

E.&P.H.

(1949) Department.

MS SERIES.

G.O. NO. 3190 Edn.

Dated 18-10-49.

closed
now

[Despatch Abstract.]

GRANT - Teaching - Secondary schools under local bodies - Assessment.
Expre. on repairs to bldgs and contingencies to be admitted in full
for puposes of assessment- Eight instalments of fee income- Proposals
Not approved.

Back Papers.

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

Further Papers.

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

From

The Director of Public Instruction,
Madras.

To

The Secretary to Government,
Education and Public Health Department,
Madras.

C.No.2148 G3/49 dated 9.9.1949.

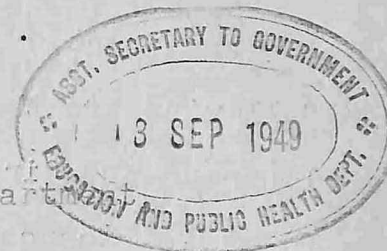
Sir,

Sub: Financial Statements - Assessment of grants -
Secondary Schools under local bodies.

Under the revised policy of Government, that took effect from 1-1-47, Secondary schools under local bodies are also assessed teaching grants on the lines similar to those of secondary schools under private managements under the provisions of rule 32 of the Grant in Aid Code. Under this rule the Director has the discretion to admit for purposes of assessment only such of the items of expenditure as are considered reasonable and which fall under items 1 to 6 and 15 of Appendix to the Code. Unlike the case of secondary schools under private managements, which are free to incur expenditure as they like from their own funds, local bodies are tied down by Rules and Regulations in Codes and Manuals issued by Government and the Local Fund Audit Department. The expenditure incurred by them is audited and passed by the Audit Department periodically and any expenditure incurred in deviation of the rules is also regularised by Government, wherever necessary. It is therefore desirable to admit for purposes of assessment the gross expenditure incurred by the local bodies under the various items, subject to the exception noted below. Each of the items in Appendix F of the Grant in aid Code which are taken into account for assessment of grant is discussed hereunder.

As the grant of pay and allowances to servants under local bodies is governed by the Fundamental Rules and the rules framed by the L.F.Audit Department, the expenditure under (1) "Staff" and (2) "Servants" is admitted in full, without disallowing any amount. The expenditure under (3) "Rents" is also taken into account in its entirety, if it is supported by Rental Receipts and Public Works Department certificates or certificates of rental value as per the books of the Municipalities. "Item 4 - Taxes"

Education Department.



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10/5/47

does not come into operation, as no taxes can be levied by local bodies in respect of their own buildings. Under "item 15 - Outlay" the following are those that have to be admitted for aid:-

- 1) Scout and Girl Guide Registration charges.
- 2) Radio Licence fees.
- 3) Manual Training (now Hobbies) and Craft training contingencies.
- 4) Any items relating to "Contingencies" which have been wrongly classified under "Outlay".

The bulk of expenditure exhibited under this head by local bodies generally falls under Provident Fund Contributions and Travelling Allowance for which no grant is admissible from provincial funds.

3 The two items under which some expenditure is disallowed as a result of a careful scrutiny as in the case of secondary schools under private managements are "No.5-Repairs" and "No.6.Contingencies". In spite of repeated instructions through circulars, local bodies do not furnish full details in respect of expenditure, under the above two items and considerable delay is caused in obtaining the details and disallowing the inadmissible items for purposes of grant. In regard to the expenditure under "Repairs", the maximum limits laid down in respect of secondary schools under private managements on the basis of costliness of the localities have hitherto been adopted. Again, the cost of rethatching of roofs (which is really renewal of roofs), the cost of fencing etc. have hitherto been disallowed for purposes of assessment. It has been suggested that the gross expenditure incurred by local bodies under this head may be taken into account for assessing the grant. As the expenditure on rethatching which involves large sums of money in certain cases becomes a waste at the end of every year and local bodies will not take steps to put up pucca buildings or atleast tiled sheds, if expenditure on rethatching is admitted, it is suggested that all items except repairs to thatched sheds (i.e rethatching of sheds) may be admitted hereafter for purposes of grant, instead of restricting the expenditure to the maximum limit laid down in respect of secondary schools under private managements. The average of the amount disallowed in a year on account of the restriction of the expenditure to the maximum limits works out to Rs.600/- per school and one half of the cost thereof will be Rs.300/- and this will be the extra cost to Government.

