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Government of Madras.

Financial DEPARTMENT.

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*Proceedings of the Madras Government, Financial Department,
for the month of November 1859.*

No. 18. Read the following Extract from the Proceedings of the Government of India, in the Financial Department, dated 29th October 1859, No. 8933.

Read letter from J. I. HARVEY, Esq., Sub Treasurer, Fort William; to the Secretary to the Government of India, Financial Department, No. 413, dated 19th September 1859.

I have the honor to acknowledge the receipt, on the 21st June 1859, of the Extract from the Proceedings of the Government of India, in the Financial Department, dated 17th June 1859, authorizing the introduction of the Royal Warrant of the 11th October 1843, into the Savings Banks throughout India.

2. On the 22nd June last, I called upon the Auditor and Accountant of the Military branch of the Government Savings Bank to report upon the steps necessary to be taken preparatory to the introduction of the new system, and also to state what saving could be effected thereby. That officer's reply, dated 7th July 1859, detailing particulars, is herewith forwarded, in original, together with a letter, No. 943 of the 5th instant, received on the 8th September 1859, also in original, from the Accountant General, Military Department, (with enclosures) who has done me the favor to express his opinion upon the report of the Auditor and Accountant of the Government Savings Bank.

3. With the views and sentiments of the Accountant General, Military Department, in his letter to the address of Major General R. J. H. Birch, Secretary to the Government of India, in the Military Department, No. 8938 A of 15th March last, as to the propriety of dis-uniting the Regimental Savings Bank and the Government Savings Bank, and also in his letter, No. 943 of 5th September 1859, to my address, I fully concur, inasmuch as they are quite in accordance with the suggestions which I had the honor previously to lay before His Excellency the Governor General of India in Council, in the 9th paragraph of my letter, No. 310 of the 22nd January 1859, and which have been approved and directed to be carried out in the Proceedings of Government now under acknowledgment.

4. The practical effect of these instructions is the abolition of the Military branch of the Government Savings Bank, and the substitution in its place of an annual audit of the Regimental Savings Bank Ledgers with their respective vouchers and statements, and an annual adjustment of the accounts of each of the Regimental Savings Bank.

5. I place in juxtaposition the respective recommendations of the Accountant General and of the present Auditor and Accountant of the Government Savings Bank in the Military branch, both as to the establishments requisite for giving effect to this annual audit and adjustment of accounts of the Regimental Savings Banks, as also their opinions of the officer under whose supervision this audit and adjustment of accounts should be placed.

Recommendation of Baboo Hurchunder Dutt.

With regard to the establishment of the Bank, I beg to submit that the present cost of the Military branch is Rupees 1,866 a month. The additional hands that have been entertained from April last will be dispensed with as soon as the balance sheets for the years 1857-58 and 1858-59 are completed. What further reduction I shall be able to effect under the new system I am unable to state at present with any degree of accuracy; but I think an establishment of Rupees 891 a month may be sufficient, and a saving upon the whole of Rupees 11,700 a year, or, making allowance for the cost of temporary assistants that may be necessary to entertain at the time of annual audit, which it

Recommendation of Accountant General.

21. The change would at the same time be attended by a considerable reduction of expense in the Government Savings Bank; the establishment at present employed on the accounts of Military depositors amounts to Rs. twelve thousand annually; but this establishment is found to be insufficient, and proposals are now before Government by which the annual charge will be raised to Rupees twenty-three thousand two hundred and eighty.

22. In place of this it will be necessary to maintain a check Ledger-keeper in my Office on a monthly salary of say Rupees seventy, assisted perhaps by a writer on Rupees (30) thirty, who would aid in keeping the forms to

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appears to me will not exceed 1,200 Rupees a year, a clear permanent saving of from ten to eleven thousand Rupees a year will be achieved by adopting the new system.

* 1 Auditor and Accountant, .. Rupees 500	
1 General Assistant.....	120
2 Examiners.....	150
1 Indexer.....	30
2 Copyists.....	70
2 Duffrees and 1 Peon.....	21
	Rupees 891

sable I beg to note in the margin.*

Details of the new permanent establishment which I consider indispensable

be supplied on indent, fair writing, filling vouchers, &c. The annual charge in my office would be not more than Rupees one thousand and two hundred.

