgets would render useless any attempt at separating off a particular portion of a grant for recurring expenditure in an expanding department and keeping an account of lapses therefrom. Even the solution which the Honourable Member suggests, viz., the maintenance of a separate head would not, it is respectfully submitted, be practicable for the reasons given in clause (*c*) above.

8. (*a*) The next point which the Honourable Member requires to be looked into is the objection arising from the fact that the 8 LAKHS GRANT CAME DOWN FROM A FORMER SETTLEMENT. As already mentioned, this 8 lakhs grant arose in the year 1902–1903. The present settlement had effect from the 1st April 1904, and it has been shown in paragraph 7 of the note on page 9 *supra* that in fixing the settlement figure under EDUCATION full account was certainly taken by the Government of India of this 8 lakhs grant.

(*b*) One of the main principles of the Provincial settlements is that the figures as settled provide for the standard of revenue and expenditure at the time of the making of the settlement, all future growth of expenditure being met from the growth of revenue under the transferred heads. In making the present settlement the Government of India based the figures under individual heads generally on the budget estimate for the year 1903–1904, and in fixing the settlement figure under EDUCATION, which went with other heads to build up the whole of the settlement, they followed this principle; in other words, the standard of expenditure under this head and under the cognate expenditure which occurs under CONTRIBUTIONS was taken at 27·53 lakhs, the figure of the budget estimate for 1903–1904, the year preceding the commencement of the settlement. The settlement so far as this head was concerned was thus based* "on the latest figures that were available

Finance department letter, 470-A, 25th January 1906, in G.O., 125, Financial, 14th February 1906.

Para. 5 of Government of India, Finance and Commerce department letter 4933-A, 13th August 1903, on page 2 of G.Os., 825, 826, Financial, 8th December 1903.

* Para 6 of Finance and Commerce department letter 2653-A, 14th May 1903, on page 3 of G.Os., 631, 632, Financial, 12th October 1903.

"at the time the settlement was framed." This figure doubtless left some margin over and above the standard of expenditure at the time of the settlement, but it has to be remembered that at that time there were various large schemes in hand, many of which, or nearly all of which, have since been introduced. It has also to be remembered that when this Government, fearing that expenditure under the head would within three years of the commencement of the settlement exceed the settlement figure, applied to the Government of India for an additional assignment, they were referred to the principle stated above that increases of expenditure during the currency of a settlement period must be met from the ordinary growth of revenue under the transferred Provincial heads. This was also the gist of the recent reply from India as regards the Village Service fund transaction, where the principle in framing the terms of the settlement was stated as that only the *present* condition or the *present* yield of the taxation should be taken into account, it being the practice to leave out of consideration prospective increase of revenue or expenditure. The principle has been reiterated in the recent letter from India regarding expenditure on secondary education where they say :—

Letter to the Government of India, Finance department, 884, Financial, 29th December 1905.

Finance department letter 470-A, 25th January 1906, in G.O., 125, Financial, 14th February 1906.

Finance department letter 5612-A, 5th October 1906.

"During recent years the Government of India have made special allotments to provinces "in aid of primary education and also in aid of "university and of technical and of European "education, but they regret that they can hold "out no hopes of affording similar assistance from Imperial revenues in the present instance. It "should be clearly understood that the whole cost of such improvements in secondary education "as may be undertaken must be met from Provincial revenues."

Paragraph 9 of Home department letter 756, 10th October 1906.

(*c*) Another principle of the settlement arrangement is that the settlement is of a consolidated character. This is laid down clearly in rule 14 under article 283 of the Civil Account Code, and it has been impressed more than once upon this Government by the Government of India, *e.g.*—

(i) Paragraph 7 of Finance and Commerce department No. 1863-A, dated 19th March 1904, on page 2 of G.O., No. 273, Financial, dated 17th April 1904, where it was stated that "the settlement which had been arrived at is of a "consolidated character.";

(ii) Mr. Baker's demi-official No. 263-A of the 3rd January 1904 on page 3 of K.W. *ibid*, where he stated that "the settlements are essentially consolidated . . . the "only object of detail is to enable us to work up to a definite total"; and

(iii) the first paragraph of his demi-official No. 927-A, dated 8th February 1904, on page 7 of the same K.W., where he reminded this Government that the settlement would be a consolidated one and separate figures need not be fixed for the several heads of revenue and expenditure.

(*d*) The 8 lakhs which entered into a consolidated figure in a consolidated settlement merged in the settlement figures, whether we take them under EDUCATION separately or under all the Provincial heads collectively; and it is submitted that there is no more ground for asking this Government to keep a separate account of that 8 lakhs—even if such a course were practicable—which it is not—than to require a separate account to be kept of any allotment that has been made during a settlement period to cover additional expenditure introduced after the commencement of a settlement, *e.g.*, maintenance of land records which was introduced during the currency of the preceding Provincial settlement and for which this Government obtained a special assignment from the Government of India.

Finance and Commerce letter A/1180, 25th February 1902, on page 4 of G.O., 329, Financial, 10th April 1902; paragraph 5 (*a*) of letter to India, 65, Financial, 27th January 1903.

Finance and Commerce department letter 822-A, 16th February 1903, in G.Os., 205, 206, Financial, 12th March 1903.

(*e*) It is submitted that this Government have done all in their power to spend this 8 lakhs. The statement on page 1 of the Educational note shows that, even after taking into account the special 6 lakhs grant for primary education which affects the figures for 1905–1906, the budget allotment for Education under the main head and under "Adjusting heads" has always exceeded by more than 8 lakhs the allotment of 19·46 lakhs in 1901–1902. The fact that it has been impossible to spend the budget allotments has been due to various causes, *e.g.*, the necessity for obtaining higher sanction to reorganization schemes and the necessary delay which must occur in introducing schemes involving the expenditure of so large a sum of money, not to any desire on the part of the Local Government to appropriate to other heads any portion of the settlement grant under EDUCATION.

9. The last point upon which the Honourable Member directed that papers should be looked up is the discussion about the system of DEPARTMENTAL FINANCE. These are contained in K.W., No. 1058, Financial, dated the 23rd November 1901, and attention is solicited to the notes on pages 21, 22, 34 and 41 of that K.W. The special treatment which the Educational department would

apparently give to this 8 lakhs grant would really amount to a separate financial settlement being made between two departments of the Local Government as regards a particular service head. This contention errs against the principle of a consolidated settlement and would moreover fetter the hands of the Local Government who are given the revenues from certain sources with which to meet the expenditure on all the services transferred to their financial keeping. The financing of Provincial funds would be reduced to an *impasse* were this principle extended to other heads. For, if Educational has its settlement as between Financial and Educational, why should not much rather Revenue which is concerned with the revenue producing heads—the sources from which Educational expenditure is really met—have its settlement also; so also Public Works department and Judicial? Such a procedure would be both opposed to the cardinal principles of the Provincial settlement and would also be impracticable in actual working.

10. The following extract from the Finance Member's budget speach at Calcutta on the 28th March last bears somewhat on the general questions raised in this note:—

Page 375 of the Gazette of India of 29-3-06.

"Almost all the matters for which we are invited to provide additional grants are within "the sphere of the Provincial Governments. We have conferred upon these Governments definite "powers and responsibilities which extend to most branches of the Civil administration and we "have provided them with growing revenues, on what may be fairly described as a very liberal "scale to enable them to discharge their duties adequately in all branches. The local Governments have not merely ample funds, but also full discretion in the expenditure of them. It "would be wholly inconsistent with the first principles of the system of Provincial settlements, if "we were to dictate to any local Government what it should spend on each individual head; and "it is also an entire mistake to suppose that the money for improvement in the Provincialised "branches of the administration ought to be or can only be provided in normal circumstances "by special additional assignments from Imperial revenues. If any particular measure is outside "the terms of the settlement, or is of such magnitude as to be beyond the powers of the local "Governments, then Imperial revenues may fairly contribute, as they have done on several "occasions in the past. Police reform is a conspicuous instance of this."

C. M. SCHMIDT—14-11-06.

H.M.—

This further note is submitted.

Page 11 supra

What I meant by saying that the difference between the gross expenditure on education before the grant of Rs. 8 lakhs and the gross expenditure after that grant would give a bigger total than that produced by Mr. Taylor's method was that, whereas in 1901-1902 the expenditure was Rs. 19,23,137, this sum + 8 lakhs comes to Rs. 27,23,137 to which should be added Rs. 25,000, the normal rate of increased expenditure, year by year. The figures given on page 1 of the notes seem to show that until 1905-1906 we spent nothing like the sum and the lapse from the 8 lakhs in each year is very considerable.

M.H.—15-11-06.

Rs.
27,23,137
25,97,674
1,26,463

There is no reason to add Rs. 25,000. It is only 2 to 1 that there was any short fall of expenditure. In two years out of 6 there was a large excess over the grant. Any way as you are dealing with actual figures you have taken the annual increase into account in the figure 27,23,137.

G. S[TOKES] 20.11.06

Not from the 8 lakhs. The lapse on the Educational grant was over 2 lakhs.

G. S[TOKES] 20.11.06

flag IV

[The printed notes on the subject of the ear-marking of special grants and growth of Provincial finance should be read with this note.]

[Pages 11 to 18 supra]

It is necessary first to state what the issue here is. India has made the recurring grants dealt with in the notes and these grants are included in the fixed assignment. Accordingly provision is made in the expenditure of Government. The issue is whether if there are lapses in such expenditure such lapses fall into the Provincial balances, and if they do, is there anything to distinguish them from all other lapses which are available for appropriation to such other objects and to such extent as the financial exigencies of the Government at the time may require.

2. The ordinary settlement and budget principle is that all such lapses fall into the Provincial balance, and if any exceptional treatment is to be accorded to these lapses the reasons for and orders setting aside the usual position must be shown. I cannot find any such. It is quite plain from the abstract of the correspondence set out above that nowhere till now have India required or suggested that such lapses should be kept apart and reappropriated till exhausted. It is plain that in the correspondence noted they have no intention whatever of suspending or altering the ordinary rules which govern this matter, and I ascertained from Mr. Meyer the other day that this is the case.

I agree that the old 8 lakhs grant was not treated as ear-marked. Nor was the Police grant ~~meant by~~ India to be so ear-marked. Since other circumstances compel the Local Government to spend it as designed.

meant by/

G. S. F[ORBES]—25-11-06.

3. Mr. Forbes argues in another case (see printed notes on the subject of the growth of Provincial finance) that India must have the power to make special grants for special purposes. We must fully admit that the Government of India may give us sums of money and require from us certain service in return and further that it is our duty as fully as we can consistently with the due and best interests of the State to spend that money to the full for the purpose for which it was given, and further that the Government of India are fully justified in requiring from us an account of our stewardship. They may require of us a statement showing "the probable amount of expenditure" upon Education. They know perfectly well that, as the notes above show, they cannot get an accurate statement of it which is what ear-marking means. But nowhere do they dispute the fundamental position that all lapses from these grants pass into the Provincial balances and are subject to the ordinary Financial rules. We cannot allow ourselves to be pushed out of this position without losing our Financial independence. To the above extent only can we accept Mr. Forbes' argument in the notes referred to.

I see no danger to our Financial independence. In the circumstances explained in my note of 4th October 1906.

G. S. F[orbes]—25-11-06.

4. His next argument in that case raises the question of Departmental Finance. This is an old trouble which I had hoped had been laid comfortably at rest. No Reserve is allowed in our Budgets. After the Budget is framed the function of Financial during the year is—

(i) to collect lapses,
(ii) to distribute them according to claims, *i.e.*, to unforeseen current expenditure.

The contention of Educational is that Financial is not to require lapses from it whether from special grants or otherwise. If such a claim is admissible in Educational it must apply to all Departments, and Government would have no reserve to meet claims. If Educational is not to surrender lapses it cannot claim grants during the year. Hence would follow, what used to occur, viz., bogus budgetting to secure lapses and a scramble and wrangle over the Budget by every Department to get money into its Budget on any pretence. We cannot possibly revert to Departmental Finance consistently with the interests of Government generally or even of individual departments. The papers connected with this question are set out in the Financial notes above and can be referred to.

I put forward no such broad contention. My remarks as to lapses relate only to lapses under the one or two very special ear-marked grants.

G. S. F[orbes]—25-11-06.

My remarks apply to departmental finance, but as I have stated above to the very exceptional cases in question.

G. S. F[orbes]—25-11-06.

5. The next argument put forward by Mr. Forbes in the notes referred to is that part of the balance is already ear-marked in the 20-lakhs balance. But surely it is a very different thing that the Government of India should say "when you are framing your budget you must so regulate your whole expenditure as to retain a balance of 20 lakhs" and to say that "out of your balance you must distinguish the sum which appertains to a particular grant or even Head of Account."

No more real difficulty in the one case than in the other.

G. S. F[orbes]—25-11-06.

6. The Government of India have never said this for the simple reason that it is quite impossible * to ascertain exactly and extremely difficult to determine even approximately what the lapse under each head of account is. The reasons why it is impossible are set out in the above notes (pages 7 and 8). I would commend them to my Honourable Colleague's examination as he seems not to understand our Budget system or our system† of Accounts. It was owing to ignorance on this point that the very serious mistake which permeates the letter of March 1905—a letter which should never have been sent out without reference to Financial—has been made. The argument of that letter is as follows. Taking 1902–1903—

	Rs.
Our grant is	28,16,000
Our expenditure is	25,97,674
Therefore lapse in the 8 lakhs grant is	2,18,326

* These notes themselves contain proof of this. See page 7. The examiner can give expenditure, but cannot say anything about the grants from which it comes.

G. S[tokes].

I agree that the 8 lakhs grant not having been treated "as ear-marked" it is now probably impracticable to determine lapses proper to it.

G. S. F[orbes]—25-11-06.

† Accounts are made for the administration, not the administration for the accounts.

G. S. F[orbes]—25-11-06.

It was a grave dereliction on the part of the department to issue the letter of March 1905 without acceptance by Financial. I regret it. But I was not in charge of the department at the time.

G. S. F[orbes]—25-11-06.

But this conclusion clearly (Financial notes, page 19+4) does not follow. Since the 8 lakhs grant was distributed over all the Budget heads the approximately correct conclusion would be "Therefore the lapse from the 8 lakhs grant is $\frac{8,00,000}{28,16,000} \times 2,18,326 = \text{Rs. } 62,024$."

7. Taking another way of looking at the matter we may say India gave us 8 lakhs to spend extra. We have spent extra 6·74.[@] Therefore we have failed to meet India's instruction only to the extent of 1,26,000 not to the extent of 2,18,000. The above is enough to show how impossible it is to arrive at even an approximate estimate of the lapse from the 8 lakhs grant, but it further shows conclusively that we have been giving ourselves away to India to a very large extent quite gratuitously.

[@] Expenditure in 1901-02 is 25·97 − 1901-02 is 19·23 = 6·74

As I have said I agree as to the 8 lakhs grant; but that does not affect the future or the special grants in question.

G. S. F[ORBES]—25-11-06.

8. In the current the Government of India hope that this Government will agree with them in thinking that "whatever sums have lapsed from the special recurring grant should be devoted to educational purposes". We may agree that so far as we can (and we fully recognise that we should spend our allotments to the full) we will allot for Education our normal * expenditure + any special grant made by India for a special Educational purpose + the share of Education in growing revenues, but we cannot undertake to increase this allotment for the next year by any lapses which may occur in the grants for any year. There is no reason whatever for treating Educational specially in the matter. If we do so we shall have to treat the Public Works Department specially owing to the Tank Restoration Scheme grant, Judicial specially owing to the Police grant, Revenue specially owing to Agricultural and Survey grants, and so on. The position which the Government of India put forward is totally inconsistent with the settlement and with our whole Budget and Accounts system.

* *I.e.*, the scale of expenditure before the special grant was made.

G. S[TOKES]—20-11-06.

The Tank Restoration Scheme grant was placed on a separate footing I think.

G. S. F[ORBES]—25-11-06.

9. But while the position which the Government of India take up is untenable in regard to any grant and must be repudiated, it is especially untenable in regard to the 8 lakhs grant. The above Financial notes show that this grant has been taken into account in and has merged in the settlement. We cannot possibly admit therefore any responsibility to account for it separately or otherwise, as to do so would be to go behind and re-open the whole settlement. I would point out that Mr. Forbes admits this fully in paragraph 2 of his note, dated 4th October 1906, on the subject of the ear-marking of special grants and growth of Provincial finance.

Paras 43-46 of notes Flag IV

10. This letter is written from the Home department of India. I know from Mr. Meyer that the position it takes up is repudiated entirely by the Financial Department. If we refused to recognise the demand made in this letter India will not press it.

11. We cannot, therefore, accept in Financial the position put forward by India in this letter or the arguments of the Educational Department set out in the above notes.

G. S[TOKES]—20-11-06.

[redacted] Hon'ble Mr. Forbes.
M.E. the Governor.

M. HAMMICK—21-11-06.

Letter 129 Educl 6.3.05

The issue of the letter of 6th March 1905 to India intimating certain lapses, without reference to the Financial department was a serious blunder.

2. At any rate it appears now that with regard to the expenditure of the 8 lakhs grant given first in 1902, we are unable on further investigation to declare what proportion of it was not expended on the objects for which it was intended. No separate accounts were kept; there was expenditure properly chargeable against the grant not only under "EDUCATION" but also under "PUBLIC WORKS" (on buildings, etc.).

3. The total expenditure on educational purposes became subsequently absorbed in the late financial settlement; and the 8 lakhs grant was not repeated.

4. The fact is the 8 lakhs grant was not treated as an ear-marked grant and it is impossible now to say what might properly have been charged against and what not.

5. We shall have to admit that the estimates of lapses, given in the letter of March 1905, cannot be substantiated.

6. Since the financial settlement we have received such special grants as the 6 lakhs grant for *primary* education and the grant for *University* education, etc., and I have proposed that these should be treated strictly as ear-marked grants. I have explained this in my note, dated 4th October 1906. It is the only way of dealing with these very special grants so as to ensure their being devoted to the purposes for which they have been *specifically* assigned. Nor do I see any practical difficulties which cannot be overcome.

Paras 43-46 of notes Flag IV

G. S. F[ORBES]—25-11-06.

Original

NOTES.

[E. — 2.]
1,000—29-5-06.

EDUCATIONAL DEPARTMENT.

C. No. 1158 From the Government of India. No. 512., dated 11-7-1906.
H. D.

SUBJECT.

Re: allotment for educational purposes of the lapses from the recurring grant of 8 lakhs made by the Govt: of India.

The actual Educational expenditure compared as follows with the budget grant during the last 10 years.

Year	Budget Grant.		Total.	Actuals.		Total.	Difference
	22. Education	adjusting heads		22. Education	adjusting heads.		
1896-97.	17,41,000	93,000	18,34,000	16,75,004	98,890	17,73,894	-60,106.
1897-98	17,52,000	1,03,000	18,55,000	17,47,283	92,958	18,40,241	-14,759.
1898-99	17,40,000.	1,00,000	18,40,000	18,04,753	92,699	18,97,452	+57,452.
1899-1900	17,43,000	1,00,000	18,43,000	17,87,554	91,661	18,79,215	+36,215.
1900-01	17,60,000	97,000	18,57,000	17,68,188	95,936	18,54,124	-2,876.
1901-02	18,38,000.	1,08,000	19,46,000	18,27,091.	96,046	19,23,137	-22,863.
1902-03	27,22,000	94,000	28,16,000	22,74,547.	3,23,127	25,97,674	+2,18,326.
1903-04	23,98,000	3,55,000	27,53,000	21,31,945	3,69,104.	25,01,049	+2,51,951.
1904-05	24,00,000	3,95,000	27,95,000	21,87,554 / 23,18,093	3,70,350 / 91,290	25,57,904 / 32,30,883	+2,37,096. / +2,91,17
1905-06. Preliminary accounts of 1905-06.	29,78,000	3,43,000	33,21,000	23,07,000.	6,65,000	29,12,000	-4,09,000
Budget 1906-7	30,03,000	3,72,000	33,75,000				

2. The recurring grant of 8 lakhs began with 1902-03. Since then there have been lapses of Rs 7,07,373 upto 1904-05. The final figures of 1905-06 are not ready as yet and the Preliminary accounts under adjusting heads show a portion of the 8 lakhs grant under Education and a portion under Public Works with other grants. Financial Department has no details. The exact amount of lapse from the budget grant in 1905-06 cannot

Grant under 22 Edn:
exclusive of 6 Lakhs grant.