Similarly under "No.6 - Contingencies" the gross expenditure incurred by local bodies, which includes some minor items eg. Freight, Conveyance charges, Electricity charges, Printing charges (other than Examinations) Laboratory charges etc. may also be reckoned for purposes of grant. The average extra cost to Government on account of admitting all the items of expenditure under this head works out to Rs.300/-. For 530 secondary schools that have now come into existence under the management of local bodies, the extra cost to Government will be Rs.530 x (300 plus 300) = 530 x 600 = Rs.3,18,000 or roughly Rs.3 lakhs per annum.

4 It may be pointed out in this connection that though the secondary schools both under local bodies and private managements are required to levy fees for 10 instalments, those under private managements can levy fees at any rate higher than the standard rates, while local bodies have to obtain the specific orders of Government in each case where a slightly higher than the standard rate of fee is proposed to be levied. Again, for purposes of reckoning the net cost, Government have ordered that only eight instalments at standard rates have to be taken into account in respect of schools under private management while in the case of secondary schools under local bodies 10 instalments of fees at standard rates should be taken into account. Thus the schools under local bodies stand at a more disadvantageous position than those under private managements. This itself is a point in favour of the above proposal.

I therefore request that the Government may be pleased to approve the above suggestion with effect from 1950-51 i.e. in respect of the grant for the year 1949-50. The scheme is being included in Part II of the Budget Estimate 1950-51.

Yours faithfully,

Shrikrishna

for Director of Public Instruction.

KHR.10.9.

Amolga

This has been found at G.D.P. is another connection also will extract it (2)

P

Education and Public Health Department

B 1 section.

70383/49

Grant - Teaching - Secondary schools under local bodies-
Assessment - Expenditure on repairs to buildings and
contingencies to be admitted in full for purposes of
~~Eight instalments of fee income~~
assessment - Proposals - Not approved.

2/18/49

pp1-3 of

From the D.P.I. No 2148 G.3/49 dated 9-9-49

2/17/49

Order No 3190 Education dated. 18.10.49
Ms

The Govt do not approve the proposal of the
D.P.I. that the total expenditure shown in the financial
statements received from local bodies under items (5) and (6)
Repairs and Contingencies may be admitted for grant without
disallowing any items except repairs to thatched sheds and
without imposing any maximum limit for expenditure on those
items as in the case of secondary schools under private
managements. They do not also approve the proposal that

To
The D.P.I.

S/c Expansion of
School

12.10.49

fee income for eight instalments only may be
taken into account in assessing the teaching
grants payable to secondary schools under
local bodies.

13.10.49

14/1

70383/49

Grants-Teaching- Secondary schools under local bodies
Assessment of -Expenditure on repairs and contingencies
to be admitted in full for purposes of assessment-
Part 11 scheme for 1950-51

pp1-34

From the D.P.I. C.No 2148 G.3/49 dated 9-9-49

Prior to 1-1-47, the Govt were paying only fixed
lump sum subsidies to local bodies towards the cost of
maintenance of secondary schools opened prior to 1930.
The system was revised from 1-1-47 and the Govt are now
paying teaching grants on the basis of one half of the
approved net cost of maintenance of all recognised
secondary schools including those that are newly opened
every year. The grant is assessed according to the
procedure laid down in para 32 of the grant-in-aid code
for the assessment of teaching grants to secondary
schools under private managements. The only point of
difference is that whereas in the case of aided secondary
schools only 8 instalments of fees at standard rates
are taken into account for purposes of arriving at
cost following the practice that had been in vogue for
several years past, in the case of secondary schools
under local bodies ten instalment of fees at standard
rates are taken into account for arriving at the net
cost. ^{except for this} Thus the procedure adopted for assessment of
teaching grants to non-Govt secondary schools is the
same.