23. In addition to this, an annual expenditure will have to be incurred for the audit of the accounts when received from Regiments, as it is very desirable that this audit should be completed as soon as possible after receipt of the accounts. I am disposed to recommend as the best means of attaining this object that a certain sum in the shape of a consolidated fee should be awarded by Government on the receipt and approval of the Auditor's report. The fee should I think be a liberal one; the amount can hardly, however, be fixed beforehand, as it must depend in some measure on the staff which the Auditor may find it necessary to engage for his assistance. Supposing the Government allow the sum of Rupees (2,500) two thousand and five hundred, and I do not think it will be found necessary to exceed this sum, a saving will accrue of Rupees nineteen thousand five hundred and

* Present Establishment, ...	12,000	eighty, as
Additional required.....	11,283	per margin,*
	23,283	wherein
UNDER NEW SYSTEM.		compared
In Acctt. Genl's Office... ..	1,200	with the
Audit fee.....	2,500	establishment now
	3,700	considered
Saving Rs. 19,580		necessary for the satisfactory working of the office, and of Rupees 8,300 as compared with the existing establishment.

6. I entirely concur in the Accountant General's remarks that the audit of the Regimental Banks accounts should be made and completed with the least possible delay after the receipt of the accounts, and I would observe that I find that there are now in the Military branch of the Government Savings Bank 85 Ledgers of as many different Regiments and Corps, the number of accounts in which aggregate 24,207 and vary in number of each from 1 to 780 entries.

7. I think it is desirable that the work of audit should be performed by the Auditor himself and not by an establishment of subordinates controlled and directed by an Auditor as at present, and it is obvious that to ensure celerity in the audit, a fixed time might be allotted for the audit of each Ledger with reference to the number of its accounts; it would in such case be requisite to appoint several Auditors in the same manner as is done annually for the audit of the Administrator General's accounts; these Auditors to be remunerated by a fixed scale with reference to the number of accounts to be audited. I think also the Auditors should be held themselves responsible for the accuracy of their different audits, and that they should be appointed by and submit their reports direct to the Financial Secretary, who would transfer them for adjustment of the accounts to the Accountant General.

8. Holding these views, I would recommend that all connection and supervision of the Secretary of the Government Savings Bank, Civil branch, with the audit and adjustment of accounts of the Military Regimental Banks, should cease, and determine that the first of those

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duties should be performed by one or more independent and responsible Auditor or Auditors as may be found necessary, and that the second should be made in the office of the Accountant General, Military Department, who states he would require an establishment, as per margin, for this purpose.

9. If this is determined on, the Accountant General, Military Department, will be the officer who must prepare and issue in the shape of a pamphlet, after sanction by Government, such instructions as may be found necessary for the use of the Regimental Banks and Pay Masters for putting an end to the old and initiating the new system, and I entirely concur with the Accountant General in opinion that the 1st May, 1860, is the earliest date from which the new system can be commenced.

10. The following calculations shew the Government Savings Bank annual expense in the Military branch under the present and also under the proposed system.

Present annual expenses of the Military branch of the Government Savings Bank.

85 Ledgers, $1866 \times 12 = 22392 = 263 \ 7 \ 0$ per each Ledger.
24207 Accounts, $1866 \times 12 = 22392 = 0 \ 14 \ 9 \frac{6}{10}$ per each Account.

Proposed annual expense of the new system by Baboo Hurchunder Dutt.

85 Ledgers, $891 \times 12 = 10692 + 1200 = 11892 = 139 \ 14 \ 6$ per each Ledger.
24207 Accounts, $891 \times 12 = 10692 + 1200 = 11892 = 0 \ 7 \ 10 \frac{1}{4}$ per each Account.

Proposed annual expense of the new system by the Accountant General.

85 Ledgers, $100 \times 12 + 2500 = 3700 = 43 \ 8 \ 6$ per each Ledger.
24207 Accounts, $100 \times 12 + 2500 = 3700 = 0 \ 2 \ 5 \frac{1}{2}$ per each Account.

NOTE.—The Sub Treasurer remarks that, assuming able Auditors can without difficulty be procured on the scale of pay now allowed to the present Auditor, (that is at the rate of 500 per mensem or 16 Rupees per diem) and that 100 accounts can be audited daily by any one able Auditor, the total expense of auditing 24207 accounts would amount to 4,000 Rupees per annum. The Sub Treasurer has no doubt that first rate Auditors might be had on an allowance of 10 Rupees to audit 100 accounts per diem.