	23,78,000.
Actuals .	= 23,07,000.
Balance	= 71,000

The provision under adjustable Heads has been almost fully ~~not~~ utilized.

PH

A

Cannot therefore be now stated, but there has been a lapse of not less than Rs 70,000. 61

There has been no increase in the normal allotment for education since the year 1902-03 as the necessity for it was not felt owing to the 8 lakhs grant.

3. The Government of India now say that the lapses in the budget should be utilized for educational purposes. The Director may be asked how he can best utilize the amount and meanwhile Copy of the letter and notes may be forwarded U.O to the Financial Department for information & remarks.

PH
24/7/06

S. Hun
25.7.06

G.O. no 325 Rol dt 29th May 1902 F.1.

India's letter refers to the eight lakhs grant made from 1902-3. Besides this there is the recurring grant of 6 lakhs in aid of primary education made first in 1905-6 and special grants for University expenditure.

G.O. no 2824 Rl dt 2nd May 1905. E1

2. When, in the current year, we provided in the Rol. Budget for increased expenditure under 'Education' consequent on these grants, India peremptorily advised it.

G.O.s no 1904 Rl dt 28th March 1905 + no 29 Rl dt 18th January 1906. M1 F

Budget notes at flag M

3. Under the 6 lakh grant in 1905-6 please put up the statement showing the allotment made to each District. These allotments, having been credited to Local Funds, will not lapse, but every rupee expended by the Local Boards will be watched & kept

Grant under 22 (2):
Estimate of Lakhs Grant.
= 23,78,000.
Deficit. = 23,07,000.
Balance = 71,000

to the proper object.

62

4. Please note the allotment made and expenditure incurred out of the Special grant in aid of University Education

5- With reference to the statement at A' in para 2 of the office note India clearly anticipate an expansion in normal expenditure from Provincial funds on Education, & will not rest content with the remark that there was no increase or expansion, because of the Special grant of 8 Lakhs.

6. The Provincial normal expenditure on Education rose from Rs 17,73,894 in 1896-7 to Rs 19,23,137 in 1901-2 - an increase of Rs 1½ Lakhs in 6 years or Rs 25,000 a year which might be taken as the normal annual increase from Provincial funds.

7. Please furnish information called for in paragraphs 3-4 supra, and till the Budget figures for 1906-7 in the statement in para 1 of the office note.

HDS
26-7-06

The following statements furnish the information called for in paras 3 & 4 of the Secretary's note above -

P.R-
26/7/06

Statement showing the allotments made to each District under the 6 lakhs grant in 1905-06 — Page 6 of G.O. no. 1392 dt 3-3-06 as modified by that G.O.

		Rs.
1	Anantapur	~~10,000~~ 9000.
2	Arcot - North.	37,000.
3	Arcot - South.	~~20,000~~ 16000.
4	Bellary.	18,000.
5	Canara, South.	21,350
6	Chingleput.	17,000.
7	Coimbatore.	27,700.
8	Cuddapah.	~~20,500~~ 18,500.
9	Ganjam.	~~40,000~~ 30000.
10	Godavari	16,750.
11	Kistna.	35,600.
12	Koraput.	3,000.
13	Kurnool.	10,000.
14	Madura.	~~30,000~~ 28,000.
15	Malabar	35,000.
16	Nellore.	~~25,000~~ 13,000.
17	The Nilgiris	9,100.
18	Salem.	62,000.
19	Tanjore	~~47,000~~ 44,000.
20	Tinnevelly.	16,000.
21	Trichinopoly	30,000.
22.	Vizagapatam.	56,000.
23.	Guntur.	14,000.
	Total.	~~6,00,000~~ 5,67,000.

63

Statement showing the allotments made & the expenditure incurred out of the special grant in aid of University Education.

Year	allotment.	Expenditure		Balance.
1904-05.	70,000.	Travelling expenses of fellows.	5,000.	65,000.
1905-06.	1,05,000.	Inspection of Colleges.	15,720.	
		Cost of mathematical instruments. (about)	6,000.	
			21,720	83,280.
1906-07.	1,05,000	Inspection of Colleges. .	651-10-0.	
		Cost of mathematical instruments (about)	32,500. 0-0.	
		Travelling expenses of fellows	10,000.0-0.	
			43,151.10.0	61,848-6-0.
Grand Total for the 3 years	280,000		69,871-10-0.	2,10,128-6-0

Vide page 1 of note. K. W. G.O. No. 371 Edtl dy 26/5/06.

G.

G1.

80. No 371 Edl dy 26th May 1906.

C4.

Vide GOs 543 dy 8-8-05 F1
619 " 13-9-05 Q1
679 " 18-10-05 Z1
769 " 23-11-05
836 " 21-12-05 K1
139 " 3-3-06 S1

S1

Sri? may note refd to Dora; telle be asked to note the claim of the

2. The whole of the six lakhs grant for 1905-06 was allotted in that year but at the instance of the Financial Depart Rs 33,000 was transferred to the head subsidy - vide note + orders in G.O. No 139 Edl dy 3rd March 1906. This amount has however been spent in another form on primary Education and there has been no lapse from the six lakhs grant for 1905-06.

In the case of the university grant the final adjustments on account of the cost of mathematical instruments have not yet been made - at any rate no report has been received from the Dy. or the D.P.I on the subject & the figures are only approximate. It can however safely be said that Financial has sufficient balances to give us back over 2 lakhs out of the grant.

3. The budget figures of 1906-07 have been inserted in the statet on page 1 supra.

S. 8.8.06

Dy 4/8/06

Before any reference is made to D.P.I as to how he can utilise the balance, I was best with Financial if they are prepared to accept Govt's suggestion as to the utilisation of the unexpended balance referred to on "Education".

2. The six lakhs paid in 1905-6 was fully expended. any balance unexpended of the W. B. will be waited & allotted to education in the D.B. Budget.

3. Financial may be asked to note in the claims register the items of the grants for University Education remaining unexpended. In allotting there seems it will be necessary to explain to Govt in detail, ~~either~~ in submitting next years Budget, as we shall have our estimated requirements out again. As an alternative, separate application may be made to Govt for specific allotments from balance as may be required.

4. As to the eight lakhs it is not possible to say specifically how it has been allocated for expenditure as why lapses have occurred

5. In this connection it ~~will~~ would appear necessary to fix what the normal growth of expenditure on Education from Provincial Funds would be. I in I have attended in paragraph 6 of my previous note at R25000 per annum

VDS
9.8.06

Vide portion of
India Letter marked "D".

DS No.

CURRENT NO.
3557
FINANCIAL
Regd. 9.8.6.

Secy
9/8/6

Edl No. 5598
9.8.06

CHIEF SECRETARIAT.
8 AUG. 1906
TACAMUND.

P.T.O.

FINANCIAL DEPARTMENT.

For the Chief Secretary.

Before details of expenditure are examined it seems to be necessary to decide whether the Government are prepared to accept the position taken up by India in their present communication.

2. The first point to be noticed is that the special grant of 8 lakhs from the Government of India for increased expenditure under 22 EDUCATION was made before the present settlement.

3. In making this grant the Government of India intimated that it

"was intended to meet in part the expenditure "which will be the outcome of the recommendations of "the Educational Conference held at Simla in September "1901. It must therefore be understood that it "should not be generally utilized to meet charges "falling outside that expenditure"

but at the same time stated that there was "no "objection to a portion of it being utilized for the "cost of Educational buildings".

4. When forwarding their proposals for the Provincial settlement now current, the Government of India in their letter No. 4933-A., dated the 13th August 1903, adopted for the settlement figure under 22-EDUCATION the budget estimate for 1903-1904, viz. 23.98 lakhs. This was in accordance with the general scheme of the settlement which adopted under major heads which were not specially mentioned in the letter, the budget estimate for the current year. The only direct reference to Education is contained in paragraph 27 of that letter which was as follows:

Para 2 of Home Dept. letter No. 391,d/10th May 1902 on page 3 of G.O.No.325, Edcl., d/ 29th May 1902. F

* Para 1 ibid.

Page 13 of G.O.,No.825, Finl., d/ 8-12-03. XIX

Para 5 of Finance and Commerce Dept. letter No. 4933-A.,d/13-8-03, on page 2 ibid. XVIII

Page 11 of G.O., 825 Finl.,d/8-12-03. XIX

"27. The settlement now proposed does not take into account the increased "expenditure which may be rendered necessary by reforms which are in contemplation in the administration of Police and Education, except to the extent of the "Rs. 8,00,000 a year already allowed under the latter head. It will not be possible "to determine for some years what the total additional expenditure will be, and a "long time is likely to elapse before the reforms come into full operation. Part of "the increase should, in ordinary course, be defrayed from Provincial revenues; "the remainder will hereafter be found by additional assignments from Imperial "revenues, which it would be premature to discuss on the present occasion."

5. The Government claimed a settlement estimate of 26 lakhs and its observations under this head are extracted below:-

~~22. Education.~~

~~58.~~ The settlement estimates proposed by the Government of India as regards the expenditure relating to education are as follows :—

	LAKHS.
(1) 22. Education	23 98
(2) Contributions—	
From Provincial to Local Funds :	
To Local Funds (Act V of 1884) "For Education (grants-in-aid)."	1·15
(3) "Lump provision for subsidy to Local Boards on account of education"	2·40

These figures also represent the budget grants for 1903–1904 under the heads specified. The grant of 2·40 lakhs against item (3) is a portion of the special grant of 8 lakhs under 22. Education.

~~59.~~ The Government of India have intimated that the settlement now proposed does not take into account the increased expenditure which may be rendered necessary by reforms which are in contemplation in the administration of Education, except to the extent of the 8 lakhs a year already allowed under this head. In dealing with the estimate under this head the Madras Government have therefore not taken into consideration the larger reforms which may be the result of the Educational Conference held at Simla in 1901. It has not been possible as yet to make full use of the additional recurring allotment of 8 lakhs sanctioned last year owing to the delay necessary for working out the schemes for the expenditure under several of the items. Money originally placed in the Educational budget of this year has been transferred to the Public Works department budget for educational buildings and the budget estimate for 1903–1904 of 23·98 lakhs makes no provision for expenditure already determined on and for those schemes to be taken up in the near future. Among the projects already determined on may be mentioned the reform of training schools and the further reorganization of girls' schools while among those to be undertaken in the near future are included the appointment of a Professor of Geology for the Presidency College, a considerable increase in the European inspecting staff and the establishment of agricultural schools in selected places. Provincial funds will be unable to bear any large increase under Education. The settlement estimate should be taken at 26 lakhs at least."

Paras 58 and 59
letter No. 826, Fi
dated 8-12-03.
XXV

The notes connected with these paragraphs are on pages 135 - 139 of K.W. 826, Finl., dated 8th December 1903.

III

6. The next stage of the discussion will be found on page 56 of K.W.275, Finl., dated the 7th April 1904, from which it will be seen that India adhered to the settlement figure of 23.98 lakhs and this they did up to the end. The settlement under the head still stands at that figure excluding the special grants for primary education and for University and Collegiate Education.

Mag23

7.

See notes on pp. 138-139 of K.W. 825-6 Finl. d/ 8-12-03.

Para 105 of letter, 826, Finl., d/8-12-03.
Final. note d/17-2-04, on page 44 of K.W. 273, Finl., d/7- 4- 04.

7. This settlement included the special grant of 8 lakhs; for the budget estimate for 1903-1904 under 22 EDUCATION was 23.98 lakhs which was adopted for the settlement figure. Under ADJUSTING HEADS CONTRIBUTIONS FROM PROVINCIAL TO LOCAL were also included in the budget estimate for 1903-1904, grants-in-aid to local boards for Education (1.15) and a lump provision of 2.40 as a subsidy to local boards on the same account, and it will be seen from the papers noted in the margin that the settlement figure under ADJUSTING HEADS CONTRIBUTIONS FROM PROVINCIAL TO LOCAL was fixed at the budget estimate figure for 1903-1904 less certain special items which were provincialised. The total grant for Education was thus (23.98 + 1.15 + 2.40 =) 27.53 lakhs in the bulget estimate for 1903-1904 and this was practically repeated in the settlement. The grants for education in 1901-1902 the year preceding that in which the special grant of 8 lakhs was made were 18.38 lakhs under 22 EDUCATION and 1.08 lakhs under CONTRIBUTIONS, a total of 19.46 lakhs, or 8.07 lakhs below the budget grant for 1903-1904.

Rule 14 in article 285 Civil Account Code, page 114.

8. It is a principle of the settlement that

> "The settlement for each Province is a consolidated one, and is not a collection of separate "settlements for each Provincial head. The Local "Governments and Administrations will be expected "to maintain all the provincial services in a "state of administrative efficiency, providing any "increased expenditure necessary for the purpose "either from the savings in expenditure to be "effected by economical administration of the "Provincial services, or from development of "revenues."

Page 3 of K.W. 273 Finl d 7.4.04.
XXIII

This principle was stated in another way in Mr. Baker's D.O., No. 263-A., dated the 12th January 1904 where he said

> "It is not necessary to discuss detail. The "settlements are essentially consolidated. The "only object of details is to enable us to work "up to a definite total; x x x".

It is also a principle of the settlement that it provides for the existing standards of revenue and expenditure. The local Government will have to meet any increased expenditure necessary for the purpose of maintaining this provincial service of education in a state of administrative efficiency either from savings in expenditure under other heads or from the development of revenues. This principle was impressed upon this Government when they applied for additional assignments to meet increased expenditure under this self-same head, for India said

article 283.14 of the Civil Account Code.

Para 2 of Financial department letter No. 470-A., dated 25-1 -06 in G.O., No.125, Finl. dated 12- 2- 06.

> "it is one of the principles of of the system of "provincial settlement that provision is made only "for the existing standards of revenue and expendi- "ture and that future growth of expenditure must "be met out of growth of revenue."

It is submitted that India's idea of carrying forward the transactions of one settlement period to the succeeding settlement period should be resisted.

9. Another contantion underlying the present communication which it seems necessary to protest against is in connection with the system of "ear-marking" which according to the present proposals would be carried to its extreme limits. The Government of India virtually require this Government to keep a ledger account of the expenditure under EDUCATION, i.e. an account showing on one side the settlement figures and the special grants and on the other the actual expenditure. But it is not possible under the present system of accounts to bring together under a single head all the extra expenditure which is involved in schemes of reorganization. More schools and more officers mean for one thing more stationery, the cost of which is shown under a distinct head. India admitted that a protion of the 8 lakhs could be devoted to Educational buildings but

how

LOCAL & MUNICIPAL
17 AUG 1906
SECRETARIAT.

30 12

71

how can the cost of buildings met from a particular 8 lakhs of Provincial revenues be differentiated from the cost of other Educational buildings? The Government of India themselves have pointed to these difficulties surrounding the ascertainment of the exact amount spent on a particular service department when they have been taxed with the profit made out of Law and Justice, and the same difficulties must, it is submitted, attend any system of ledgering expenditure. Such a system seems improves to be altogether opposed to the principles of the settlement and especially so when it carries transactions back to a settlement period which has expired. Rule 15 in article 285 of the Civil Account Code gives the Government of India, it is true, very wide powers as regards the issue of instructions on general or particular matters affecting the revenues and services transferred to Provincial under the settlement arrangement, but this power is in the nature of a saving clause and could not, it is submitted, have been intended to upset the main principles which govern the settlement.

C.M.S.
10- 8- 06.

I do not think it necessary to add to what has been said. I do not see how it is possible with any approximation to accuracy to say how much of the additional Expenditure since the beginning of the grant, is due to grant and how much is due to the normal expansion of Prov. Expenditure. The proposal of the Govt of India if extended to all the fixed grants will be productive of great confusion & produce much needless complaints & work. I think the proposal should be rejected.

Mr Macleod 355 7-1
16/8/6

Dr Ed. Dept
Dr Ed. wo.

1. Submitted to the Hon. Member.
2. If the veiw of Financial Stat Indias proposal should be resisted is accepted in this Dept - the current may be transferred to Financial as being in a better position to deal with the technicalities of the subject.
3. Proposals are now under consideration for the construction of additional quarters rent free - for professors attached to certain Colleges, subject to the condition that they exercise certain supervision over the students out of College hours. — also for the construction of a combined Laboratory and Lecture hall for the Medical Prof.l Colleges.
4. As to the grant for University Education Inda, or a specific reference has been stated that it was open to this Govt. to issue any orders they thought fit as to the re-allotment for University purposes of the unexpended balances which had lapsed to the general Provincial balance - but this amount, it is submitted, should be eventually allotted for expenditure connected with the University —

Govt. no 5705 Pol dt 27-7-06 A.

Govt. no 1039 W dt 8-5-06 B
notes at flag C.

Govt. nos 645-b dt 24-9-05 E.
" no 29 dt 18-1-06. F.
" " 89 " 13-2-06 H.

Gr. 1024 dt 18-1-06 F

Gr. 1089 dt 13-2-06 H

either by way of hostel accomodation to private Colleges, or by the endowment of a professorial chair, and Laboratory, as soon as definite schemes, now under the consideration of D.P.I have been worked out.

5. With office where note the expenditure on Edl. Buildings, shown in P.W. Budget of Civil Works for the last 3 years and B.E. for current year? The ~~form~~ expenditure forms no part of the Ed. Budget.

H.D.
17.8.06

The expenditure on Educational buildings shown in the P.W. Budgets for 1903-04 to 1906-07 was as follows :-

	Rs
1903-04	169270
1904-05	113187
1905-06	172362
1906-07	192361

Page 11 of Budget for 1903-04 W.
" 13 — 1904-05. X
" 13 — 1905-06 Y
" 15 — 1906-07 Z

The amounts however are only the totals of the allotments in the budget from which there were considerable surrenders. The P.W.D. have no information here regarding the actual expenditure in the first three years. It seems that further reference will have to be made to the Examiner of Public Works Accounts.

About Rs 42,000 of the allotment for 1904-05 came from the special grant of 3 lakhs given by the Govt. of India - Rs. No 278 Fin. dt 8th April 1904 and No 11 Fin. dt 4th January 1905 and

Unnecessary. The Budget figures are a sufficient guide.
HD
17.8.06

N & O

39 75

the abstract of Rs. read in the letter.

PH 7/8/06

HDS 17.8.06

HM

The notes have been written on the supposition that India's need of supplemental grant is to be resisted but it is not likely they will alter it, nor, as at present advised, do I see any urgent ~~reason~~ reason for a modifn.

I will ~~therefore~~ therefore note on the supposition that the grant will be continued as a special suppl. grant, & shall how it can best be ~~to be~~ adjd, dealing also with the Stat Rs. borne by India.