2. The D.P.I. now recommends that the total
expenditure shown in the financial statements received
from local bodies under items (5) and (6) 'Repairs' and
'Contingencies' may be admitted for grant without dis-
allowing any items except repairs to thatched sheds
and without imposing the maximum limit for expenditure
on these items as in the case of secondary schools under
private managements as it is difficult to get the

para 2 of G.O. 975 dated 10/5/47 (2)

pages 2-34

necessary details for scrutinising the expenditure on these items from local bodies and as the expenditure is subject to audit by the Examiner of L.F. Accounts. ~~the expenditure on these items is subject to audit by the Examiner of L.F. Accounts.~~ If this is done, each secondary school under a local body will get an additional teaching grant of Rs 600 per annum. The total extra cost to Govt on account of the grant of the concession ~~is estimated~~ ^{is estimated} at Rs 3 lakhs per annum. p.34

3 It does not seem ~~desirable~~ to differentiate between local bodies and private managements in the matter of aid for these two items of expenditure. The imposition of maximum limits for expenditure on these two items for middle and high schools ~~separately~~ ^{separately} will act as a check against extravagant expenditure. If the proposed concession is allowed, private managements are likely to claim that the total expenditure incurred by them on these two items should also be taken into account. The more reasonable course will be to take into account only 8 instalments of fees at standard rates even in respect of secondary schools under local bodies for purposes of assessment of teaching grants so that the procedure may be brought into a line with that adopted for secondary schools under private managements and local bodies may utilise the fee income realised in excess of 8 instalments towards their share of the cost of running secondary schools. The D.P.I. may be asked to furnish an estimate of the extra cost involved in the grant of this concession.

4 On account of the introduction of the revised system of teaching grants for secondary schools under local bodies the cost to Govt has increased from 8.5 lakhs to 27 lakhs approximately. This is bound to increase every year as more schools are admitted to aid. In the present financial stringency it is for consideration whether the Govt should consider ^{the D.P.I.'s} ~~proposals~~ ^{large} involving additional liability. The proposal will not satisfy the criteria laid down for consideration of Part II ^(R) schemes.

Subject of orders, a draft memo to the D.P.I. is submitted below for approval.

19.9.49
5. Prior to the introduction of the fixed subsidy system in 1930-31, there was no uniformity in regard to the

Please see below
23/9/49

Please see below
23/9/49

vide in this connection the extract at (A)

Please see below
23/9/49

payment of teaching grant (maintenance grant) to local bodies for the upkeep of secondary schools. Rich local bodies were not allowed any subsidy; many local bodies were granted ^{subsidies} ~~grants~~ on half net cost basis; some were allowed fixed grants; some were granted fixed amounts for the middle school departments and half net cost for high schools. As a result of the recommendations made by the Special Officer for Secondary Education (the late Sir Meverel Statham) the fixed subsidy system taking into account the grants already made, together with an addition of 5% thereof, was introduced.

6. From 1-1-47 this system has been replaced by the half net ^{cost} system. By this system local bodies which received no grants previously, have been enabled to draw half grants. A condition has also been introduced to the effect that by the change over to the new system, no local body should receive less grant than what it used to get previously. Thus all local bodies have been financially benefited from 1-1-47. In a three year period from 1-1-47, the provision for payment of subsidies to local bodies ~~has~~ increased from Rs 8.5 lakh lakhs (in 1946-47) to Rs 27 lakhs (in the current year). This is bound to increase every year as more and more schools are opened. It does not appear to be necessary to accept the Director's proposal that local bodies should be granted subsidies for expenditure incurred by them on 'repairs to buildings' and 'contingencies' at the rate of Rs.300/- a year for each school for the following reasons:-

(a) the proposal involves to Govt. an extra cost of Rs. 3 lakhs per year especially at a time when there is need to economise expenditure from Provincial funds and the expenditure to Govt. has already increased by more than 300% in respect of secondary schools maintained by local bodies; and

(b) no local body appears to have raised this question so far.

Govt 1157 EA

12-6-50

1147-48

(X)

form 2 & Govt 975 EA
10-5-47 (Z)