11. I beg to state that the proposition of the Accountant General for the remittance of Invalids' balances direct to England without previous audit by the Government Savings Bank, on the responsibility of the Regimental Bank Committees, has my entire concurrence, and I would recommend that instructions should at once be issued by the Accountant General, in the Military Department, for giving effect to it.

12. I agree with the Accountant General that there is no necessity for keeping up a duplicate Ledger, since, if the original Ledger is lost, (which is not likely to occur frequently) a Ledger can always be compiled from the Company Ledgers and Individual Bank Books.

13. In conclusion, it remains for me to recommend that, to facilitate the closing of the old and the introduction of the new system, the Auditor and Accountant of the Military branch of the Government Savings Bank, with the whole of the present establishment of the Military branch of the Government Savings Bank, be at once transferred from the supervision of the Sub Treasurer, who is Ex-Officio Secretary to the Government Savings Bank, Civil branch, to the Accountant General's Office, Military Department, and that I may be authorized to do so in communication with the Accountant General, and that the latter Officer be authorized to notify the same to the different Regimental Bank Committees and Regimental Pay Masters and other Officers concerned.

14. I beg the return of the enclosures of my letter when no longer required.

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From BABOO HURCHUNDER DUTT, Auditor and Accountant, Military branch, Government Savings Bank; to J. I. HARVEY, Esq., Sub Treasurer, Fort William, dated 7th July, 1859.

I have the honor to acknowledge the receipt of your letter, No. 275, dated 22nd ultimo, forwarding printed copy of an Extract from the Proceedings of the Government of India, in the Financial Department, No. 5049, dated 17th June, 1859, relative to the carrying out of the proposal made by you to Government for the adoption in the Government Savings Bank of the Royal Warrant and Regulations, and requesting me to report as to the steps necessary to be taken for this end, and the establishment required for conducting the business under the new system.

2. In reply, I have the honor to state, that, as the operations of the Regimental Banks of Her Majesty's Regiments are regulated by G. G. O. No. 302 of 1850, and those of Her Majesty's Indian troops by G. G. O. No. 974 of 1853, these two should immediately be notified in the Gazette as repealed, and the provisions of the Royal Warrant, dated 11th October, 1843, and the instructions appended thereto, be substituted in their place, with a proviso that the Ledgers, instead of being forwarded annually to the Secretary of State for War, as at home, will be forwarded to the Secretary to the Government Savings Bank, Fort William.

3. By G. G. O. No. 635 of 1858, the balances of Invalids are remitted through the Government Savings Banks after being duly checked by the Bank on statements of balances attested by the signatures of Regimental Pay Masters, and furnished to the Bank by the Brigade Major, Queen's Troops. As the Bank will not under the new system be in a position to audit these statements except at the end of a year, I beg to suggest that a General Order be passed directing that, in all cases of remittances of Invalids' balances, copies of the Ledger accounts of the men be furnished certified by the attestation of the Regimental Pay Master, together with the statements for remittances, to enable the Government Savings Bank to check their correctness. The above should also be the rule when it is desired that the calculation of interest should be checked in any account for the security of the Regimental Pay Master in those cases in which accounts are finally closed previous to the final annual audit of the Savings Bank accounts of a Regiment.

4. I beg also to urge the advisability of directing the Regimental authorities to send to the Government Savings Bank a copy of the Regimental Ledger at the time of the annual audit, as it would entail great inconvenience to all parties if the original is lost in transit.

5. By G. G. O. No. 810 of 1855, when the deposits of soldiers reach the sum of 1,500 Rupees, the amount is invested after communication with the authorities of Regimental Banks in Treasury Notes. The method heretofore adopted for this purpose was to send a cheque on the Sub-Treasurer from the assets of the Bank under the head "General Treasury." The separation of the Military from the Civil branch of the Government Savings Bank, renders it impossible to pursue this system any longer. A reference has been made to the Accountant General in the Military Department for his opinion, in this Office letter, No. 341, dated 23rd June 1859, and the reply received from him will settle the point as to the method to be adopted in future.

6. As Military miscellaneous deposits are received in the Offices of Division Pay Masters and not in Regimental Banks, and are repaid by Division Pay Masters, under orders issued from this Office, where alone these accounts are kept from statements furnished monthly by the Pay Offices it is necessary that the practice of sending monthly returns of the transactions of this class of depositors be continued, and the instructions contained in the Military Accountant's Circular, No. 2761 of 1850-51, remain in force.