8.8.06

As to the eight lakhs grant. It does not seem probable, if our proposals in respect of training schools are approved, that there will in future be any material lapses under the Educational Budget.

Please first obtain the actuals for 1905-6., and note what additional recurring items of expenditure over and

75

above that included in the actuals for 1905-6 will have to be met in the current and future years.

2 As noted there is the expenditure in respect of Training schools, the increase to the Inspectorate, the Directorship of Technical Schools, - against which will be set the transfer to Revenue of the Agricultural College.

There is not likely to be any lapse under the Estimate grant for Primary Education, as this is paid to, and incurred through the Agency of, Local Boards.

3. Before any definite scheme can be drawn up it will have to be decided, in consultation with Financial, whether that Dept. will allow for an increase in the Budget provision on account of normal expansion of Educational charges, which is estimated in paragraph 6 of my note of 26.7.06 at £25000 per annum.

4. As to accumulations owing to lapses in past years, there seems, if they are to be earmarked for Educational purposes, cannot be utilised for recurring expenditure - but there are the special schemes referred to in

T6

B

p 130 supra

paragraph 3 of my note of 17.8.06 ~~page~~ for special Educational Buildings. We offer please estimate in detail the cost of these buildings, and of the additional sum over and above the average expenditure, as expended or included in the ~~the~~ Budget for the last five years on account of Educational Buildings, which we may ~~expect~~ reasonably expect to recur in the near future on account of new buildings for Girls Schools, Training Schools and the like.

5. The grant for University Expenditure is a separate matter, which need not be dealt with in this connection: the DPI's proposals on this subject may be awaited and he should be reminded separately.

6. It will perhaps hardly be possible at present to forecast the additional expenditure which will be incurred by way of Grant or subsidy to Local Bodies in aid of elementary Education, under the new Ed. rules. The DPI may however be asked to send in as accurate a forecast as possible. Certain items have, in the notes on correction with the Ed. rules, been

B

C

specified as a first charge upon the Die Lekh Bank. The cost of these items should be eliminated when framing the precast now required. Please refer to those items in the proposed reference.

29. 8. 06.

The drafts placed below are submitted for approval with reference to the Secretary's notes at A, B & C on pages 15 & 17 supra. On receipt of the replies a further note will be submitted.

3. 9. 06

Educational Departt

78

The following provisions were made for Educational buildings in the Public works budgets for the last 5 years :-

	Rs
1901-02	78,980
1902-03	231,707
1903-04	169,270
1904-05	113,187
1905-06	172,362

The budgets do not show what the actual expenditure on Educational buildings was during these years. The P.W.D may be asked to be so good as to obtain the figures and note them against the provision for each year.

Chas
3-9-06

P.W.
1/9/06
P.C.D. no.

D.W

The figures quoted above present the total of the grants specified in Part I Class A of the Provincial Civil Works Budgets for the several years in question. They do not take into account the amounts included in the lump sum grants for Minor works and repairs.

Appendix A of the Provincial Civil

4 SEP 1906 GOVERNMENT OF INDIA
29 SEP 1906 PUBLIC WORKS DEPARTMENT

W 4 9 Edl no. 620 S
4/9/06.

P.W.D. no. 1079
4-9-06

Civil Works Budget gives figures of expenditure up to 1904-05. Educational wishes to know the expenditure during 1905-06, as well as the grants, presumably final grants, for Educational works during the five years specified

C may be requested to furnish a complete statement giving the information required

RK
15-9-06

To C.U.O.

17/9/06

---:oOo:---

To W.

No.344-C, dated 27th September 1906.

The expenditure on Educational buildings from 1901-1902 to 1905-1906 is given below:-

	Original Works.	Repairs.
1901-1902. ...	Rs.1,99,375	Rs. 12,646
1902-1903. ...	" 1,82,258	" 15,532
1903-1904. ...	" 2,23,679	" 17,530
1904-1905. ...	" 1,78,795	" 13,087
1905-1906. ...	" 1,38,379	" 16,976

2. It is not possible for this office to give the amount of grant for each year, as the lump sum provisions

19 SEP 1906
No. 3440

10545
CURRENT No.
PASSED ON BY.
R. C. 3-10
U. R. C.
REF. 1.10.4.10.06
R. K.
D. O.

5/422486
184497
5/75771
15154
DLS. 605/06

65 21

provisions for Minor Original Works and Repairs are 80

not allotted by main and sub-heads.

Whose illegible signature is this? 87

Wm Hutchison
27/9/06
C.

LOCAL & MUNICIPAL
10 OCT 1906
SECRETARIAT.

V:K

27/9/06

To Educational n.o.

RLC
6.10.06

6/10/06
DW

Educational departt.

Will Office please note further independently of the Secretary's letter, how the statement furnished by the Ch. Engr. the figures as to actuals for 1905-6 as per 1 supra appears to be wrong. There was an actual expenditure of Rs 90000.

Will Office please note also details of the proposals under consideration for relieving ~~non-recurring~~ requirements. How have the figures to about 8 lakhs owing to non utilisation of the special grant since 1902-3

25.10.06.

* Submitted that these were only the preliminary actuals as stated with margin of Rs 1.
PJ

The following statement shows the expenditure in 1905-06 as compared with the provision for 1906-07 under the several minor heads under the Major head 22- Education and under adjusting heads so far as regards Education :-

Adjs's statet in the file ✓ page 18 C.B.E. for 1906-07.

	Expenditure in 1905-06 Rs	Provisim for 1906-07 Rs
University	21.326	20.000 ✓
Direction	76,140	75.900 ✓
Inspection	449,256	509.000 ✓
Govt. Colleges - General	213126	207.000
Govt. Colleges - Professional	210526	197,500
Govt. Schools - General	173029	185.800
Govt. Schools - Special	291424	271.300
Grants in aid	806279	850,000
Scholarships	57816	54,000
Miscellaneous	19032	24,000
Refunds	140	1300
Lump provisim for Primary Education	"	600,000
do do for reorganizatim subordinate Educational Services	"	1,200
Total	2318,093	30,03,000
Adjusting heads	9,12,790	3,72,100
Grand total	32,30,883	33,75,000

2. The provisim under University may be left out of account. Out of the grant of Rs 2,80000 made up to date by the Govt. of India, Rs 2,10,128 remains unutilized - page 5 supra. Of this amount about 2 lakhs have merged in the Provincial balance.

Any virements may be regulated. ✓

3. Under Direction there will be no additional recurring expenditure.

Under Inspection the full number of sub-assistant

Inspectors of schools, Clerks & Servants was not employed in 1905-06. The exact number of Sub-Assistants of the 4th class employed in that year is not shown in the C.B.E. - page 129 - but in the other classes there were 64 against 86 proposed for 1906-07. Similarly there will be were only 72 clerks & 117 Servants against 135 & 240 proposed for 1906-07. Two new Inspectors also have been appointed in 1906-07. Altogether there will be an increased recurring charge of Rs 59,744 under this minor head Inspection.

The improvements suggested by the University & Committee for Govt. Colleges seem good & slight.

Page 135 of C.B.E.

Page 142 of C.B.E.

Page 133 of C.B.E.

Under Govt. Colleges - General no additional recurring expenditure is anticipated.

Under Govt. Colleges - Professional, Educational will, in 1906-07 & future years, be relieved of the cost of the College of ~~Engineering~~ Agriculture - between Rs 40,000 & Rs 50,000 - but in the ~~budget~~ the cost of the School Department of the College of Engineering (between Rs 20,000 & Rs 27,000) hitherto shown under Govt. Schools. Special will the sum be transferred to this head. An additional recurring expenditure will also be necessary on account of the re-organization of the latter College. The details have not been worked out as yet.

Under Govt. Schools - General, there will be no recurring additional expenditure (except a few hundred rupees required for obtaining new schools with Government grant) but under Govt. Schools - Special

(Revised figures)
Para. 5 of letter No 496 dt. 25th July 1906. XV.
Para. 6 of - do - .

Rs
I.E. - 1370 × 12.

Rs 30,000 will be required chiefly for the re-organization of training schools for primary teachers & Rs 20,000 after a time for the higher grade ~~re-organization of~~ training schools ~~for the higher grade primary teachers~~ suggested by the Govt. of India. On the other hand Mr. Chatterton's pay of Rs 1,000 previously shown under this head will from the present year be transferred to the Revenue budget.

Under grants in aid additional amount will be

Perhaps the Director may want Rs 30,000 in addition to his Rs 40,000 in place of his budget Rs 20,000. vide K.W. G.O. no 417 Edl dt 15.6.1906

Chn XVIII.

required for payment of grants to European schools but for this the Govt of India have given a special grant of Rs 60000 - Go. no 417 Edl dt 15th June 1906.

4. Under the new Educational rule 83 local bodies have to pay capitation allowances to trained teachers in their lower elementary schools and under rule 84 they will lose the fees hitherto levied in the same class of schools maintained by them. The excess expenditure in the former case will be met and the loss in the latter case will be made good from the six lakhs grant. Under rules 81 & 82 also local bodies will have to incur larger expenditure than at present on their ~~trained teachers~~ schools. the staff of which will be reorganized the excess in this case but this also will be met from the six lakhs grant. The director was asked in memo. no 440 dt 4th September 1906 to submit as accurate a forecast as possible of the amount required for these purposes but he has not as yet furnished the required information.

The amounts have not been worked out & may be omitted from consideration at present as any excess from the 6 lakhs grant in any dealing only with the 6 lakhs grant.

Chn

But the 6 lakh grant may not suffice. 27/11.

Page 30 of current file.

Para. 30 of the office note on page 9 of the notes with Go. no 356 dt 28th may 1906. XIX.

Under rule 5 of the Grant-in-aid Code a large number of the schools and departts formerly aided from Provincial funds will now have to be aided from Local Funds and Provincial will have to make good the excess in the shape of subsidies. The amounts hitherto paid as grants will however be available for payment as subsidies. Under footnote (1) on page 1 of the Grant-in-aid Code and under rule 34 of the Code the total grants payable from Provincial and Local will remain unaltered - at least for the present.

5. On the whole it would seem that there will not be any lapses in the Educational budget for the future and there

R. for the Secretariat beginning 1906-7.

Chn

But schools newly committed have to be provided for VBS

will be slight increases year after year in the annual expenditure on Education as when the reorganization of Training schools is sanctioned and additional schools come under maintenance grant.

6. Means have therefore to be found only for spending the lapses from 1902-03 which amount to Rs 7,97,490 up to the close of 1905-06 and it is chiefly on this point that the Govt of India call for information - vide the last sentence of their letter.

Page 1 supra

Page 2 current.

7. The note of the Examiner P.W. accounts on page 20 supra shows that the average expenditure on original works during the last five years was Rs 1,84,497. The provision in the current year's budget is Rs 1,92,361. This includes Rs 41,950 for new lecture rooms for the Presidency College. Estimates for new laboratories for the Medical College amounting to Rs 1,70,130 are now ready. Estimates for Principal quarters for the Principal of the Kumbakonam College and for deputy wardens for the Victoria students and the Rajahmundry College hostels are under preparation. The total cost of these buildings may be put down at about Rs 30,000. In addition to these, Educational buildings estimated to cost several lakhs of rupees remain to be constructed. Grants amounting to Rs 2,73,490 were asked for by P.W. Officers on behalf of these buildings in 1906-07 alone - pages 54 - 59 of the P.W. Budget for the current year - if Financial can allot the required amount and if P.W.D can hurry up the estimates for these buildings the lapses in the Educational budget referred to in the foregoing paragraph can be spent in two or three years if not in a shorter time.

Page 15 of the budget - Z.

Para. 7 of the office note dt 30-6-06 at flag D.

Govt no 500 Edl dt 27-7-06 - A & no 590 Edl dt 8-9-06. XXII.

Principal's quarters - Rs 14,000
Warden's quarters - Rs 8,000
each approximately

Govt no 299-300 dt 8th May 1905 - page 5.

Z.

In case estimates are awaited.

29/10/06

Secy.

29/10/06

29/10/06

50 25(a)

85

[L. / 2.]
1,000—5-06.

EDUCATIONAL DEPARTMENT.

C. No. 1739 From the Govt of India, No. 795, dated 15-10-1906.

(Since removed from the file)
Osa
19.11.06.

SUBJECT.

Action which the Govt propose to take in regard to sums which have lapsed from the special recurring grant of 8 lakhs made by the Govt of India in 1902.

The Govt of India wish to know when a reply (may be expected) to their reference regarding the action which their Govt propose to take in regard to the sums which have lapsed from the special recurring grant of 8 lakhs given by them in 1902.

2. The matter is still under consideration — [please see linked file placed below]. Certain information was called for from the Ag. the DPI & the PWD (on the 4th September 1906). Replies have been received from the Ag. & the PWD. The DPI has not yet replied. A reminder went to him on the 3rd instant and another is now going.

Pages 1-25 supra.

Submitted that the following reply may be sent to the Govt of India.

"The matter is still under consideration of this Govt. A reply will be sent as soon as it is disposed of."

Pty
24/10/6

Secy.
24/10/06

We cannot put off India with an evasive answer and a flat rejection. They ask for definite information, and must get it. We have

question involved is one for financial - in which the Govt. will assent the proposal of how to block the capital balances out of the special grant as earmarked for Edl. purposes (b) whether Provincial will - in addition to these special grants - allow increased provision for Educational purposes out of ordinary Provincial funds, to meet normal expansion of expenditure.

2. What the effect of the new Edl. Rules will be in respect of this normal expansion we cannot at present foresee with accuracy. - but at least we can formulate definite schemes for new buildings, Lobbets etc, which can be provided for out of the amount of the Capital balances undepleted and retained.

I cannot have either the time or the opportunity to peruse the reference to D.P.I. approved Edl. Code Leaf. on 3-9-06., so I cannot see what the exact terms of the reference were. Apparently it asks merely for explanation as to the effect of the new Edl. rules and the provision to be made in future for recurring expenditure - a totally different matter from which the disposal of the present reserve will be dealt

Finds Mr. will accept this position.

Edn. will let him know if any further measures be deemed necessary.

They have not been objected to or contested by anyone.

Memo. No 4440 dtd 4-9-06 (page 3 current file [redacted])

Quite useless for obtaining the reference. What was required was the opinion of the D.P.I. as to what of the accumulated balances could be spent. The reference deals only with the future, not with the past.

52 1 25(c) 67

Office should not leave kept all these time without keeping a Note of definite or pending of a recurring nature., proposed to be met from the accumulations of the Lapsed balances now with DoE. Office will now keep note on the point without delay on the ~~Chief~~ file

20.10.06

on pp. 22-25 supra
A note is submitted with the linked file

PH 25/10/06

Secy.
28/10/06

A

Ⓐ pp. 22-25 supra + pp. 26-27 infra

Please see [linked file].

In reply to Govt's remarks we may perhaps say that the question is being considered in connection with the Budget and that a reply will be sent within 2 months.

2. It is really a difficult matter - to be dealt with financial. The Centre must say whether they agree to provide the funds. Until Financial agree we cannot send any reply on Educational. With Financial please say whether they accept the reply to

A.

On the contrary it is a most distinctive matter.
27

the remarks as indicated at 'A', and whether they will be prepared to accept the transfer of the file, a reply to India's reference. Will Sir W. Meyer treat this as very urgent.

F.S. 10 4/11
2/Nov

Ed(a) no. 748 D
29.10.06

CURRENT NO.
4952
FINANCIAL
Regd. 29/X/06

For the C.S.

Subj? That the reply to India's reference should in any case be Drafted in Educational. This dept is concerned mainly with the acceptance of Indian principles & this matter has been discussed in the main file. It will be observed that Govt. Lanrie at the figure 7.97 lakhs as the lapse on the special grant of 8 lakhs up to the end of 1905.06 & taking the difference between the budget allotments & the actuals for each year from 1902.03. It is not quite clear how this calculation gives a correct idea of the facts. In 1896.97 the 10 lakhs lapsed out of the Govt. grant. In

(in the linked file
Dep 25 infra

of course it does
not do so. //

BOX No. 44
C. 31. 10. 06

~~25(2)~~ 89

1901-02, '23 Cakchis - these have been treated as Port. Lapsos. It does not seem to be correct to treat the whole of the lapses after 1902-03 as remarked lapses.

Cml
29. x 06

Mr McRae

Please see letter [on pp. 27-28 infra in Cotton's file.]

P.T.O

Home Dept Letter
512 dt 11.7.06 on Pp.
1-2 of current.

India's letter deals practically with two points
(a) the expenditure of the years amounting
in all to Rs 7,97,490 which have lapsed
to the general provincial balance out
of the increased provision for education,
consequent on the special grant made
by India since 1901-2.
(b) the provision from provincial funds,
of money to meet automatic, other
than special increases of expenditure.

This seems to take no account
of what has been spent
on Buildings in Ed. from
1902-03 — to 1905-06.

Mr
Sir Tokes to see if what
has been spent under all heads
Hds 2.

2. The Financial Dept. is disposed to resent
any proposal to regard these lapses
as earmarked for educational purposes,
but it is not likely that India will be
prepared to listen to any remonstrance
on that ground. It remains therefore
to be seen what expenditure, of a
recurring nature is likely to be
incurred in the future, and on what
objects, the expenditure in connection
with which will be of a non recurring
nature, the past accumulations, as
they can be placed at our disposal
by Financial, can best be spended.

If you can show that
wrong India will listen
to it if they would we
this D.O.

† I know from his margin
that the Fin. Dept will listen
to appeal. Even prophecy number
you know.

3. The Offg notes above that, in the future,
we are likely to spend a larger of
a recurring nature, the full amount
of the Budget Provision, and that the

provision will require slight expansion from year to year, to meet automatic increases.

As to past accumulations India may be informed that the Govt. propose to spend the lapsed balances, as funds can be made available, with reference to the general Provincial Budget estimate available, on buildings required for educational purposes, such as hostels, lecture rooms, and quarters for Principals, Girls schools and Training Schools.

4. India have sent a remedial voting when a reply might be called. It is really a question for Financial to reply to. If Financial agree to the proposal, of course to utilise these balances for Educational purposes, there are numerous objects on which Govt. can spend them.

HDS
29.6.06

(Hon)

A

We can not give any such assurance. If such hostels be an wanted they Govt. cannot for consideration on par with all the other claims on Govt. H.

F.W.W

If the Govt. accept the views of the Govt of India, and I suppose there is small chance of their giving way on this point, I do ask see that the mode of calculating the amount

Why. This is a common & most salutary provision. H.

Obviously it is [illegible] incorrect.

2 case
S.T.

that has lapsed out of the 8 lakhs, as calculated by the Ed dept is correct. Educational apparently take what has lapsed in each year since 1902-1903: I do not understand how that sum can fairly be said to amount that has lapsed from the 8 lakhs. Surely if any calculation is the case, it must be by finding out what exactly was spent on Education - including what was spent on Educational Buildings - before 1902-03 & then seeing how much has been spent in each subsequent year on the same object - & taking the difference as the amount spent from the grant - then Mr. Taylor calculates the the normal increase in Educ-Expdtr from year to year. I imagine this method will give a very much larger sum than Rs 7,97,490 - so if India is satisfied with this figure Govt had better accept it - Merely taking the lapses in each year will give no accurate result, as the Budget figures do not apparently allow for the expenditure of the whole special grant of 8 lakhs.

Whether the Govt of India proposal is the one it is for Govt to decide, if it is the proposal marked A. on previous page shows the best way of meeting the Govt of India

Why do you think this is the best way? [illegible]

Worthes.