form 4 on p 2 ante

pages 2-34

p 34

7. As regards the question of taking into account only eight instalments of fees for purposes of assessment of grants raised in para 3 on p.2 ante, it may be pointed out that there is difference between a local body and a private management. Prior to 1-1-47, many local bodies collected fees for eight months only in a year. In para 3 of G.O.No.975, Edn. dated 10-5-47 the levy of fees for 10 months was made obligatory on local bodies mainly with a view to meet the increased expenditure on revision of salaries. On the other hand, private managements have discretion to levy fees higher than standard rates and also in excess of eight instalments. For purposes of calculating the Govt. grant, fee income at standard rates (Rs.2-12-0 for Forms I to III and Rs.5-4-0 for Forms IV to VI) for eight months only is taken into account. The extra fee income is intended to enable the management to meet its share on various items connected with the maintenance of a school, e.g. 1/3rd net cost (the other 2/3rds being borne by Government), half cost on the provision of equipment (and other half subject to a maximum of Rs.5,000/- being borne by Government), improvement of accommodation (cost being borne in addition to Govt. grant if any) and other incidental expenses. A local body is authorised to incur expenditure inter alia on education, out of its income which is mainly derived from taxation. If the suggestion that for calculating Govt. grant, the fee income derived by local bodies from eight instalments only may be taken into account is accepted, the Government will have to increase their expenditure and there will be relief to local bodies. It does not appear that this suggestion can be accepted. The fact that several local bodies (District Boards, Tanjore, Tirunelveli, North Arcot, Anantapur and Municipal Councils of Karaikudi, Coimbatore, Vellore, etc.) are introducing with the sanction of Government

(2)

rule 83 of the Madras Education Rules (1947) (151)

Edn. No. 70383 B1/49-1
23.9.49



LA. No. 42141-10
27.9.49



Pin 64050 E.A.H.
10.10.49

Government scales of pay for their staffs employed in secondary schools, meeting the extra cost from their own funds, is an indication that no further relief is necessary.

8. L.A. and Finance may see.

S/23/CA
09/Fin

L.A.D

The finances of most models and of the general funds of most of the schools are satisfactory. This dept may agree with E & P.H. that the reliefs to local bodies under consideration in this file need not be given for the present.

25/9/49 Secy
Fin

26/9/49 Jm

Jm (Excp. A.)

The letter from the D.P.I. on pp1-3 C.F. and the notes of E & P.H. and L.A. on pp1-5 above may be perused. Finance may entirely agree with the views of E & P.H. in paras: 6 and 7 of their note on pp3-5 above.

10.10.49

10 x 10/49

Education and Public Health Dept
B 1 section.

The case relates to the proposals of the D.P.I. that the expenditure on 'repairs to buildings and contingencies' incurred by local bodies in respect of secondary schools may be taken into account for purposes of assessment of teaching grant on the basis of one half of the approved net cost without imposing any monetary limit for expenditure on these items as in the case of secondary schools under private managements. In this Dept's note (paras 5-7) on pp 2-4 ante it has been pointed out that the Director's proposals need not be accepted. Both L.A. and the Finance Departments have agreed with the view taken by this Deptt.

A draft order is submitted below for approval. The file may be circulated to H.M. (Edn) before issue.

12-10-49
13-10-49
H. N. (E+L)
16/10
14
100 (EX)



Extract of the letter from the Director of Public Instruction Roc.109 K3/49 dated 31-8-49 to the Secretary to Govt., Education & P.H. Department.

x x x

(i) Private schools have been allowed to raise the rate of fees but grant is to be calculated only on the basis of the prescribed standard rates;

(ii) Private schools have been allowed to collect 10 months' fees but only 8 months' are to be considered for purposes of net cost.

Local bodies have been allowed to collect 10 months fees but increase in rates is only sparingly allowed and all the ten instalments at standard rates are considered for the calculation of grant;

(iii) While private managements are allowed 2/3 net cost, local bodies are allowed only half.

This discrimination in treatment deserves reconsideration and I have been thinking of recommending to Government that in the interests of fairness local body schools be brought fully into line with private schools.

x x x

Extract from the Sectional notes:

(ii) Only 8 instalments of fees at standard rates of 10 instalments should be taken into account for purposes of assessment of teaching grant as in the case of schools under private managements.

There is no doubt an inequality but the justification for such differential treatment lies in the fact that local bodies have tax resources while private managements have not and the latter have to meet their share of the cost of maintenance only from the fee income derived in excess of 8 instalments of standard rates, donations and income from endowments. If this inequality is removed, the Govt. will have to incur additional expenditure by way of teaching grants to local bodies - Perhaps the D.P.I. may be asked to furnish an estimate of the extra cost involved in removal of this distinction before deciding the question whether it should go forward as a Part-II scheme or not.

On account of increased Cost to Govt., the suggestion need not perhaps be considered.

V.R.
13-9-49.

File sent to 24th June
on 19.9.49