7. With a view to preclude the possibility of any over-credit or over-debit in the Regimental Ledgers remaining undetected in this Office, it is necessary that abstract statements exhibiting the sums of deposits and withdrawals of each Regiment received and disbursed on account of the Government Savings Bank by the Division Pay Masters and Pay Master Queen's Troops, should be transmitted at the end of each month by those officers for the purpose of being

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entered in the Bank's Check Ledger, from which monthly accounts current for submission to the office of the Accountant General, in the Military Department, will be prepared.

8. On receipt of a Regimental Ledger at the close of a year, it will be the duty of the Bank not merely to check the interest calculations of each account, but also to see that the aggregates of deposits and withdrawals, shewn in the Regimental Ledger, correspond with the aggregates of the deposits and withdrawals reported by the Pay Masters of the Division in which the Regiment may have been or is located.

9. By Regulation II of the Royal Warrant about Regimental Banks, the *maximum* of each soldier's deposit is limited to £ 30 in any one year, and to £ 200 in the whole. The practice here has been to allow Regimental depositors the privilege of depositing like depositors of other classes Rupees 1,500 in a year. It is desirable that a reference be made to Government for ascertaining its view as to the continuance or discontinuance of this privilege. The rate of interest ordinarily paid in this country being considerably higher than the interest paid on Regimental deposits, it appears to me not unlikely that Government may continue to the soldiers the privilege heretofore enjoyed by them in this country, and the provisions of Regulation II of the Royal Warrant may in respect to the limit be modified.

10. It appears to me further desirable that Regulation III of the Royal Warrant be also modified. In accordance with this Regulation, interest is not allowable upon any other parts of a pound sterling than 6s. 8d. and 13s. 4d. The equivalent of these sums in this country being Rs. 3-4-2-937 and Rs. 6-8-5-876 at 2s. 0½d. a Rupee, the sanctioned rate of conversion, it is evident that the adoption of this Regulation to its very letter will be attended with difficulties in the calculation of interest, which it was the special object of this Regulation to obviate. I would suggest therefore that the practice heretofore observed of disallowing interest on fractional parts of a Rupee and on sums exceeding 1,500 Rupees, be the only restrictions with regard to the allowance of interest.

11. As to the time when the business of the Bank could be conducted under the new system, I beg to state that the monthly returns for February, 1859, being the last that have been received from the Pay Master Queen's Troops, there is still sufficient time for introducing the proposed change from the current official year.

12. With regard to the establishment of the Bank, I beg to submit that the present cost of the Military branch is Rupees 1,866 a month. The additional hands that have been entertained from April last, will be dispensed with as soon as the balance sheets for the years 1857-58 and 1858-59 are completed. What further reduction I shall be able to effect under the new system I am unable to state at present with any degree of accuracy; but I think an establishment of Rupees 891 a month may be sufficient, and a saving upon the whole of Rupees 11,700 a year, or, making allowance for the cost of temporary assistants that may be necessary to entertain at the time of annual audit, which it appears to me will not exceed 1,200 Rupees a year, a clear permanent saving of from ten to eleven thousand Rupees a year will be achieved by adopting the new system.

13. Details of the new permanent establishment which I consider indispensable, I beg to note in the margin.*

* 1 Auditor and Accountant, Rupees...	500
1 General Assistant, " "	120
2 Examiners, " "	150
1 Indexer, " "	30
2 Copyists, " "	70
2 Dustrees and 1 Peon, " "	21
Rupees...	891

14. Before concluding, I consider it due to myself and my old establishment humbly to bring to your notice, that although owing to irregular transmission of the monthly returns from several Regiments and Division Pay Masters, the balance sheet of the year 1857-58 could not up to this time be prepared by me, still the labor we had to take these three years has been unprecedentedly great. We had not only to work early and late during all working days, but I with several assistants had also to work on authorized Hindoo holidays; the arrival of so many new Regiments from England has increased the number of Military depositors to upwards of 19,000, a number which no four of the Banks together in this