Rs
21 × 14

A Will Finl please tell me to what conditions we were given

1. Tank Restoration Grant.
2. Tobin Grant.
3. 8 Lakhs Grant.
4. 6 Lakhs Grant.
5. Municipality Rds.
6. any other special Rd Grant.

B (1) Will it also examine the objection that we can not separate out the expenditure from the 8 Lakhs Grant under our existing system of accts. If this is agreed we must have a separate head in the accounts for each special Grant.

C (2) Also please set out clearly the objection to Sub. 8 & 9 of the above rule that the 8 Lakhs Grant has come down from a former settlement.

D (3) Also let us know clearly the former discussion about the Departmental Finance.

In reply to B (1) please let us know the details of this calls so as to make the point clear.

21/1/16.

57 94

Note.
Three cases linked with this file and some Govt. refs. to the pp. 1-29 of these note together with C.B.Ss for the last four years are Subd in a separate box [illegible]

FOR THE CHIEF SECRETARY.

Conditions attached to Special Grants.

The conditions on which the several special grants have been sanctioned by the Government of India are set out below:-

I. TANK RESTORATION GRANT (5 LAKHS).

(a) In November 1903, the Government of India (Public Works department) requested that a report might be furnished to them stating what alteration in the existing system of tank restoration the Local Government would propose in order to give effect to the recommendations of the Irrigation Commission for a more vigorous prosecution of tank restoration works and what assistance, if any, in the way of additional Engineer establishment or funds, would be required from the Imperial Govt. to carry out the proposals.

Letter from the Govt. of India, P.W.D., No. 1600/C.W.I., d/ 28-11-1903 on page 2 of G.O. 1198 I, d/31-10-04. I

(b) In reply the Government stated that

> "During the five years ending 1903-04, "the grant that it has been found possible "to make annually for tank restoration "scheme works averaged 4.06 lakhs and "with an annual assignment of only 38 "lakhs under the head "45-MINOR WORKS AND "NAVIGATION" according to the recent Pro- "vincial Settlement, this Govt. will not "be in a position to allot any amount "appreciably in excess of the above sum. "The additional funds that will therefore "be required to carry out the proposals "made in this letter will be about 9 lakhs "per annum.

Letter to the G. of I., P.W.D., No. 1199 I, d/ 31-10-04 (para. 9 on pp. 3-4) I

(c) India then replied -

> ". . . . the Govt. of India regret that "in view of the demands from other Pro- "vinces, they are unable to give as large "a grant as Rs. 9 lakhs per annum. They "are, however, pleased to sanction an "additional

Paras. 2 & 3 of letter from the G. of I., Rev. & Agri. dept. (Civil Works) No. 813 I, d/ 22-6-05 in G.O. 807 I, d/4-9-1905 (page 2)

flag 18

60 95 31

"additional allotment of Rs. 5 lakhs to
"Madras for the current year under 43-
"MINOR WORKS AND NAVIGATION -Provincial
"and an additional assignment to ~~them~~ this extent
"~~sion~~ will be made through the Land
"Revenue head. . . . . it is the inten-
"tion of the Government of India to re-
"peat this grant year by year unless in
"any year financial exigencies require
"a reduction in the Imperial allotment
"under 43 MINOR WORKS.

"It is believed that this assurance
"will suffice to enable the Govt. of
"Madras to entertain the necessary establish-
"~~ments~~ments. I am to request that, with
"the permission of His Excellency the
"Governor in Council, a revised scheme
"of tank restoration may now be drawn up
"to utilize the above amount and the
"share of the assignment under 43 MINOR
"WORKS AND NAVIGATION which the Local
"Government may be able to allot for the
"purpose of tank restoration and which in
"the past five years has averaged 4.06
"lakhs, and that it may be submitted to
"the Government of India for information.
"....."

(d) A scheme was then submitted to the Govt. of India working down to the reduced grant of 9 lakhs per annum which spread the Tank Restoration Scheme operations over a period ~~of~~ above the duration twenty years instead of fourteen years as originally contemplated. As regards the grant of 5 lakhs for 1905-06, it was explained to India that the expenditure on Tank Restoration Scheme and other minor works was, owing to the season, so forward in proportion to the grant that little difficulty was anticipated in spending it on repairs to tanks, but in case there should be any balance His Excellency the Governor in Council hoped that the Govt. of India would have no objection to ~~it~~ this balance being spent on other minor works.

(e) The Government of India stated that they had

"no objection to the utilization on other
"works of any unspent balance of (the)
"Imperial Contribution for tank restora-
"tion, provided it is understood that
"such portion of the Imperial Contribu-
"tion as may be diverted in the manner
"proposed

Para. 3 of G.O.807 I, d/4-9-05 forwarded to the G. of I. with Endt. 808 T, d/ 4-9-05.

flag 18

Para 8 ibid

Para.2 of letter from the G. of I., P.W.D. No.1485-1, d/2-11-05 on page 3 of K.W. 57, Finl., d/ 18-1-06.

"proposed will be made good from Provincial
"funds in subsequent years."

The intention of this ruling of India will be found discussed in K.W. 57, Financial, dated 18th January 1906.

Page 8 of Appendix to G.O.519 I,d/ 14-5-06.

(f) The budget estimate for 1905-06 for Tank Restoration Scheme works was 3.68 lakhs. The Govt. of India sanctioned in addition a grant of 5 lakhs. The total expenditure incurred in 1905-06 was 5.86 lakhs.

Page 11 of G.O. 1033 I, dated 27-9-06.

P.T.O.

62

II - POLICE GRANTS -

Paras 13 to 15 of despatch communicated to this Govt. with Home dept. letter 250, d/14-4-04 in G.O. 1112 Judl., d/25-7-04 (pp.25-31 of Collection G.O. re: correspondence relating to the Police Commission's report)

Flag 4

(a) In their despatch to the Secy. of State No. 28, dated 19-11-1903, commenting on the Report of the Indian Police Commission, the Govt. of India remarked as follows in regard to the financing of the schemes arising out of the recommendations of the Police Commission:-

"13. There remains the question of cost. Our present annual expenditure on police is 262 lakhs of rupees. The proposals of the Commission involve an ultimate additional annual expenditure of 150 lakhs, almost the whole of which will have to be borne by what are at present imperial revenues.

"We shall call upon Local Governments to scrutinize the proposals minutely, with a view to every possible economy that is compatible with reasonable efficiency. We believe that it will be found possible to effect such economies, though perhaps they will be more easily effected in the smaller than in the larger items which constitute the total. But, subject to such reductions as it may be found possible to make without impairing the general standard of efficiency at which the Commission have aimed, we think that the attainment of that standard is worth the cost; and we shall be prepared to incur the expenditure necessary to that end.

"14. In referring the question to Local Governments we shall draw their attention to the following points:—

"(1) Out of the total increase of Rs. 1,40,65,000 proposed on account of pay, only Rs. 20,20,000 is for the pay of Europeans, the remainder, Rs. 1,20,45,000, being for Indians.

"(2) Of this sum there would be required at starting—

	Rs.
For Assistant Superintendents	4,43,000
For head constables	8,81,000
For constables	44,03,000
Total ..	57,27,000

besides a further sum of uncertain amount for raising the minimum pay of District Superintendents of Police to Rs. 700 a month. There will, on the other hand, be some reduction on this figure by the operation of the proviso that the periodical increments are only to be given to constables of approved service.

"(3) As to the higher ranks, we shall ask Local Governments what their proposals are for the introduction of the new scales in the event of their being sanctioned and for an approximate estimate of their financial effect.

"(4) We shall further intimate to them our intention that part of the cost should be contributed by the Government of India and part should be left to be provided by degrees by Local Governments from the increase of provincial revenues under the operation of the new settlements now about to be introduced; and we shall inform them that in no circumstances can we accept as an imperial charge any portion of the expenditure required for buildings, the amount of which has not been estimated by the Commission. The responsibility for this expenditure must be wholly Provincial, and the necessary extensions and improvements, the necessity for which we readily admit, must be carried out gradually as the resources of each province permit.

"15. Subject then to such modifications of detail as may arise from our reference, we may sum up our view of the financial aspects of the Commission's recommendations in the following conclusions:—

"(i) The scales of pay proposed by them for the higher ranks of police officers must be gradually and progressively applied, and in applying them the claims of individuals to be admitted to the higher rates must be jealously scrutinized.

"(ii) The strength of the force can only be raised gradually on consideration of the requirements of the province or locality concerned and of the necessary financial limitations.

"(iii) These conditions being complied with, we anticipate that the opening stages of the process of the reforms contemplated by the Commission will impose upon the revenues of India no burden at all comparable with that which will have to be borne when the final stage is reached, and complete effect is given to the Commission's recommendations. But by that time the revenues themselves will have expanded, and will, so far as we can reasonably forecast, be able to meet the increased charge.

"(iv) In the meantime we are in a position to place at the disposal of the Local Governments, for the purpose of these far-reaching and essential reforms, a contribution of 25 lakhs during the next financial year, and, if conditions continued to be normal and no unforeseen disaster forced us to retrench, we propose to augment this contribution at the rate of 25 lakhs a year, or by such smaller sum as the growth of provincial revenues may render adequate, until we have carried out to the full the measure of reforms and expansion that the exigencies of the occasion

× Quoted above.

Para 3 of Home dept. letter 250, d/14-4-04 in G.O. 1112 Judl, d/25-7-04 (Page 25 of Collection G.O. re: Police Commission report)
Flag 5

Page 2 of G.O. 308 Finl, d/10-4-05
Flag 6

(b) In forwarding to the several local Governments a copy of their despatch, the Govt. of India invited special attention to paragraphs 13, 14 & 15 × which dealt with the matter of expenditure.

(c) In Fin: dept. letter No. 1764 A, dated the 23rd March 1905, the Govt. of India sanctioned a recurring grant to this Presidency of 10 lakhs per annum with effect from the year 1905-06 to enable the Madras Govt. to meet additional expenditure on Police, arising out of the recommendations of the Police Commission.

Para 24 on page 8 of the Govt. of India, Finl. Statement for 1905-06.
Flag 8

In announcing this additional assignment in the Financial statement the Finance Minister said:— 1905-06

"Turning now to the four measures of administrative improvement which involve "increased recurring expenditure, the first in urgency, though not in immediate magnitude, is "the reform of the Police, in accordance with the approved recommendations of the Police "Commission. To carry out those recommendations in full will cost a very large sum of money, "and must necessarily occupy a considerable time. For next year, however, we have arranged "to make a beginning by providing a sum of 50 lakhs of rupees which will be distributed among "the provinces as follows:—

"Madras .. .. 10 lakhs.
" " " " " " " "

"These grants will be permanent and will be added to the fixed assignment of each "province which has a Provincial settlement. The principal measures to which these grants will "be applied during 1905–1906 are the following:—

"(a) the strengthening of the armed police reserve;

"(b) an increase to the pay of the rank and file of the force;

"(c) the grant to all constables of a free kit on enlistment, together with local allowances "in special tracts and a deputation allowance of 2 annas a day (or 4 annas in Burma) when "deputed on duty beyond their circle; and

"(d) an increase of strength and pay and improved grading for Sub-Inspectors.

"It is estimated that these measures, which for the most part can be carried out without "delay, will absorb the whole of the provision made for 1905–1906. The remainder of the "approved reforms will be carried out in due course, the requisite funds being provided partly "from Provincial revenues and partly by means of additional assignments from Imperial. It is "hoped that not less than 25 lakhs per annum will be made available for this purpose in "1906–1907 and succeeding years until the entire scheme has been carried out; but it is "evidently impossible to guarantee this rate of progress in advance."

Para 4 on page 3 of G.O. 178-9, Judl d/ 1-2-06.
Flag 7

(d) In Home dept. letter No. 24, dated 11-1-06. the Govt. of India recognised that as a result of the restriction of immediate reforms in Police to certain selected measures, a considerable portion

G.O. 815 Jud. dt 14-5-06
Flag 15

In Council Kitchen
11.

Home dept. resolution 488-500,d/ 4-5-06 in G.O. 815, Judicial,d/14-5-06

Flag 15

64 99 35

portion of the special grant of 10 lakhs would remain unspent during 1905-06 and they expressed the hope that the Madras Govt. would be able to arrange to utilize the amount so unspent on non-recurring police expenditure, such as police buildings.

(e) In Home Dept. resolution Nos. 488-500,d/ the 4th May 1906, the Govt. of India intimated that they had "allotted in the budget for 1906-07 bet-"ween the different Govts and Administrations a "further grant of 25 lakhs of rupees in aid of the "reform of the Police". Of the grant Madras received 4.50 lakhs and the amount was "permanently added to the resources of the Presidency". The Govt. of India desired that the grant should be devoted to the following objects:-

(1) the introduction of the improved scale of pay for superior officers;

(2) the recruitment of Deputy Superintendents

(3) the further recruitment of Sub-inspectors.

(4) the formation of the provincial departments of criminal investigation; and

(5) the advancement of the reforms proposed in the police forces of the city of Madras.

N

Page 10 of the *Gazette of India*, 21st March 1906.

Madras

In para. 36 of the Government of India Financial statement for 1906–1907, it is stated:—

"We . . . provide a sum of 25 lakhs [of which Madras gets 4·50 *per annum*] for "the reform of police, in accordance with the approved recommendations of the Police Commis-"sion. It will be remembered that last year a similar grant of 50 lakhs was provided for this "purpose, and the grant now given is in addition thereto. We are pledged to carry out these "reforms as funds become available, and though unfortunately a considerable part of the "provision made last year has not been spent, we hope that this will be made good in 1906–1907 "and a further material advance obtained. The principal objects to which the additional grant of 25 lakhs will be applied are—

P.T.O.

III . 8 LAKHS GRANT FOR EDUCATION

3. (a) In November 1901, the Govt. of India in dealing with the proceedings of the Educational Conference held at Simla in September 1901, informed this Govt. that whilst approving entirely of the resolutions of the Conference as regards various branches of education they recognized that it would

> "~~that it would~~ be beyond the power of local Govts. "and Administrations to give adequate effect to "the recommendations of the Conference from the "resources at their disposal under the current "Provl. Settlements, and the Governor General in "Council is prepared to consider how far he can "give assistance for this object to Provl. "revenues"

They therefore wished to learn

> "what will be the initial and recurring expen- "diture in carrying out the proposals of the "Conference, in so far as they are directly "applicable to the circumstances of Madras, and "to what extent money will be required for either "object in the financial year 1902-1903, and in "each succeeding year till the maximum recurring "expenditure is reached"

They also asked that when submitting the estimates of increased expenditure, the local Govt. would state how far it would be possible to meet it from Provincial funds. . .

(b) In reply this Govt. stated that an initial expenditure of 4.63 lakhs and a recurring expenditure of 12.71 lakhs would be required and that Provincial funds unassisted could not meet any increase ~~in the~~ expenditure.

(c) The Govt. of India intimated that they had decided to make a recurring grant of 8 lakhs to the Provl. revenues of Madras each year from the year 1902-03 "till the close of the current Provl. Settlement". They explained further

> "that although the grant has been added to Provl. "revenues under the head 22 XXXXXXXX EDUCATION,

there

Para 5 of Home Dept. letter 466 dt. 6.11.01 on page 3 of G.O. 678 Edl dt 21.11.01 VIII

respectively is retained

IX

G.O.74 Educl.,d/ 12-2-02 (p.2 of G.O. 87-88 Educl,d/ 18-2-02)

&

Letter to India No. 88 Educl.,d/18-2-02 IX (pp.16-17)

Fin: & Com: dept. letter No. 1423 A,d/ 10-3-02 in G.O. 162, Educl,d/21-3-02 printed on page 2 of G.O. 325 Educl., 29-5-02. F

G. of I, H.D. letter 391,d/10-5-02 on pp. 2-3- of G.O. 325 Educl.,d/29-5-02. F

"there is no objection to a portion of ~~xxixx~~ it
"being utilized for the cost of educational
"buildings as well as for expenditure, whether
"recurring or non-recurring which is debitable
"to the head of EDUCATION".

and that

"the grant of 8 lakhs was intended to meet in
"part the expenditure which will be the out-
"come of the recommendations of the Educational
"Conference held at Simla in September 1901".

and that

" it must therefore be understood that it should
"not be generally utilized to meet charges falling
"outside that expenditure"

(d) When forwarding for the opinion of this Govt. their proposals for the Provincial Settlement now current, the Govt. of India adopted for the settlement figure under 22 EDUCATION the budget estimate for 1903-04 viz. 23.98 lakhs and remarked that

"the settlement now proposed does not take into
"account ~~xx~~ of the increased expenditure which may
"be rendered necessary by ~~xxx~~ reforms which are
"in contemplation in the administration of .....
"Education, except to the extent of the
" Rs. 8,00,000 a year already allowed under [that]
"head. It will not be possible to determine for
"some years what the total additional expenditure
"will be , and a long time is likely to elapse
"before the reforms come into full operation.
"Part of the increase should in ordinary course
" be defrayed from Provincial revenues; the
"remainder will hereafter be found by additional
"assignments from Imperial revenues".

(e) In their final letter on the present Provl. Settlement in which the settlement figure under 22 EDUCATION was taken at 23.98 lakhs the Govt. of India said

" The Settlement does not take into account
"any contribution which the Govt. of India may
"find it desirable to make towards the expenditure
"rendered necessary by reforms which are in
"contemplation in the administration of Police
"and Education, or towards the additional expendi-
"ture on Irrigation which may result from the
"investigations of the Irrigation Commission".

(f)

Para 27 of letter No. 4933 A,d/13th Aug. 03 on p. 11 of G.O.825 Finl.,d/ 8-12-03. XIX

≠ The settlement figure under Civil Works Head was also taken at the budget figure of 1903.04 (see para 7 of note on page 10) Cwg

Para 9 of Fin: & Com: Dept. letter 1863 A,d/19-3-04 on p. 3 of G.O.273,Finl. d/7-4-04. flag 20

Despatch from
the Govt. of India
to the Secy. of State
No. 293,d/17-9-03
on pages 2-4 of
G.O. 223 Educl.,d/
6-4-04.
XI

Para: 5 of Despatch from the G of I to the Secy. of State No. 293 dy. 17-9-03 on page 3 of G.O. 223 Educl: dy 6-4-04
XI

Para 4 of despatch from the Secy. of State No. 138 Pub.,d/20-11-03 on page 5 of G.O. 223 Educl.,6-4-04.
XI

(f) In explaining to the Secy. of State the position taken up by them in regard to the financing of the schemes resulting from the Educational Conference held at Simla in September 1901, the Govt. of India stated that as the total approximate cost according to the forecasts received from the several Governments amounted to 58 lakhs of initial and 62 lakhs of recurring expenditure,

" We intimated to the Provl. Governments our
"intention of making recurring grants amounting
"in all to 40 lakhs to be devoted exclusively
" to Educational purposes. With this announcement
" the question of carrying out the principles laid down by the Conference underwent a material change. Instead of framing ideal estimates based on the assumption that the requisite funds will be provided by the Govt. of India, the Local Governments found themselves restricted to a fixed allotment which could only be extended by contributions from Provl. resources... ... ...
" All the Governments... ... except two
"(Bengal and the Punjab) have intimated to us
"their inability to increase their educational
"expenditure from their own resources, indepen-
"dently of the addition which we have made to
"their revenues... ... ...
" We anticipate no difficulty in keeping the
"expenditure of the Local Governments for the
"present within the limits now defined, but we
"propose to communicate the present correspon-
"dence to Local Governments in order that there
"may be no possibility of misunderstanding as to
"the limitations which financial considerations
"impose upon them"

	Lakhs.
"Madras... ...	8
"Bombay... ...	6
"Bengal... ...	10
"United Provinces	5
"Punjab... ...	4
"Burma...	4
"Central Provinces..	2
"Assam	1
"	40

The Secy. of State remarked that

"whenever a proposal for increased educational
"expenditure in any province is submitted for my
"sanction it [should be] accompanied by a statement
"showing how much of the
"special grant allotted to that province... ....
"has been spent and how much is still available".

P.T.O.

Home Department letter No. 574,d/11- 7-04 on page 2 of G.O. 449,Edcl. d/ 25- 7- 04. Flag K

Para 4 of Home Department letter ibid. Flag K

(g) In 1904 the Government of India remarked that previous to 1902-1905 there had been a normal increase in the expenditure from Provincial revenues on education (amounting in the aggregate to 2 lakhs annually for the whole of India); that the recurring grants made in March 1902 (8 lakhs for Madras) supplemented this ordinary growth of expenditure and that in fixing the terms of the Provincial settlement account was taken of the recurring grant made in March 1902. They requested that they might be furnished with a comprehensive review of the educational improvements resulting from the 8 lakhs grant accompanied by a statement of the probable amount of the expenditure in 1904-1905 as shown in the budget estimate for that year from Provincial funds upon Education showing by how much this expenditure would exceed that of the year 1901-1902, how much of this increase had been met from the special recurring grant made in March 1902, and what were the main purposes to which this increase was being applied.

The Educational Department replied to these requests in letter No. 129, Educational, dated 16th March 1905.

J

Letter to the Government of India No. 884, Financial,d/29-12-05. Flag L

(h) In December 1905 the Government of India were informed by this Government that the reforms resulting from the Educational Conference held at Simla in 1901 had for the most part been sanctioned and were either in full operation or in course of introduction and that expenditure would be incurred in succeeding years in connection with technical education , the re-organization of training schools and of the Engineering and the Presidency Colleges. They were accordingly requested to raise the assignment to the Provincial revenues of Madras by a further grant of one lakh during 1906-1907 and by a recurring

Para 9 of letter on page 4 of G.O. 275, Financial, d/7-4-04
Flag 9

recurring grant of two lakhs from 1907-1908 onwards, in view of the promise held out in Finance and Commerce Department letter No. 1865 A, dated 19th March 1904 and reproduced in clause (4) supra. and in view of the fact that the increased expenditure under the head 22 EDUCATION had arisen from reforms carried out since the introduction of the present Provincial Settlement.

Finance Department letter No. 470 A, d/ 25- 1- 06 in G.O., 125, Financial, d/ 14- 2- 06.
Flag 3

(i) The Government of India observed in reply that:—

Clauses (4) on page 37 supra

2. "I am to observe that it is one of the principles of the system of Provincial Settlements "that provision is made only for existing standards of revenue and expenditure and that future "growth of expenditure must be met out of growth of revenue. In accordance, however, with "their intentions at the time of framing the settlement which were indicated in the letter of 19th "March 1904, the Government of India have since made the following special grants for "educational purposes:—

"(i) A recurring grant of Rs. 6,00,000 to meet increased expenditure.

"(ii) A grant of 1·05 lakhs for University education.

"In these circumstances, the Government of India are unable to admit any claim to the "further assistance from Imperial revenues now asked for."

P. T. O.

IV - SIX LAKHS GRANT FOR PRIMARY EDUCATION

Fin: dept. letter No. 1763 A,d/23-3-05 on p. 2 of G.O. 308 Finl.,d/10-4-05. XIII

4. (a) This grant was made in 1905 and in communicating the fact the Govt. of India stated that they

"~~that they~~ have decided to make a recurring grant "of Rs. 6,00,000 per annum to the Provincial "revenues of Madras to meet increased expenditure "on primary education. ~~A~~ assignment will be "made to Provincial revenues through the Land "Revenue head every year from 1905-06 onwards. "In making this grant, the Governor General in "Council desires that it should be fully utilized "in increasing the normal allotment for primary "education, inclusive of expenditure on buildings "and outlay incurred through the agency of local "boards" and that " a statement should be sub-"mitted every year to the Govt. of India in the "Home dept., showing the extent to which this "instruction has been complied with, the expendi-"ture of 1904-05 being taken as the normal "standard for the purpose of the return"

G.O.520 Finl., 5-8-05. XIV
G.O.304 Educl.,d/ 1-5-06. XV
XVI G.O.355 Educl.,d/ 21-5-06. (Hon.Mr. Stokes' note d/ 18-5-06 on page 3 of K.W.)

(b) The six lakhs grants for 1905-06 and 1906-07 were have been placed at the disposal of district boards in both the years.

V GRANT FOR UNIVERSITY & COLLEGIATE EDUCATION.

Home dept. letter 5,d/5-1-05 on pp. 2-3 of G.O.88-89 Educl.,d/16-2-05. O1

5. (a) In January 1905, the Govt. of India communicated their ~~division~~ decision to allot a grant of 5 lakhs for the whole of India for a period of five years for the benefit of University and Collegiate education, which should be devoted to expenditure arising directly out of the reorganization which was originally set on foot by the Universities Commission and had so far culminated in the Universities Act.

Para 9 ibid O1

(b) An estimate of the requirements of this Presidency was furnished to the Govt. of India with letter No. 89, Educl.,d/ 16-2-05 and the Govt. of India

Home dept. letter 192,d/ 14-3-05 on pp. 2-3 of G.O. 190 Educl. d/ 28-3-05.

M'

India sanctioned an allotment of Rs. 70,000 during 1904-05 to be utilized for the following purposes:-

(1) Travelling expenses to Fellows residing in the mufassal attending the meetings of the Senate.

(2) Inspection of Colleges.

(3) Grants of a non-recurring nature for University and College buildings.

Hom Dept. letter 406,d/16-6-05 on page 2 of G.O. 460, Educl.,d/5-7-05.

Q'

(c) The Govt. of India did not intend that any part of this grant should be devoted to the improvement of Govt. Colleges, the needs of which must be met from the ordinary resources of the local Govt.

Home dept. letter 752,d/6-12-05 on pp.2 - 4 of G.O. 29 Educl.,d/18-1-06

F

(d) In December 1905 the Govt. of India intimated their decision to sanction an allotment of 1.05 lakhs for a period of four years from 1905-06 and remarked that they could not promise to continue this special assignment beyond the financial year 1908-09. The grant (1.05 lakhs per annum) should be utilized as follows:-

Para 3 ibid.

.80 lakh for the improvement of Collegiate as distinct ~~district~~ from University Education. The main object to which the grant should be devoted is to render Colleges (private institutions) more efficient in those respects in which an inspection by the University shows them to be defective. The grant can most usefully be devoted to the ~~department~~ development of the hostel system.

Para 4 ibid

.25 lakh to be applied primarily to meet charges incurred for strengthening the administration of the University, inspection of Colleges and the travelling of Fellows on University business. The Govt. of India have no objection to this Govt.'s subsidising university chairs either by a recurring grant-in-aid or by making over to the University a lump sum for that purpose from the Provincial balances in which portion of the grant remaining unspent ~~xxxxx~~ will be merged in the general provincial revenues.

Hom dept. letter 23,d/18-1-06 on pp. 2-3 of G.O. 89,Educl. d/13-2-06.

H

	lakhs.
1904-05...	.70
1905-06...	1.05
1906-07...	1.05
	2.80

(e) The Govt. of India have sanctioned allotments aggregating 2.80 lakhs up to date and the following

72 107 ~~73~~

following expenditure has so far been incurred:-

	Rs
In 1904-05...	... 5,000
In 1905-06...	... 15,720
In 1906-07...	... 10,651
	Rs. 31,372

In addition, the cost (Rs.38,500) of an indent which has been forwarded to the India Office for mathematical instruments for aided colleges will be met from this special grant.

P.T.O.

(VI) GRANT-IN-AID OF EUROPEAN AND EURASIAN EDUCATION.

6. (a) With Home department letter No. 429, dated 14th July 1903, the Government of India, in forwarding for the consideration of this Government a copy of the report of a Committee which had been appointed to frame a uniform Code for the education of Europeans in India and of a draft Code based on their recommendations, requested that an estimate might be submitted of the cost of giving effect to the proposals of the Committee in the Madras Presidency. This Government accepted generally the provisions of the draft Code and estimated the cost ~~of giving effect to the provisions~~ at 5.11 lakhs per annum.

Para. 17 of Home dept. letter 429, d/ 14-7-03 on page 5 of G.O.565-6 Educl., d/ 19-11-03. R

Para. 13 of letter to the G. of I. (Home dept.) No. 566, Educl., d/ 19-11-03 (page 25). R

(b) With Home department letter 531, dated 14th August 1905 the Govt. of India forwarded copies of the Code for European schools as revised by the ~~Government of India~~ in order that it might be brought into effect in Madras.

Pages 3-36 of G.O. 599, Educal., d/ 5-9-05. T

(c) In paragraph 3 of that letter, the Government of India remarked:-

> "The rates of aid at present given in "European schools in Madras are considerably below those in force in the rest of "India. If the enhanced rates now provided by the Code can be adopted also in "that Presidency, the Govt. of India have "no objection; but should such a course "be inconvenient, I am to suggest that in adopting the Code the Governor in "Council will modify the rates of grant "to such an extent as may suit local "conditions."

Page 3 of G.O. 599, Edl., dated 5-9-05. T

(d) The Madras Government proposed to introduce the Code from the 1st April 1906 and replied to India as follows:-

Para. 11 of G.O. 220, Educl., d/ 26-3-06 (page 13) V

Paras. 2 to 4 of letter to G. of I. No. 312, Educl., d/ 4-5-06. XX

". . the

74 109 45

". . . . the salary and fixed grants "now paid to schools classed as European "schools in this Presidency amount to "about Rs. 78,000 while the ordinary "grants based on attendance calculated "at the rates given in article 37 of "the new Code would reach, it is esti- "mated, the sum of Rs. 1,48,000, which "would entail an increased provision of "Rs. 70,000. This increase does not in- "clude the extra amount required for "the payment of building, furniture, board- "ing and other grants at the rates al- "lowed by the new Code. The extra amount "on account of boarding grants alone will "be about Rs. 10,000 if the new Code "rates are adopted.

"His Excellency the Governor in "Council has hitherto been unable to "treat European schools exceptionally in "the matter of grants, and even now is unable to with the limited funds at the "disposal of the Government to give them "grants at the rates allowed by the new Code, to which their status entitled them. "In introducing the code into this Pre- "sidency it has accordingly for the pre- "sent been decided to aid these schools "by means of fixed grants under article "39 of the Code. In the Civil Budget "Estimates for 1906-07, an extra sum of "Rs. 20,000 only has been provided for "the purpose, calculated before the new "Code had been thoroughly examined and "on an inadequate estimate of the demands "that arise under it.

"His Excellency in Council is con- "vinced that a very large number of "deserving schools which are supplying "education to Europeans cannot hope to "find from private sources the additional "funds necessary to maintain them in the "desired state of efficiency. His Excel- "lency is therefore anxious to adopt the "more liberal rates allowed by the new "Code as soon as possible, and I am to re- "quest that for this purpose the Govt. "of India will be pleased to place at "the disposal of this Government atleast "Rs. 70,000 of the special grant of 5 "lakhs now proposed to be allotted for "Technical and European education".

Note The special grant of 5 lakhs for the whole of India for Technical and European education is referred to in para. 39 of the Govt. of India Financial statement for 1906-07.

Page 10 of the gazette of India, d/ 21-3-06.

N

(e)

G.O. No.417, Educl.,
d/ 15-6-06. Reg 9

(e) In Home department letter No. 365-72 dated 26th May 1906 the Government of India have intimated that they

> "have decided with the approval of the "Secretary of State, to make an annual "recurring grant of Rs. 2,46,000 from "Imperial funds in aid of European and "Eurasian education in India with effect "from the year 1906-07", that "after due "consideration of the needs of the various "provinces in this most important matter, "the proportionate share of the grant "which they have decided to allot to the "Madras Presidency is Rs. 40,000" and that " the amount[s] will be adjusted by "an addition . . . . to the fixed assign- "ment under the Provincial settlement."

(f) As regards the application of the grant the Government of India consider that expenditure would be most profitably incurred on the folllwing objects:-

(i) an improvement of the pay and prospects of teachers,

(ii) an enhancement of the grants ~~under~~ made in aid of the equipment and maintenance of the schools, and

(iii) the provision of scholarships on a more generous scale.

P.T.O

Pages 36-40 supra

Pages 64-66 of K.W. 329 Fin. dt 10.4.02. Flag 25

Pages 66 to 68 of K.W. 329, Financial, dated 10th April 1902. Flag 25

7. (a) The next point to which the H.M. refers is the question of THE SEPARATION FROM THE ORDINARY EXPENDITURE UNDER 22 EDUCATION OF THE SPECIAL GRANT OF 8 LAKHS MADE BY THE GOVERNMENT OF INDIA FROM 1902-03. The origin of this grant is set out in paragraph 3 supra.

(b) In connection with this matter it is necessary to refer to the fact that the budget estimate under 22 EDUCATION for 1902-03 was originally fixed by the local Government at 22.92 lakhs against the grant of 18.38 lakhs for 1901-02. In the first edition of the budget notes the Financial Secretary reduced this allotment to 18.38 lakhs' and when the fact of the special grant of 8 lakhs was subsequently intimated to this Govt., the 4.54 lakhs eliminated by India from the preliminary edition of the Civil Budget Estimate was restored and the remaining 3.46 lakhs of the 8 lakhs was distributed as follows:-

22 A	DIRECTION... ...	.04
22 B	INSPECTION.. ...	.66
22 E	GOVT.SCHOOLS GENL.	.13
22 G	GRANT-IN-AID ...	2.60
22 H	SCHOLARSHIPS ...	.03
		3.46

These amounts were entered as lump provisions in the budget estimate for that year, vide pages 123, 124, 129 and 139 of the Civil Budget Estimate for 1902-03.

(c) The Educational department have (page 1 of these notes) taken the difference between

the

the budget grant and the actuals as representing the lapses on the 8 lakhs grant in each year. The fallacy underlying this calculation will, it is submitted, be apparent if we examine some of thes lump provisions.

Under DIRECTION there was a lump provision of Rs. 4,410 in the Budget Estimate for 1902-03. A comparison of the detailed actuals of that year with the budget grant under that minor head gives the following results:-

Page 123 of C.B.E. for 1902-03

Page 125 of C.B.E. for 1904-05.

Detailed heads.	B.E. 1902-03 Rs.	Actuals 1902-03 Rs	Difference. Rs.
Salaries... ...	32724	32775	+ 51
Establishments...	15836	15222	—614
Allowances. ...	1980	2565	+585
Supplies & Services	400	35	-365
Contingencies ...	4450	4111	-339
	35,390 ⊛	54,708	— 682

⊛ Excluding the lump provision of Rs. 4410.

So that the ordinary budget grant, irrespective of the lump provision which lapsed, showed savings of Rs. 614 under Establishments, of Rs. 365 under Supplies and Services and of Rs. 339 under Contingencies.

Again, to take the minor head 22-G GRANTS-IN-AID, under which the larget lump provision was made, the budget estimate, with this lump provision of 2.60 lakhs, totalled 11.95 lakhs; the actuals amounted to 8.68, a difference of 3.27 lakhs. A portion of the budget allotment was transferred to the head "CONTRIBUTIONS TO LOCAL". But if the figures under that head are examined, the solution is not much easier; for the budget allotment for GRANTS-IN-AID for EDUCATION under that head was .94 lakh in 1902-03;

Page 139, C.B.E. for 1902-03.

Page 141, C.B.E. for 1904-05.

Page 207, CBE, for 1902-03.

the

Page 211, C.B.2. for 1904-05.

Page 124, C.B.2. for 1903-04

Page 125, C.B.2. for 1905-06.

the actuals amounted to 3.23, the budget allotment being exceeded by 2.29 lakhs, [redacted].

(c) So far lump provisions have been dealt with. When these lump provisions lose their character as such and find a place in the budget as specific allotments against specific items of expenditure, the difficulty of ascertaining, much less of stating definitely, the lapses that may have occurred in those allotments are increased. The lump provision of Rs. 4410 in the B.E. for 1902-03 under 22-A DIRECTION, to which reference has been made above, was intended to cover the cost of the new appointment of Deputy Director of Public Instruction. In the budget of 1903-4 this lump provision was replaced by a definite allotment of Rs. 12,000 for the Deputy Director's salary, provision also being made for his exchange compensation allowance. In that year the allotment for the salary of the Deputy Director was not utilized fully, the actuals amounting to Rs. 7613, as the appointment was sanctioned only during the course of the year; but the addition of an officer of this rank to the office of a head of a large department like Education must naturally have reacted upon the expenditure under other detailed heads; for instance such an additional appointment might entail extra charges for travelling allowance, it would certainly involve extra charges under Supplies and Services and Contingencies, and it would be impossible under the present structure of the accounts to separate off correctly the additional expenditure arising out of the appointment. In order to do so it would be

necessary

necessary, for one thing, to scrutinize each and every item of contigent expenditure. This is a minor case but is quoted as typical. There are other cases which have not so far acted in full on the accounts, such as the revision of the scale of Sub-Assistant Inspectors of Schools, but the difficulties are intensified when the provisions and actuals under analysis relate to large establishments such as these Sub Assistant Inspectors and their subordinate office establishments. It would be impossible to specify which of these particular officers and which part of their establishment should be taken as arising out of the special 8 lakhs grant. An officer in a graded service moves from grade to grade, he is on leave occasionally, and no device would enable any account office to keep its finger on a particular appointment in a graded service and state definitely how much of the emoluments drawn by officiating holding that appointment whilst on duty and of how much leave allowances are met from a particular special grant. To quote a simpler example, it will be impossible two years hence to state how much of the additional Police expenditure recently sanctioned will have been caused by a particular appointment of Sub-Inspector of Police.

(d) The procedure adopted by the Educational department of crediting the 8 lakhs grant with all the lapses that have occurred in the Educational budget is also, it is submitted, against past facts.

The main theories underlying this calculation are (1) that ordinarily no difference occurs in practice between a budget grant and the actuals

under a service head, and (2) that prior to the introduction of the 8 lakhs grant Educational expenditure was practically stationary. The first premise contemplates a state of financial precision which has not yet been attained anywhere in the world and is proved to be fallacious by the statement on page 1 of the Educational department note. The figures Educational themselves have afforded show that in 1896-97 there was a lapse of .60 in the budget grant under EDUCATION, and that in the year immediately preceding the advent of the 8 lakhs grant there was a lapse of .23 lakh. It is, it is submitted, inconceivable that the advent of that grant produced such equilibrium between the budget and the accounts of recurring Educational expenditure in existence prior to 1902-03 and such financial exactitude as the Educational calculations presuppose. The second theory is also condemned by known facts, for the expenditure under this service head does not remain stationary any more than under any other service head. It is respectfully submitted that a correct solution of the question of what has actually lapsed from this 8 lakhs grant would require much more detailed calculations than have yet been made in regard to the subject. Indeed it seems impossible to devise a method for arriving at anything like an approximately correct result.

(e) The objections detailed above which are based on the very structure of the accounts and of the budgets would render useless any attempt at separating off a particular portion of a grant for recurring expenditure in an expanding department and keeping an account of lapses therefrom. Even

the

Pages 49-50 supra.