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Presidency can shew in their lists of constituents. If, when it is remembered that even a deposit of one Rupee entitles a constituent of this Bank to interest, the labor and responsibility of my task of auditing accounts will be clearly conceived, especially when it is considered that new hands had to be employed, and the trouble of appointing them is very great when I am held responsible for the novices as I am for those previously in the office. The interest rate too has latterly been changed several times within a short period. It was at one time $3\frac{1}{4}$ per cent, at another 4 per cent, and it is $3\frac{1}{4}$ now again. These changes have rendered the adjustment of balances not a little complex. Some Regiments had allowed only $3\frac{1}{4}$ per cent as interest throughout the year; others again 4 per cent. The discrepancies arising from this cause had to be traced out, explained and rectified. Then stood the great discrepancies which proceeded from non-transmission of monthly returns from several Regiments and Division Pay Offices. These omissions had to be traced out and reported and called for by the Bank from comparison of detailed individual accounts. Some idea of the labor it entailed could be formed from the bulk of the Bank's correspondence, which now is two times as large as that of any previous year. I am happy, however, in being able to report to you that, notwithstanding all these drawbacks, the discrepancies in the accounts of the year 1857-58 of several Regiments have now been satisfactorily adjusted, and that those in the accounts of other Regiments are in a fair way of being similarly reconciled. As soon as this is effected, the balance sheet of the year 1857-58 will be proceeded with. To do so now will be to overlook difficulties which no future labor or ingenuity will be able hereafter satisfactorily to remove.

15. The audit of the Invalids' balances and the operations connected therewith, as directed in G. G. O. No. 635 of 1858, caused no small increase to the duties of the Bank. I had then to adjust on short notice the balances of several Regiments which have returned to Europe. The labor it entailed, I am happy to find, has been duly appreciated by the Pay Masters of the several Regiments and attested by them in the certificates they were good enough to favor me with at the time of their departure. Copies of these I beg to annex for your inspection, with a fervent hope that my services with those of the assistants named in the margin,* may meet with some special consideration from yourself. And although the new system will simplify work, I regret exceedingly that several deserving men of the Establishment, old, faithful, poor, and tried servants would be thrown out of employ, which affords them the means of subsistence; and I therefore solicit for them some special consideration also.

I have much pleasure in bearing testimony to the very great assistance I have received from Hur Chunder Dutt, the Auditor of Accounts in the Government Savings Bank. To this Officer's intelligence and urbanity I attribute the speedy settlement of my accounts with the Government Savings Bank, and I consider him a very zealous and efficient Accountant, and it will always afford me great gratification to hear of his promotion and welfare.

CALCUTTA, }
10th May 1859. }
(Signed) J. L. LONGDEN,
Pay Master, 29th Foot.

This is to certify that I have received from Hur Chunder Dutt, Auditor of Accounts, Government Savings Bank, every possible assistance in adjusting my accounts with his Department, and much valuable time was saved by the promptness with which he transacts the business of his office.

CALCUTTA, }
14th May 1859. }
(Signed) THOMAS SMALES,
Pay Master, 9th Royal Lancers.

I have much pleasure in stating that Hur Chunder Dutt, the Auditor of Accounts in the Government Savings Bank, has afforded me every assistance in his power in closing the Savings Bank accounts of Her Majesty's 32nd Light Infantry, for transmission to the War Office. I fur-

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ther must add, such assistance is of much service to Regimental Pay Masters on finally closing the Bank accounts of a Regiment returning to England.

I shall indeed be glad if this statement will be of any service to him.

CALCUTTA, }
15th April 1859. }
(Signed) J. GIDDINGS,
Pay Master, 32nd Light Infantry.

Hur Chunder Dutt, Auditor of Accounts in the Government Savings Bank, appears to be a quick good Accountant and certainly a very obliging one; he rendered every assistance in closing the Bank Rolls of the 10th Foot on the departure of the Regiment for England; he has I believe given satisfaction to all who have had occasion to apply to him for information or assistance.

CALCUTTA, }
18th May 1859. }
(Signed) J. MURPHY,
Pay Master, Her Majesty's 10th Regiment.

From the Honorable E. DRUMMOND, Accountant General to the Government of India;
to J. I. HARVEY, Esq., Sub-Treasurer, Fort William, No. 943, dated 5th September 1859.

Military Department.

I have the honor to acknowledge receipt of your letter, No. 403, dated 16th July last, inviting my opinion on the propositions submitted by Baboo Hurchunder Dutt, for carrying out the orders of Government in respect to the adoption in this country of the Regulations regarding Regimental Savings Banks prescribed by the War Office for all Regiments not on the Indian Establishment.