Finance Dept. letter No. 470A & 25-1-06 in fo. 125 Finl. & 14-2-06 (quoted on page 40 supra) flag 3

Para. 5 of Govt. I. (Finance) letter 4933A & 13.8.03 on page 2 of 825-6 Finl. & 8-12-03. XVIII

(4) Para. 6 of Finance and Commerce dept. letter No. 2653-A, d/ 14-5-03 on page 3 of G.O. 631-2, Finl., d/12-10-03.

flag 14

the solution which the H.M. suggests viz. the maintenance of a separate head would not, it is respectfully submitted, be practicable for the reasons given in clause (C) above.

8. (a) The next point [redacted] which the H.M. requires to be looked into is the objection arising from the fact that the 8 LAKHS GRANT CAME DOWN FROM A FORMER SETTLEMENT. As already mentioned, this 8 lakhs grant arose in the year 1902-03. The present settlement had effect from the 1st April 1904, and it has been shown in paragraph 7 of the note on page 10 supra that in fixing the settlement figure under EDUCATION full account was certainly taken by the Government of India of this 8 lakhs grant.

(b) One of the main principles of the Provincial settlements is that the figures as settled provide for the standard of revenue and expenditure at the time of the making of the settlement, all future growth of expenditure being met from the growth of revenue under the transferred heads. In making the present settlement the Govt. of India based the figures under individual heads generally on the budget estimate for the year 1903-04, and in fixing the settlement figure under EDUCATION, which went with other heads to build up the whole of the settelement, they followed this principle; in other words the standard of expenditure under this head and under the cognate expenditure which occurs under CONTRIBUTIONS was taken at 27.53 lakhs the figure of the B.E. for 1903-04, the year preceding the commencement of the settlement. The settlement so far as this head was concerned was thus (4) based

thus based "on the latest ~~fi~~ figures that were "available at the time the settelement was framed." This figure doubtless left some margin over and above the standard of expenditure at the time of the settelement, but it has to be remembered that at that time there were various large schemes in hand, many of which, or nearly all of which, have since been introduced, and it has also to be remembered that when this Government, fearing that expenditure under the head would within three years of the commencement of the settelement exceed the settlement figure, applied to the Government of India for an additional assignment, they were referred to the principle stated above that increases of expenditure during the currency of a settlement period must be met from the ordinary growth of revenue under the transferred Provincial heads. This was also the gist of the recent reply from India as regards the Village Service Fund transaction, where the principle in framing the terms of the settlement was stated as that only the present condition or the present yield of the taxation should be taken into account, it being the practice to leave out of consideration prospective increase of revenue or expenditure. The principle has been reiterated in the recent letter from India regarding expenditure on Secondary Education where they say:-

> "During recent years the Govt. of India "have made special allotments to provin- "ces in aid of primary education and also "in aid of University and of technical "and European education; but they re- "gret that they can hold out no hopes of affording similar assistance from "Imperial revenues in the present instance. "It should be clearly understood that the "whole cost of such improvements in se- "condary education as may be undertaken "must be met from Provincial revenues."

Letter to the Govt. Fins. Dept. No 882, Fin. & 29.12.05 flag 2

and

Finance Dept. letter 470 A & 25.1.06 in Sp. 125 Fin. & 14.2.06. flag 3

[quoted in para: 3(h) & (i) on pp. 39-40 supra]

Finance Dept. letter 5612A & 5.X.1906. flag 10

Para: 9 of Home Dept. letter 758 & 10.X.06. flag 12

(c) Another principle of the settlement arrangements is that the settlement is of a consolidated character This is laid down clearly in rule 14 under article 283 of the Civil Account Code, and it has been impressed more than once upon this Government by the Government of India e.g.:-

(i) Para. 7 of Finance and Commerce dept. No. 1863-A, dated 19th March 1904 on page 2 of G.O. 273, Finl., dated 17th April 1904 where it was stated that "the settelement which had been arrived "at is of a consolidated character,"

Hag 20

(ii) Mr. Baker's D.O.263-A of the 3rd January 1904 on page 3 of K.W. ibid where he stated that

Hag XXIII

> "the settlements are essentially "consolidated. The only object of "detail is to enable us to work up to "a definite total."

and (iii) the first paragraph of his D.O. 927-A, dated 8th February 1904 on page 7 of the same K.W. where he reminded this Government that "the settlement would "be a consolidated one and separate "figures need not be fixed for the several heads "of revenue and expenditure."

Hag XXIII

(d) The 8 lakhs ~~of expenditure~~ which entered into a consolidated figure in a consolidated settlement merged in the settlement figures, whether we take them under EDUCATION separately or under all the Provincial heads collectively, and it is submitted that there is no more ground for asking this Government to keep a separate account of that 8 lakhs-even if such a course were practicable —

which

Maintenance of Land Records

Flag 25

This: Hom: letter A/1180 d 25.202 on page 4 of Fr. 329 Finl. d 10.4.02;
Para: 5(a) of letter to India No 65 Finl. d 27.1.03 and
Flag 17
This: Com: letter 822A d 16.2.03 in Fr. 205-6 Finl. d 12-3.03.
Flag 29

which it is not - than to require a separate account to be kept on any allotment that has been made during a settlement period to cover additional expenditure introduced after the commencement of a settlement e.g. Railway Police which was introduced during the currency of the preceding Provincial Settlement and for which this Govt. obtained a special assignment from the Government of India.

(e) It is submitted that this Government have done all in their power to spend this 8 lakhs. The statement on page 1 of the Educational note shows that even after taking into account the special 6 lakhs grant for primary education which affects the figures for 1905-6, the budget allotment for Education under the main head and under "Adjusting heads" has always exceeded by more than 8 lakhs the allotment of 19.46 lakhs in 1901-02. The fact that it has been impossible to spend the budget allotments has been due to various causes e.g. the necessity for obtaining higher sanction to re-organization schemes and the necessary delay which must occur in introducing schemes involving the expenditure of so large a sum of money, not to any desire on the part of the local Government to appropriate any portion of the settlement grant under EDUCATION to other heads.

9. The last point upon which the H.M. directed that papers should be looked up is the discussions about the system of DEPARTMENTAL FINANCE. These are contained in K.W. 1058 dated the 23rd November 1901 and attention is solicited to the notes on pages 21, 22, 34 & 41 of that K.W. The special treatment which the Educational dept would apparently give to this 8 lakhs grant would really amount to a separate Financial settlement being made between two depts.

Flag 16

of

of the local Government as regards a particular service head. This counter-proposal errs against the principle of a consolidated settlement and would moreover fetter the hands of the local Govt. who are given the revenues from certain sources with which to meet the expenditure on all the services transferred to their financial keeping. The financing of Provincial funds would be reduced to an impasse were this principle extended to other heads. For if Educational has its settlement as between Financial and Educational, why should not much rather Revenue which is concerned with the revenue producing heads - the sources from which Educational expenditure is really met - have its settlement also, so also P.W.D. and Judicial? Such a procedure would be both opposed to the cardinal principles of the Provincial settlement and would also be impracticable in actual working. The following extract from the Finance Member's budget speech at Calcutta on the 28th March last bears somewhat on the general question raised in this note -

NP 10

Page 375 of the Gazette of India
28-3-06 XXVI.

"Almost all the matters for which we are
"invited to provide additional grants are
"within the sphere of the Provincial
"Govts. We have conferred upon these
"Govts. definite powers and responsibili-
"ties which extend to most branches of
"the civil administration and we have
"provided them with growing revenues,
"on what may be fairly described as a
"very liberal scale to enable them to
"discharge their duties adequately in all
"branches. The local Govts. have not
"merely ample funds, but also full
"discretion in the expenditure of them.
"It would be wholly inconsistent with the
"first principles of the system of Pro-
"vincial settlements, if we were to dic-
"tate to any local Govts. what it should
"spend on each individual head; and it is
"also an entire mistake to suppose that
"the money for improvement in the Provin-
"cialised branches of the administration
"ought to be or can only be provided by
"special additional assignments from
"Imperial

in normal circumstances

BOX No. 96

C. 15.11.06.
R. 21.11.06.
C. 22.11.06.

11.86

121

"Imperial revenues. If any particular "measure is outside the terms of the "settlement, or is of such magnitude as "to be beyond the powers of the local "Governments, then Imperial revenues may "fairly contribute, as they have done on "several occasions in the past. Police "reform is a conspicuous instance of this."

Cml
14.11.06

Sir, This footnote is what I meant by saying that the difference between the Gross Expenditure on Education before the grant of Rs 8 Lacs & the gross expenditure after that grant would give a bigger total than that produced by Mr. Taylor's method — viz that whereas in 1901-2. the Expenditure was Rs. 19,23,137. the sum + 8 Lakhs comes to Rs. 27.23.137 to which we add Rs 25,000 to normal rate of increase Expenditure year by year. The figures given on p. 1. the note seem to show that until 1905-6. we spent nothing like this sum — & the lapse from the 8 Lakhs in each year is very considerable

to 13 vi 06

27.23.137.
75.97.674
1,26,463

Here is the account and 25,000 is the 1st year only 2 of that there was any lapse. that full expenditure. In two there out of 6 there was a large excess over the grant: they may all together on you are dealing with actual figures you know better the annual increase with account — i.e. the 27.23.137

Not from the 8 Lakhs the lapse on the Rs. Grant was over 2 Lakhs.

87 122 58

The votes in this folio must be read with the votes flagged IV appended.

H.

P. J. O.

88 123 5-9

In this file ×

5-11-30-47.

The printed note Flag IV must be read with this note.

It is necessary first to state what the issue here is. India has made the recurring grants dealt with in the notes and these grants are included in the fixed assignment. Accordingly, provision is made in the expenditure of Govt. The issue is whether if there are lapses in such expenditure such lapses fall into the Provincial balances, and if they do, is there any thing to distinguish them from all other lapses which are available for appropriation to such other objects and to such extent as the financial exigencies of the Govt. at the time may require.

2. The ordinary settlement and budget principle is that all such lapses fall into the Provincial balance and if any exceptional treatment is to be accorded to these lapses the reasons for ~~it~~ must be shewn. I cannot find any such ~~reasons~~. It is quite plain from the abstract of the correspondence set out above that no where have India required ~~or suggested~~ that such lapses should be kept apart and reappropriated/ till exhausted. It is plain that in the correspondence noted they have no intention whatever of suspending or altering the ordinary rules which govern this matter and I ascertained from Mr. Meyer the other day that this is the case.

I agree that the old 8 lakh grant was not treated as earmarked. Nor was the Police grant. Recent Govt of India have so earmarked, since other circs. compelled the Govt. to spend it as designed

S.F.

3. Mr. Forbes argues in another file - see printed notes flag IV - that India must have the power to make special grants for special purposes. We must fully admit that the Govt. of India may give us sums of money and require from us certain

service

service in return and further that it is our duty as fully as we can consistently with the due and best interests of the State to spend that money to the full for the purpose for which it was given, and further that the Govt. of India are fully justified in requiring from us an account of our stewardship. They may require of us a statement shewing "the probable amount of expenditure" upon Education. They know perfectly well that, as the notes above show, they cannot get an accurate statement of it which is what ear-marking means. But nowhere do they dispute the fundamental position that all lapses from these grants pass into the Provincial balances and are subject to the ordinary Financial rules. We cannot allow ourselves to be pushed out of this position without losing our Financial independence. To the above extent only can we accept Mr. Forbes' argument in the notes referred to.

I see no danger to our financial "indep ce" in the circs explained in my note of 4/10/06 (~~raised~~ IV below) 8/7

4. His next argument in that file raises the question of ~~Departmental~~ Finance. This is an old trouble which I had hoped had been laid comfortably at rest. No Reserve ~~in~~ Budget is allowed. After the Budget is framed the function of Financial during the year is

(1) to ~~allot~~ Collect lapses

(2) to distribute them according to claims i.e. to unforeseen current expenditure.

The contention of Educational is that Financial is not to require lapses from it whether from special grants or otherwise. If such a claim is admissable in Educational it must apply to all Departments and Govt. would have no ~~remedy~~ reserve to meet claims. If Educational is not

to

I put forward as such broad contention. My remarks as to lapses relate only to lapses under the one or two very special earmarked grants 8/7

to surrender lapses it cannot claim grants during the year. Hence ~~xx~~ would follow, what used to occur, viz. bogus budgetting to secure lapses and a scramble and wrangle over the Budget by every Department to get money into its Budget on any pretence. We cannot possibly revert to Departmental Finance consistently with the interests of Govt. generally or even of individual Departments. The papers connected with this question are ~~referred to~~ in the Financial notes above and can be referred to.

(5 The next argument put forward by Mr. Forbes in the notes referred to is that part of the balance is already ear-marked in the 20 lakh balance. But surely it is a very different thing that the Govt. of India should say "when you are framing your budget you must so regulate your whole expenditure as to retain a balance of 20 lakhs" and to say that "out of your balance you must distinguish the sum which appertains to a particular grant or even Head of Account."

6 The Govt. of India have never said this for the simple reason that it is quite impossible to ascertain exactly, and extremely difficult to ~~account~~ determine even approximately, what the lapse under each head of account is. The reasons why it is impossible are set out in the above notes pp. 47–52. I would commend them to my Hon'ble Colleague's examination as he seems not to understand our Budget system or our system of Accounts. It was owing to ignorance on this point that the very serious mistake which permeates the letter of March 1905 - a letter which should never have been sent out without reference to Financial - has been made. The argument

My remarks apply not to "departl" finance, but as I have stated above to the very excepll cases in question. S.I.7.

Sn p. 55 of notes.

No real more difficulty in the one case than in the other? S17

+ These notes thus two sheets contain proof of this. Sn pp. 19–21. The Govt can fix expenditure but can not stop any thing about the grant from which it comes.

I agree that the 8 lakhs grant not having been treated as "earmarked" it is now probably impracticable to determine lapses proper to it

S.I.7 accounts were made up the Accountant not the Govt for Accounts! S17

It was a grave dereliction on the part of the Dpt. to issue the letter of March 1905 without acceptance & Finl. Dept it: but I was not in charge of the dpt. at the time G.F. 23/11/06

argument of that letter is as follows. Taking 1902-1903; our grant is 28,16,000 .

Our expenditure... ...25,97,674 , Therefore lapse in the 8 lakhs grant is 2,18,326.

But this conclusion clearly (Finl. Notes p.47 & seq) does not follow. Since the 8 lakhs grant was distributed over all the Budget heads the approximately correct conclusion would be Therefore the lapse from the 8 lakhs grant is $\frac{8,00,000}{28,16,000} \times 2,18,326 = 62,024$. Rs.

7. Taking another way of looking at the matter, we may say India gave us 8 lakhs to spend extra. We have spent extra 6.74 . Therefore we have failed to meet India's instruction only to the extent of 1,26,000 not to the extent of 2,18,000. The above is enough to shew how impossible it is to arrive at an even / approximate estimate of the lapse from the 8 lakhs grant but it further shews conclusively that we have been giving ourselves away to India to a very large extent quite gratuitously.

As I have said I agree as to the 8 lakhs grant: but that does not affect the future or the special grants in Gr.

G.F.

8. In the current the Govt. of India hope that this Govt. will agree with them in thinking that "whatever sums have lapsed from the special recurring grant should be devoted to educational purposes ". We may agree that so far as we can (and we fully recognise that we should spend our allotments to the full) We will allot for Education our normal expenditure + any special grant made by India for a special Educational purpose + the share of Education in growing revenues, but we can not undertake to increase this allotment for the next year by any lapses which may occur in the grants for any year. There is no reason whatever for treating Educational specially

in

+ I.E. the Scale of Expenditure upon which Special Grants were made.

BOX No. 96

C. 22.11.06.

92

63

12T

The T. R. S. grant was placed on a separate footing I think 817

in the matter. If we do so we shall have to treat the D.P.W. specially owing to the T.R.S. grant, Judicial specially owing to the Police grant, Revenue specially owing to Agricultural and Survey grants and so on. The position which the Govt. of India put forward is totally inconsistent with the settlement and with our whole Budget and Accounts system.

9. But while the position which the Govt. of India take up is untenable in regard to any grant and must be repudiated, it is especially untenable in regard to the 8 lakh grant. The above Financial notes shew that this grant has been taken into account in and has merged in the settlement. We cannot possibly admit therefore any responsibility to account for it separately or otherwise, as to do so would be to go behind and reopen the whole settlement. I would point out that Mr. Forbes admits this fully in para 2 of his note dated 4-10-06 flagged IV.

10. This letter is written from the Home dept. of India. I know from Mr. Meyer that the position it takes up is repudiated entirely by the Financial Department. If we refuse to recognise the demand made in this letter India will not press it.

11. We cannot therefore accept in Financial the position put forward by India in this letter or the arguments of the Educational Department set out in the above notes.

H. Wilson.

Not necessary to go
Resubmit to Hon Mr. Forbes.
21.11.06

The issue of the letter of 6th March 1905 to India intimating certain lapses, ~~was~~ without reference to the Fail. Dpt was a serious blunder.

At any rate it appears now that with regard to the expenditure of the 5 lakhs grant given first in 1902, we are unable on further investigation to declare what proportion of it was not expended on the objects for which it was intended. No separate accounts were kept; there was expenditure ~~for~~ properly chargeable against the grant not only under "education" but also under "public works" (or buildings &c).

The total expenditure on educatl purposes became subsequently absorbed in the lake financial relief; & the 5 lakh grant was not separated. The fact is the 5 lakh grant was not treated as an earmarked grant & it is im-

-possible now to say what might properly have been charged against & what not

We shall have to admit that the estimates of Lapses, given in the letter of March 1905, cannot be substantiated.

Since the financial settlement we have received such special grants as the block grant for Primary education & the grant for University education & and I have proposed that these shd. be treated strictly as earmarked grants. I have explained this in my note of 4/10/06. (Slip IV). It is the only way of dealing with these very special grants so as to ensure their being devoted to the purposes for which they have been specifically assigned. Nor do I see any practical difficulties which cannot be overcome.

25/11/06

Harrison & Sons, London printers to H.M.
No 361206

BOX No 95

C. 15. 12. 06.
R. 16. 1. 07

95

2587/06 25
130

PRIVATE SECRETARY TO THE GOVERNOR · MADRAS · LET MORE

GOVERNMENT HOUSE.

5th December 1906

My dear Bradley,

I am desired by His Excellency to obtain this file & to ask you to have the notes printed

Yours sincerely
A. L. Campbell

Have the notes printed up.

(Init.) H. Bradley. 6.12.06.

Sir,

The notes have been printed up and the files are resubmitted.

bsk.
15.12.06.

15/12/06

H.E. the Governor
Submitted in print
15/12/06

26

131 2682

It appears that-

1. Our letter to India in March 05 was incorrect & misleading
2. It is impossible for us to say with accuracy how much if any of the 8 lakhs grant lapsed.

A letter should go to India protesting against the acceptance of their proposition that there is a sum of over 7 lakhs remaining unexpended from the special grant which is Exr. marked & available for Educational purposes over & above our normal Expenditure plus the 8 lakhs grant from India.

15.1.07

~~Draft please~~

~~16.1.07~~

Return to Educational

HS

16/1/07

Please draft

HSB

15.1.07.

A draft letter is submitted below for approval

HSB

16.1.07

Final No. 4952-1

17-1-07

[G. 3]
5,00 —11-3-05.

DEPARTMENT.

C. No. _____, From the _____, No. _____, Dated _____ 190 .

Please

97

27
132 278

Type my Draft & send to me to-day please.

Cbl
13.2.07.

Typed and resubmitted.

DRP
13.2.07

Sec.

A Draft is subd. I regret the delay which has occurred. The file was quite new to me & somewhat complicated & I have found work not too light on returning from leave.

I have attempted to make the Draft as 'gentle' as possible, though the notes would appear to warrant a slightly more peremptory tone. If you approve of the ~~Cbl~~ Draft it may go to Fin. for acceptance.

Cbl
14.2.07

Note: The draft is submitted for approval through the Fin. Dept. It appears to embody the arguments as set forth in the notes of the Fin. Dept.

I am not quite certain as to the wisdom of retaining the words in brackets at 'A' a page 3 (paragraph 2) of the draft., which might be used as an argument against us, but the statement is ~~words are~~ correct in itself ~~& should~~ be

Note: A file has been retained in the office

DRP

C. No. _____, From the _____, No. _____, Dated _____ 190 .

DEPARTMENT.

[G. / 3]

6,00 —11-3-05.

Recd

98 28 / 133 288

affect the principle on which the proposal of the Govt. of India is resisted.

HOJ
14.2.07

G.G.
Govt Financial Dept

CURRENT NO.
0001
FINANCIAL

Registered
14-2-07

No 331-1 Est
14-2-07

CHIEF SECRETARIAT
14 FEB 1907
MADRAS

P.T.O

[G. / 3]
5,00 —11-3-05.

DEPARTMENT.

C. No. _____, From the _____, No. _____, Dated _____ 190 .

Mem?

99 134 2982 29

For the A.S. (Educational)

I am sorry I have had this case so long but I have constantly taken it up amidst very heavy Financial Statement work and laid it aside in a vain endeavour to save our face. I venture to make the following suggestions:-

(a) For paras. 3, 4 and 5 substitute something like the following:-

"I am directed to express the re-
"gret of H.E.the Governor in Council
"that the calculation of the lapses
"from the recurring grant of eight
"lakhs given in paragraphs 5 to 8
"of my letter of the 6th March 1905
"was based on a misapprehension of
"facts and of the nature of the tran-
"sactions. The lapses there given were
"the total lapses from the annual
"budget allotments under the head
"22-EDUCATION and the adoption of
"these figures as [illegible] re-
"presented the unspent portion of
"the special grant of 8 lakhs was
"based on the assumptions that prior
"to the introduction of the special
"grant the expenditure under the
"head

would be correct only

[G. 5]
5,00 --11-8-05.

DEPARTMENT.

C. No. _____, From the _____, No. _____, Dated _____ 190 .

Ans.

ED-1708
277-78
9-5-7

100 135 30 30

It does not appear to be necessary to adduce

"head 22-EDUCATION was practically
" stationary that there were ordi-
"narily no differences between the
"actuals and the budget grant under
"this service head. Neither facts
"nor figures [illegible] to
"prove that both these assumptions
"are fallacious. This grant has
"been absorbed in the general allot-
"ment for education and the very
"structure of the accounts renders
"it impracticable to maintain se-
"parate accounts of the expenditure
"from it or to state which portion
"of the additional expenditure
"in a particular year under this
"service head has been derived
"from the special grant. Two Con-
"crete cases may be quoted to show
"the difficulty surrounding such
"an examination of the expendi-
"ture. With the assistance of the
"8 lakhs grant the post of Deputy
"Director of Public Instruction
"was created during 1903-04, and
"the addition of an officer of
"this rank to the office of a
"head of a large department such
"as the Educational dept. must
"naturally have reacted upon the
"expenditure under other detailed
"heads; for instance such an addi-
"tional appointment might entail
"extra charges for travelling
"allowance

/a/ 13C 318 31

"allowance, it would certainly in-
"volve extra charges under Supplies
"and Services and Contingencies, and
"it would be impossible under the
"present structure of the accounts
"to separate off correctly the addi-
"tional expenditure arising out of
"the appointment ~~In order to do so~~ except by
"~~it would be necessary, for one~~
"~~to~~ scrutiniz ing each and every
"item of contingent expenditure.
"This is a minor case, but is
"~~q~~ typical. There are other
"cases which have not so far acted
"in full on the accounts, such as
"the revision of the scale of Sub-
"Assistant Inspectors of Schools;
"~~&~~ the difficulties are intensified
"when the provisions and actuals
"under analysis relate to large es-
"tablishments, such as these Sub-
"Assistant Inspectors and their
"subordinate office establishment.
"It would be impossible to specify
"which of these particular officers
"and which part of their establish-
"ment should be taken as arising out
"of the special 8 lakhs grant. An
"officer ~~of the~~ after first appointment
"in a graded service moves from
"grade to grade, he is on leave
"occasionally, and no device would
"enable a particular appointment
"in a graded service to be singled
"out

102 137 3281 32

"out for examination as to how
"much of the emoluments drawn by
"officers filling the appointment
"whilst on duty and how much of their
"leave allowances are met from a
"particular special grant.

~~"quote a simpler example, it will~~
~~"be impossible two years hence to~~
~~"state how much of the additional po-~~
~~"lice expenditure recently sanc-~~
~~"tioned will have been caused by a~~
~~"particular appointment of Sub-~~
~~"Inspector of Police.~~

"Again, it would be impossible
"to differentiate the cost of build-
"ings met from a particular eight
"lakhs of revenues from the cost of
"other educational buildings all of
"which are included under the
"[redacted]e head 45 CIVIL WORKS."

which is isolated from the last under discussion

(b) Para. 4 might run somewhat as follows:-

"H.E. the Governor in Council
"would also invite the attention
"of the Govt. of India to another
"aspect of this question which
"appears to have escaped notice
"and which arises out of the history
"of the special grant of 8 lakhs."

Then proceed as in paragraphs 6, 7, 8 and 9.

(c) Omit paragrph 10 and go on as follows:-

"The

163

138 338 33

"The settlement figures therefore
"included the special grant of 8
"lakhs ~~was~~ It is to be noted that
"the grants for education in 1901-02,
"the year preceding that in which
"the special grant of eight lakhs
"was made were 18.38 lakhs under
"22-EDUCATION and 1.08 lakhs under
"CONTRIBUTIONS, a total of 19.46
"lakhs, or 8.07 lakhs below the
"budget grant for 1903-04 which was
"adopted for the settlement".

(d) Omit paragraph 11.

(e) Omit the first sentence of paragraph 12 and include paragraph 12 as slightly modified.

CWS
13.3.07

Fin wos 801-1
13.3.07.

Slip XX

Dones Thefolie is Submitted to the Secretary —

KP
14.3.07

Hay XX

Now type the Draft which Mr Schmidt proposes & place it with mine. Please submit to Lee. to-day.

CWS
14.3.07.

He dept as revised in accordance with the suggestions of the Fin. Dept & submitted through the Govt of India

104

34 ~~88~~ 34

139

Financial Dept.

H.M. – Through the Fin[l] Dept

Dp
16/3/07

331-2 Resl
16-2-07
3

CURRENT NO.
1418
FINANCIAL

Resd
Regd
16/3/07

CS

Sup[a] I have ventured to suggest
further
a few alterations in pencil. The
draft
Cover

CMS
16. 3. 07

U.O. 1418–1
18/3/07

I have added one or two verbal amend-
-ments. The draft is accepted in
Financial

HB
18307

Sec.

A clean draft may now go
to H.M.

CMS
21.3.7

Yes please

JAH
19-3-07

A clean draft is placed below. It may be submitted
to Hon.

CMS
20.3.7

RD
20-3-07

The Hon[ble] Forbes C.S.

105 140 35 [illegible] (35)

Para 2 I have cut out: no need to recapitulate the points against us

Para. 3 is ~~rather~~ too elaborate & I have modified & shortened it thus keeping the main argument. But it is all rather special pleading. We must admit that the whole grant was not utilized. All we have to say in effect is that it is impracticable to give any real estimate. I wd. also say that the letter of issued unfortunately without reference to the Fin. Dpt., as explaining our Volte face.

But if Sed. can spare half an hour I shd be very glad if he could come up so that we may go over the draft together. I am not at all sure it takes the great line. It is little use going in for so much special pleading.

[illegible] 28/3

(I saw HH on Tuesday 2nd April).

129
6/3/05

I have further revised it. It can be settled when finally decided. 6/7

will after whom to see the draft [illegible] carried. I am not quite sure that the HO be [illegible] approved it. I will take it personal [illegible] 12/4

[illegible]

C. No. _____, From the _____, No. _____, Dated _____ 190 .

[G. 3]
5,000—11-3-05.

DEPARTMENT.

106 141368

The draft has been typed and is placed below

RD
12-4-07

Before this goes again to the Hon Member the draft as revised by the H.M. will be sent to the Financial Dept for any final remarks. The original additions proposed by the Registrar - Financial Dept were embodied in the draft as originally submitted to the H.M. which has now been revised by him

Urgent

28/4/07

Ed. No. 331-3
24-4-07

H.D. No

CURRENT NO.
2056
FINANCIAL
Regd. 24.4.07

Financial Department

C.S

May be accepted. Please see one or two pencil notes in margin of draft

Chief
H.B.S. 23.4.07
24407

LEGAL & MUNICIPAL
26 APR 1907
SECRETARIAT.

Secret No.
205b-1
25.4.07

Ed. No.

1. Resubmitted.
2. The file was returned at Matara, but I am not quite certain whether the H.M.

107 HZ 3782 (37)

intended to carry out any further revision
to last orders on the note file being
dated 28/3/07.

1 HM — 18.D.7
2. H.E. the Governor — 26.4.07

Owing to the interruptions of work
in connection with the Financial
Statement, I have not completed
the revision of the draft. Further
modifications I have entered
on the retyped copy which has
been put up embodying my
first alterations
Please verify the figs. I have given
at the end of para 4 — be precise.

A

27/4/07

Draft letter approved

30.4.07.

When verify as at 'A'.
Ind. Stores accounts now before audit

1.6.07

108 143 3887

In 1904-1905 the expenditure under 22- Education amounted to Rs 21,87,554 - vide page 128 of the C.B.E. for 1906-1907- and that under Contribution from Prov. to Local Fund for educational purposes amounted to Rs 3,70,350 - vide p. 217 of the C.B.E. 1906-07. The total expenditure under Education thus was Rs 25,57,904.

2. In 1905-1906, the expenditure under 22- Education amounted to Rs 23,18,093 - page 128 of the C.B.E. for 1907-1908 - and that under Contribution from Prov. to Local Funds for educational ~~fun~~ purposes amounted to Rs 9,12,789 - page 218 of the C.B.E. for 1907-08. The total expenditure thus was Rs 32,30,882. But the amount of Rs 9,12,789 shown under Contributions includes the special grant of six lakhs for primary education which was spent during the year on school buildings. Excluding this amount, the total expenditure on education was Rs 26,30,882.

3. The figures given by H.M. at the end of para 4 of the draft letter may therefore be altered into 25.58 lakhs and 26.31 lakhs respectively.

2. The file may now be sent to the Fund Dept.

7.7.
2-5-07.

8.5.7.

Edn No. 331-4
2/5/07

39

109

39

144

CURREN
2179
FINANCIAL
Rgd. 3/5/07.

BS.

Have the draft res revised & HM. checked thoroughly please

Cml
3.5.07

1 PM

The draft has been checked.

Drk.
3.5.07
CS

It is respectfully subd that the portion marked A on page 2 of the draft may be retained. The main fallacy of the Edn. Dept. calculations of 1905 consisted in taking the budget differences between the budget & actuals as the lapse from the 8 lakhs grant.

2. In the HM's no with addr. to para 4 (page 6) of the draft "22 Edn" should be "21 Education & Contributions" - and lower down after 26:31 Lakhs should be added "exclusive of expdr. from the special grant of 6 lakhs for "primary education"

Mr. Ch. 29.X.06 on parell Engrs.

I think the draft letter as it is.
HB
4.5.07

This may be corrected as suggested
HB
4.5.07

Dear
HB
4.5.07

Fin. Dep. 2179-1
Pms/6/4 4.5.07 Encl no

Cml
3.5.07

5.5.07

110

Educational Department.

145

ORDER:--
P.S.

Supersede

The Government of India will be addressed.

13-3-07

(Mr Schmidt's proposed draft)

LETTER:--

To

The Secretary to the Govt. of India,
Home Department.

Secretary's Draft 8/7

Sir,

I am directed to reply to Mr.Marris' letter 512, Education, dated 11th July 1906, on the subject of the expenditure on education from the recurring grant of eight lakhs which was allotted to this Presidency in the letter from the Government of India in the Finance Department No.1435, dated 10th March 1903.

2. The Government of India observe that in this Government's letter No.139 dated 6th March 1905, it was stated that owing to the ~~fact that~~ failure to bring into full operation for certain of the schemes for which the recurring grant had been allotted, ~~had not come into full operation~~ the lapses in the educational budget due to the postponement of such schemes amounted in the year 1903-03 to 3.18 lakhs, in 1903-04 to 2.52 lakhs

and

Page 1 of current file.

Printed with G.O. No. 325 dd 29-5-1902.

F.

J.

Omit. Why bring into such prominence these fractions? This is bad drafting. 8/7

146

Page 1 - current file.

- Do -

J.

K.

and in 1904-05 to 2.75 lakhs (estimated) and that they are not aware whether there was any further lapse in 1905-06. They express the hope that in any case the Governor in Council will agree with them in thinking that whatever sums have lapsed from the special recurring grant allotted for education should be devoted to educational purposes ~~a course which, they state, has been adopted with their approval in the case of another province~~. It is also stated that from paragraphs 7 and 8 of this Government's letter of the 6th March 1905, it appears to be assumed that the recurring grant in question would all have been absorbed as soon as the expenditure from public funds exceeds that of the year 1901-02 by the amount of the grant, but that the Government of India are unable to accept this view inasmuch as it throws on to the Imperial assignment the automatic increases in educational expenditure, which the Provincial revenues would otherwise have had to bear and they point out that in Home Department letter No.574, dated 11th July 1904, it was stated that the recurring grant in March 1902 to the Provincial revenues to meet increased expenditure under Education supplemented this ordinary growth of expenditure. The Government of India therefore desire to be informed, in due course, of the action which this Government propose to take in regard to the sums which have lapsed from the recurring grant.

3.

2. I am directed to express the regret of His Excellency the Governor in Council that the calculation in paras. 5 to 8 ~~of my letter of the 6th March 1905~~ thereof ~~(the lapses from the recurring grant of 8 lakhs)~~ ~~was~~ incorrect. The lapses there given were the total lapses from the annual budget allotments under the head 22 - EDUCATION and the adoption of these figures as representing the unspent portion of the special grant of 8 lakhs would be correct only on the assumptions that prior to the first assignment of the special grant the expenditure under the head 22-EDUCATION was practically stationary ~~and that there were ordinarily no differences between the actuals and the budget grant under this service head. It is not necessary to adduce either facts or figures to prove that both these assumptions are fallacious.~~ also an assumption which Mr. Lee incorrect ~~appeal Romanes Para 7~~ was ~~The~~ grant has moreover been absorbed in the general allotment for education and ~~the very structure of~~ from as then maintained the accounts ~~renders~~ it is impracticable to ~~maintain a separate account of the expenditure from it or~~ to state which portion of the additional expenditure in a particular year under the service head ~~has been derived~~ was met from the special grant. ~~Concrete cases may be quoted to show the difficulties surrounding such an examination of the expenditure.~~ To take first a minor but typical case. With the assistance may be taken the reorganisation of the Sub-Inspectorate.

of

J.

My letter of the 6th March 1905 was issued without reference to the Fin. Dpt. of this Govt. & that cannot be fully supported

Is this not against this

not earmarked, as the Lakh six lakh grant for primary education has been, but was

~~as to what extent the burden on future years has been increased. As an instance of~~

of the 8 lakhs grant, the post of Deputy Director of Public Instruction was created during 1903-04 and the addition of an officer of this rank to the office of a head of a large Department such as the Educational Department must naturally have reacted upon the expenditure under other detailed heads; for instance, such an appointment must entail extra charges for travelling allowance, it would certainly involve extra charges under Contingencies, and it would be impossible under the present structure of the accounts to separate off correctly the additional expenditure arising out of the appointment except by a very critical scrutiny of each and every item of contingent expenditure. Another type may be found in reorganization schemes which have not so far acted in full on the accounts, such as the revision of the scale of Sub-Assistant Inspectors of Schools. The difficulties are intensified when the budget provisions and actuals under analysis relate to large establishments such as these Sub Assistant Inspectors and their subordinate officers. It could for instance, be impossible to specify which of these particular office and which part of their establishment should be taken as arising out of the special eight lakhs grant. An officer after first appointment in a graded service

was revised. but the reorganization such as immediately has not yet acted in full on the accounts but has initiated fresh charges which affects future years to a greater extent than the amount of the original initial expenditure. With the creation of the Range post of D.P.I. was created.

impracticable distribute the charges attending these between the natural fair share of provincial allotment which should fairly be assigned to the head of Education.

service moves from grade to grade, he is on leave occasionally, and no devise would enable a particular appointment in a graded service to be singled out for examination as to how much of the emoluments drawn by officers filling the appointment whilst on duty and how much of their leave allowances are met from a particular special grant. Again, it would be impossible to differentiate the cost of buildings met from a particular eight lakhs of revenue from the cost of other educational buildings, all of which are included under the head 45 CIVIL WORKS which is distinct from the head under discussion.

4. His Excellency the Governor in Council would also invite attention to another aspect of this question which appears to have escaped notice and which arises out of the history of the special grant of eight lakhs.

5. In making this grant of eight lakhs the Government of India intimated that "it was intended to meet in part "the recommendations of the Educational "Conference held at Simla in September "1901. It must therefore be understood that "it should not be generally utilized to "meet charges falling outside that expendi- "ture". At the same time, the Government of India

stated that there was no objection to a portion of it being utilized for the cost of educational buildings.

5. When forwarding for the opinion of this Government their proposals for the Provincial settlement now current, the Government of India in their letter No. 4933-A, dated the 15th August 1905, adopted for the settlement figure under 22--EDUCATION the budget estimate for 1905-04, viz., 25.98 lakhs. This was in accordance with the general scheme of the settlement which adopted under major heads which were not specially mentioned in the letter the budget estimate of the current year. The only direct reference to education is contained in paragraph 27 of the letter which was as follows:--

"The settlement now proposed does "not take into account the increased "expenditure which may be rendered neces- "sary by reforms, which are in contempla- "tion in the administration of Police "and Education, except to the extent of "Rs.8,00,000 a year already allowed under "the latter head. It will not be possi- "ble to determine for some years what "the total additional expenditure will be, "and a long time is likely to elapse "before the reforms come into full "operation. Part of the increase should, "in ordinary course, be defrayed from "Provincial revenues; the remainder will "hereafter be found by additional assign- "ment from Imperial revenues."

Para 4 of Finl note on page 3 of note file.

Page 13 of Govt. No. 825 Finl dy 8-12-03. XIX

Para 5 of Finl & Commerce dept letter No. 4933-A dy 13-8-03. XIX

Page 11 of G.O. No. 825 Finl dy 8-12-03. XIX

27.98
8
15.98 — 18.98
18

116

Educational Department.

151

Superseded

ORDER:--
P.S.

The Government of India will be addressed.

Nos
(a.25)

LETTER:--

To

The Secretary to the Govt. of India,
Home Department.

Sir,

I am directed to reply to Mr. Marris' letter 512, Education, dated 11th July 1906, on the subject of the expenditure on education from the recurring grant of eight lakhs which was allotted to this Presidency in the letter from the Government of India in the Finance Department No.1435, dated 10th March 1902.

2. The Government of India observe that in this Government's letter No.139 dated 6th March 1905, it was stated that owing to the fact that certain of the schemes to which the recurring grant had been allotted had not come into full operation the lapses in the educational budget due to the postponement of such schemes amounted in the year 1902-03 to

Paper of cf.

Printed with G. No. 325 Col dated 29th May 1902 - F,

J

2.18

Pages of ff.

—do—do

J

—do—do—

K

2.18 lakhs, in 1903-04 to 2.52 lakhs and in 1904-05 to 2.73 lakhs (estimated) and that they are not aware whether there was any further lapse in 1905-06. They express the hope that in any case the Governor in Council will agree with them in thinking that whatever sums have lapsed from the special recurring grant allotted for education should be devoted to educational purposes - a course which they state has been adopted with their approval in the case of another province. It is also stated that from paragraphs 7 and 8 of this Government's letter of the 6th March 1905, it appears to be assumed that the recurring grant in question would all have been absorbed as soon as the expenditure from public funds exceeds that of the year 1901-02 by the amount of the grant, but that the Government of India are unable to accept this view inasmuch as it throws on to the Imperial assignment the automatic increases in educational expenditure, which the Provincial revenues would otherwise have had to bear and they point out that in Home Department letter No. 574, dated 11th July 1904, it was stated that the recurring grant in March 1902 to the Provincial revenues to meet increased expenditure under Education supplemented this ordinary growth of expenditure. The Government of India therefore desire to be informed in due course of the action which this Government propose to take in regard to the sums which have lapsed from the recurring grant.

5.

Cml

J.

incorrect?
Cml

5. I am directed to express the regret of His Excellency the Governor in Council that the calculation of the lapses from the recurring grant of eight lakhs ~~given~~ in paragraphs 5 to 8 of my letter of the 6th March 1905 was based on a misapprehension of facts and of the nature of the transactions. The lapses there given were the total lapses from the annual budget allotments under the head 33--EDUCATION and the adoption of these figures as representing the unspent portion of the special grant of 8 lakhs would be correct only on the assumptions that prior to the introduction of the special grant the expenditure under the head 33--EDUCATION was practically stationary and that there were ordinarily no differences between the actuals and the budget grant under this service head. It ~~does~~ not appear to be necessary to adduce either facts or figures to prove that both these assumptions are fallacious. This grant has been absorbed in the general allotment for education and the very structure of the accounts renders it impracticable to maintain a separate account of the expenditure from it or to state which portion of the additional expenditure in a particular year under this service head has been derived from the special grant. Concrete cases may be quoted to show the difficulties surrounding such an examination of the

expenditure

"First assignment".

Moreover

119

154

expenditure. To take first a minor but typical case - With the assistance of the 8 lakhs grant the post of Deputy Director of Public Instruction was created during 1903-04 and the addition of an Officer of this rank to the office of a head of a large Department such as the Educational Department must naturally have reacted upon the expenditure under other detailed heads; for instance such an additional appointment might entail extra charges for travelling allowance, it would certainly involve extra charges under Supplies and Services and Contingencies, and it would be impossible under the present structure of the accounts to separate off correctly the additional expenditure arising out of the appointment except by scrutinising each and every item of contingent expenditure. Another type may be found in reorganization schemes which have not so far acted in full on the accounts, such as the revision of the scale of Sub Assistant Inspectors of Schools. The difficulties are intensified when the provisions and actuals under analysis relate to large establishments such as these Sub Assistant Inspectors and their subordinate office establishment. It would be impossible to specify which of these particular officers and which part of their establishment should be taken as arising out of the special eight lakhs grant. An officer

after

after first appointment in a graded service moves from grade to grade, he is on leave occasionally, and no device would enable a particular appointment in a graded service to be singled out for examination as to how much of the emoluments drawn by officers filling the appointment whilst on duty and how much of their leave allowances are met from a particular special grant. Again, it would be impossible to differentiate the cost of buildings met from a particular eight lakhs of revenue from the cost of other educational buildings all of which are included under the head 45 CIVIL WORKS which is distinct from the head under discussion.

4. His Excellency the Governor in Council would also invite the attention of the Government of India to another aspect of this question which appears to have escaped notice and which arises out of the history of the special grant of eight lakhs.

5. In making this grant of eight lakhs the Government of India intimated that "it was intended to meet in part "the recommendations of the Educational Con- "ference held at Simla in September 1901. "It must therefore be understood that it "should not be generally utilized to meet "charges falling outside that expenditure." At the same time, the Government of India

stated

Paras of this note on pages 4 of note file.

4. This Government then claimed a settlement estimate of 26 lakhs and pointed out :-

"The settlement estimates proposed
"by the Government of India as regards
"the expenditure relating to education
"are as follows :-

		Lakhs.
"	(1) 22 Education	23.98
"	(2) Contributions - from Provincial to Local Funds - to Local Funds (Act V of 1884) for Education (Grants in aid)	1.15.
"	(3) Lump provision for subsidy to Local Boards on account of Education.	2.40.
		27½

" These figures also represent the
" budget grants for 1903-1904 under the
" heads specified. The grant of 2.40
" lakhs against item (3) is a portion of
" the special grant of eight lakhs under
" 22-EDUCATION. x x x

" In dealing with the estimate under
" this head, the Madras Government have
" not taken into consideration the larger
" reforms which may be the result of the
" Educational Conference held at Simla in

1901.

B07-3

23.98. 8 Calls
26
Bud 25
1904-05 - 25½ + buildings 17 KW
1905-06 26½ + buildings
27 XXV.

Paras of this note on page 4 of note file.

7. This Government then claimed a settlement estimate of 26 lakhs and pointed out--

"The settlement estimates proposed "by the Government of India as regards "the expenditure relating to education "are as follows:--

	Lakhs.
" (1) 22. Education	25.98
" (2) Contributions - from Provincial to Local Funds - to Local Funds (Act V of 1884) for Education (Grants in aid)	1.15
" (3) Lump provision for subsidy to Local Boards on account of Education	2.40

" These figures also represent the "budget grants for 1903-04 under the "heads specified. The grant of 2.40 lakhs "against item (3) is a portion of the "special grant of eight lakhs under 22- "EDUCATION.

" The Government of India have inti- "mated that the settlement now proposed "does not take into account the increased "expenditure which may be rendered neces- "sary by reforms which are in contemplation "in the administration of education ex- "cept to the extent of the eight lakhs a "year already allowed under this head. In "dealing with the estimate under this "head, the Madras Government have ~~there-~~ "~~fore~~ not taken into consideration the "larger reforms which may be the result

of

XXV

-do- do

Para 5 of Fwl note on page 4.

"of the Educational Conference held at
"Simla in 1901. It has not been possi-
"ble as yet to make full use of the addi-
"tional recurring allotment of eight
"lakhs sanctioned last year owing to the
"delay necessary for working out the
"schemes for the expenditure under several
"of the items. Money originally placed
"in the Educational Budget of this year
"has been transferred to the Public
"Works Department Budget for educational
"buildings and the budget estimate for
"1903-04 of 23.98 lakhs makes no provi-
"sion for expenditure already determined
"on and for those schemes to be taken up
"in the near future. Among the projects
"already determined on may be mentioned
"the reform of training schools and the
"further reorganization of girls' schools
"while among those to be undertaken in
"the near future are included the appoint-
"ment of a Professor of Geology for the
"Presidency College, a considerable in-
"crease in the European Inspecting staff
"and the establishment of agricultural
"schools in selected places. Provincial
"funds will be unable to bear any large
"increase under Education. The settle-
"ment estimate should be taken at 26 lakhs
"at least."

Page 6- do -

8. The Government of India adhered to the settlement figure of 23.98 lakhs which ~~and the settlement under the head still stands at that figure excluding the spe-~~ ~~cial grants for primary education and for university and collegiate education.~~

Para 5 of Final note on page 4.

Trans. Schools - Delhi
Letter No. 40,000

02-
40

"1901. It has not been possible as
"yet to make full use of the addition-
"al recurring allotment of eight lakhs
"sanctioned last year owing to the
"delay necessary for working out the
"schemes for the expenditure under
"several of the items. Money originally
"placed in the Educational budget of
"this year has been transferred to
"the Public Works Department budget
"for educational buildings and the
"budget estimate for 1903-04 of 23.98
"lakhs makes no provision for expendi-
"ture already determined on and for
"those schemes to be taken up in
"the near future. Among the projects
"already determined on may be mention-
"ed the reform of training schools and
"the further reorganization of girls'
"schools while among those to be
"undertaken in the near future are
"included the appointment of a Profes-
"sor of Geology for the Presidency
"College, a considerable increase
"in the European Inspecting staff
"and the establishment of agricultural
"schools in selected places. Provincial
"funds will be unable to bear any
"large increase under Education. The
"settlement estimate should be taken
"at 26 lakhs at least."

Page 6 - 6 -

8. The Government of India adhered to the settlement figure of 23.98 lakhs, which therefore

included the special grant of eight lakhs. It is to be noted that the grants for Education in 1901-02, the year preceding that in which the special grant of eight lakhs was made, were 18.38 lakhs under 22-EDUCATION and 1.08 lakhs under CONTRIBUTIONS, a total of 19.46 lakhs or 8.07 lakhs below the budget grant for 1903-04 which was adopted for the settlement.

8. The settlement is essentially of a consolidated character and the eight lakhs grant which entered into the settlement figures should, therefore, apparently be treated in the same manner as any other allotment made during the currency of a previous settlement period to cover additional expenditure introduced after the commencement of that settlement. To treat this grant specially and to maintain for it a separate account, even if that were possible, would amount practically to a separate financial arrangement between two Departments of the Local Government as regards a particular service head. Such an arrangement would unduly fetter the hands of the Government and would, if extended to other heads, lead to very great confusion.

9. For these reasons, His Excellency the Governor in Council would urge most strongly that the Government of India will reconsider their proposals in the

letter

Encl 4

letter under reply. The Government of Madras are well aware of the needs of education in this Presidency and are using their utmost endeavour to further its interests. Even after taking into account the special six lakhs grant for primary education, the budget allotment for education has always exceeded by more than eight lakhs the allotment of 19.46 lakhs in 1901-02. That it has not been possible to spend the allotments in full has been due to causes which could not be avoided, and not to any desire on the part of the Local Government to appropriate to other heads any portion of the settlement grant under Education. I am therefore desired to express the hope that the Government of India will accept the assurance of His Excellency the Governor in Council that the wants of education will so far as funds permit receive all the attention they merit, and that it is unnecessary to introduce so radical a change as is contemplated in the present proposals of the Government of India.

I have etc.

15.3.07

20.3.7

127

Educational Department.

162

ORDER:-- P.S. No. 277 9-5-07 1P

The Government of India will be addressed.

1462
25.4.07

LETTER:- No. 278 9-5-07

To

The Secretary to the Govt. of India,
Home Department.

Sir,

I am directed to reply to Mr. Marris' letter 512, Education, dated 11th July 1906, on the subject of the expenditure on education from the recurring grant of eight lakhs which was allotted to this Presidency in the letter from the Government of India in the Finance Department No.1423, dated 10th March 1902.

2. I am directed to express the regret of His Excellency the Governor in Council that my letter of the 6th March 1905 was issued without reference to the Financial Department of this Government and that the calculation in paras. 5 to 8 therein of the lapses from the

8-MAY 1907

J. 30-4-07

Despatched 11/5/07

Desh. 6/5 Print here please WB

(Note in Fo. 325 Empl & 29.5.02 Reg F.)

Docket returned.
Alw
13-5-7

Omit?
Ans

the recurring grant of 8 lakhs cannot be (fully) supported. The lapses there given were the total lapses from the annual budget allotments under the head 22 - EDUCATION and the adoption of these figures as representing the unspent portion of the special grant of 8 lakhs would be correct only on the assumption that prior to the first assignment of the special grant the expenditure under the head 22 -EDUCATION was practically stationary, ~~and also that there were ordinarily no differences between the actuals and the budget grant under this service head. These assumptions appear however to be fallacious~~ (an assumption which is not correct). The grant was absorbed in the general allotment for education and from the accounts as then maintained it is impracticable to state which portion of the additional expenditure in a particular year under the service head was met from the special grant ~~or to what extent the burden on future years has been increased. As an instance of the difficulties surrounding such an examination of the expenditure may be taken the reorganisation of the Sub-Inspectorate. With the assistance of the 8 lakhs grant the scale of Sub-Assistant Inspectors of Schools was revised but the reorganisation did not immediately act in full~~ on

not earmarked, as the later grant of ten lakhs, for primary education has been, but was

(we need not make a remark of this 8.17)

Note
Appx 2-3/Fa 325 Educ
dated 29.5.02 Flag F,

129

164 3P

In this State's
In your letter (H Dpt Ed)
dated 10 May 1902 no 391 it
was stated that the S. of S.
had no objection to a portion of
the utilization of a portion of
the grant on educational
buildings, but so far as such
expenditure has been incurred
from the grant, difficulties
similar to those indicated

↓

I think these words should
go out since the preceding
paragraphs have been
deleted

Note
Fo. 825 Educ B 8.12.03
Flag XIX,

~~on the accounts but initiated fresh charges which affect future years. It would be impracticable now to distribute the charges attending these and other schemes between the special eight lakhs grant and the share of provincial allotment which should fairly be assigned to the head of Education. Similar difficulties~~ attend the differentiation of the ~~cost of buildings not from the grant~~ same from the cost of other educational buildings, all of which are included under the head 45 CIVIL WORKS, which is distinct from the head under discussion.

3. When forwarding for the opinion from 6 p
of this Government their proposals for the Provincial settlement now current, the Government of India in their letter No.4933-A, dated the 13th August 1903, adopted for the settlement figure under 22--EDUCATION the budget estimate for 1903-04, viz., 23.98 lakhs. This was in accordance with the general scheme of the settlement which adopted under major heads which were not specially mentioned in the letter the budget estimate of the current year. The only direct reference to education is contained in paragraph 27 of the letter which was as follows:--

"The settlement now proposed does
"not take into account the increased
"expenditure which may be rendered

"necessary

Note
Page 11 of Fo. 825 Educ B 8.12.03
Flag XIX,

 130 1065 4P

"necessary by reforms, which are in
"contemplation in the administration
"of Police and Education, except to
"the extent of Rs.8,00,000 a year
"already allowed under the latter head.
"It will not be possible to determine
"for some years what the total addi-
"tional expenditure will be, and a
"long time is likely to elapse before
"the reforms come into full operation.
"Part of the increase should, in
"ordinary course, be defrayed from
"Provincial revenues; the remainder
"will hereafter be found by additional
"assignment from Imperial revenues."

This Government then claimed a settlement estimate of 26 lakhs and pointed out:-

Note
Paras. 58 & 59 on page 17 of letter No. 826 Fin. dt. 8.12.1908 Flag XXV.

"The settlement estimates proposed
"by the Government of India as regards
"the expenditure relating to education
"are as follows:-

		Lakhs.
"	(1) 22 Education	23.98
"	(2) Contributions - from Provincial to Local Funds - to Local Funds (Act V of 1884) for Education (Grants in aid)	1.15
"	(3) Lump provision for subsidy to Local Boards on account of Education.	2.40

131 166 5P

" These figures also represent the "budget grants for 1903-04 under the "heads specified. The grant of 2.40 "lakhs against item (3) is a portion "of the special grant of eight lakhs "under 22-EDUCATION. x x x

" In dealing with the estimate under "this head, the Madras Government have xx "not taken into consideration the "larger refo rms which may be the result "of the Educational Conference held "at Simla in 1901. It has not been "possible as yet to make full use of "the additional recurring allotment of "eight lakhs sanctioned last year owing "to the delay necessary for working out "the schemes for the expenditure under "several of the items. Money originally "placed in the Educational budget of "this year has been transferred to "the Public Works Department budget "for educational buildings and the "budget estimate for 1903-04 of 23.98 "lakhs makes no provision for expendi- "ture already determined on and for "those schemes to be taken up in the "near future. Among the projects "already determined on may be mentioned "the reform of training schools and "the further reorganization of girls' "schools while among those to be "undertaken in the near future are

"included

"included the appointment of a Profes-
"sor of Geology for the Presidency
"College, a considerable increase
"in the European Inspecting staff
"and in the establishment of agricultural
"schools in selected places. Provincial
"funds will be unable to bear any
"large increase under Education. The
"settlement estimate should be taken
"at 26 lakhs at least."

4. The Government of India adhered to the settlement figure of 23.98 lakhs which (therefore) included the special grant of eight lakhs. It is to be noted that the grants for Education in 1901-02, the year preceding that in which the special grant of eight lakhs was made, were 18.38 lakhs under 22-EDUCATION and 1.08 lakhs under CONTRIBUTIONS, a total of 19.46 lakhs or 8.07 lakhs below the budget grant for 1903-04 which was adopted for the settlement.

5. The settlement is essentially of a consolidated character and the eight lakhs grant which entered into the settlement figures should, therefore apparently be treated in the same manner as any other allotment made during the currency of a previous settlement period to cover additional expenditure introduced after the commencement of that settlement. To treat

treat this grant specially and to maintain for it a separate account, would amount practically to a separate financial arrangement between two Departments of the Local Government as regards a particular service head.

~~5. For these reasons, His Excellency the Governor in Council would urge most strongly that the Government of India will reconsider their proposals in the letter under reply. The Governor-in-Council is well aware of the needs of education in this Presidency and are using their utmost endeavour to further its interests. Even after taking into account the special six lakhs grant for primary education, the budget allotment for education has always exceeded by (more than) eight lakhs the allotment of 19.46 lakhs in 1901-02. That it has not been possible to spend the allotments in full, has been due to causes which could not be avoided, and not to any default on the part of the Local Government to appropriate to other heads any portion of the settlement grant under Education.~~ I am therefore desired to express the hope that the Government of India will accept the assurance of His Excellency the Governor in Council that ~~the wants of education will so far~~

* Omit - It was 27·21 in 1905-06 and in no year was it very much more than 8 years Lakhs in Statement (see page 1 of Note) and

grant has not been spent in it's full, purpose

there-

due to the inevitable delay in initiating & introducing complex schemes for the utilization of the money. Any savings that may have accrued in this way have gone into the Provl balances & inasmuch as the schemes originating from the grant will entail a growing burden upon Provl revs, there is little fear that any portion of the grant will in the end be diverted from its legitimate object purpose.

134

169 8P

all the grants that have been placed at the disposal of the Govt. for education are being or will shortly be fully employed on that object.

~~far as funds permit receive all the attention they merit, and that it is unnecessary to introduce so radical a change as is contemplated in the present proposals of the Government of India.~~

unintelligible 8P?

S.N.
27/4/07

I have etc.

23 Aug

135

Educational Department.

1P

Remarks of the Hon'ble Mr. G. Stokes, C.S.I. on the perusal file dated the 18th May 1907:

G.O. No.277, Edl., dated 9-5-1907.

Please let me see the original of this G.O.

G.S.
22-5-07.

Please put up the original with notes.

H.D.T.
23-5-07.

The original of G.O. No.277, Edl., dated 9th May 1907, has been obtained from Madras and is submitted below.

27.5.07

Lee
27.5.7.

28-5-07

The Hon'ble Mr. Stokes C.S.I.

Seen thanks.

27-5-07.

28.5.07

NUMBER OF COPIES REQUIRED. { Order complete. / Letter only. / Order complete with Letter. } (7)

PAID

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Memo 440 — A.

Order — A.

Go to Colonies

Show from

Cuy 14/5/07

277. 9. 5-07

The Govt of India will be addressed.

40

4 P

3 P

GOVERNMENT.

TO GOVERNMENT.

STATEMENT WITH DITTO.

MINUTE, BEING MEANT FOR DESPATCH

ORIGINAL.

N.B.—

A = Print in full.
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C = Print abstract only.
D = Print heading only.