2. This subject had attracted my attention in the early part of the present year, and on the 15th March, I submitted to Government, in the Military Department, an independent proposition with the same object. I enclose for your information copy of my letter;* as I merely received in reply a copy of the Resolution in the Financial Department which has been communicated to you, and as this left me in doubt as to whether Government had or had not approved of my suggestions, I again addressed the Secretary in the Military Department, and have recently received the reply† of which I enclose a copy.

3. You will observe that I recommended the separation of the Regimental Savings Banks from the Government Savings Bank, and that this proposal has received the approval of Government; this provision appears to me essential for the successful introduction of the alteration in system, and I would request your co-operation in carrying it into effect.

4. My letter to Government referred to above, will explain the points which it appears to me necessary to provide for in regard to restrictions on deposits, mode of calculating interest, remittance of balances of Invalids, &c.

5. I am of opinion that the best way of inaugurating the change will be by the issue of a circular in pamphlet form to which the sanction of Government should be previously obtained, and which should embody the Royal Warrant, with all necessary subsidiary explanatory directions.

6. The existing General Orders should be abrogated, and the attention of all officers concerned drawn to the new Rules thus published under authority.

7. I now proceed to notice the several points which appear to require it in Baboo Hurchunder Dutt's letter to your address of the 7th ultimo.

8. The Baboo proposes that the Regimental Ledgers should be forwarded annually to the Secretary to Government Savings Bank; regarding the Government Savings Bank when relieved of the Military Accounts, as a purely local institution, I do not think it desirable that

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any connection should be maintained between it and the Regimental Banks. If the office of the Auditor of Military Savings Banks is made one of record under the Sub-Treasurer, the same objection would not apply; but this arrangement would not in my opinion prove so economical or desirable as one under which the duties of the Auditor should be confined to an annual audit in the manner proposed in my letter.

9. In regard to the remittance of Invalids' balances, I am not aware that there is any valid objection to throwing the responsibility for the correctness of the amount remitted on the Regimental Bank Committee. If this is done, it becomes unnecessary to audit the statements here previous to transmission to England.

10. I doubt the advisability of providing as in paragraph 4 for the Regimental Ledger being kept in duplicate; the loss of documents in transmission is a very rare occurrence in this case; the loss though no doubt inconvenient would not be irremediable; the Regimental Ledger could always be made up again from the several Company Ledgers, while the expense and inconvenience caused by keeping the Ledger in duplicate would be constantly felt.

11. I have no objection to the course proposed in paragraph 7, except on the ground of expense. I am of opinion that it would be more economical if the Check Ledger were maintained in my office; the Account Current would then be unnecessary.

12. I consider it quite impracticable to introduce the change before 1st May, 1860; before this can be done, Regiments must be provided with the altered form of Ledger.

13. If the work of the Auditor is to be confined, as I think it should be, to an annual audit of the several Regimental Banks Books, establishment to the extent mentioned in the letter under consideration would not in my opinion be required.

14. The enclosures of your letter are herewith returned.

From the Honorable E. DRUMMOND, Accountant General to the Government of India; to
Major General R. J. H. BIRCH, C. B., Secretary to the Government of India, in the
Military Department, No. 8938 A, dated Fort William, 15th March, 1859.

I have the honor to solicit the consideration of His Excellency the Governor General in Council to a change which appears to be called for by circumstances in the mode of dealing with the accounts of Regimental Savings Banks.

2. When the advantages of Regimental Savings Banks in the Royal Army were extended to Regiments on the Indian Establishment, it was considered desirable that the Regimental Banks should be treated as branches of the Government Savings Banks at the several Presidency towns, and the provisions of the Royal Warrant and the rules framed by the War Office for the observance of all Regiments except those serving in India, were made to bend to the requirements of such a system.

3. The present system has always been incommodious and unpopular, with officers Commanding Regiments in Her Majesty's Regular Service, and especially so with Regimental Pay

* G. O. President in Council, No. 302 of 1850, paragraph 6.
Masters who are under it made answerable*
for the calculations in the Regimental Savings Bank returns, with the accuracy of which under the War Office system they have no concern, and it may now be said to have broken down, for under the pressure of late thrown upon the Government Savings Bank, it has been found necessary to apply to Government for a considerable increase to the Office establishment, and it has become sufficiently evident that the work cannot now be carried on with regularity and despatch without a radical change of system unless at such a cost as appears to be altogether unjustifiable.

4. The main features of the present system may be described as follows:—A statement of receipts and withdrawals of deposits is received monthly in the Government Savings Bank from every Regiment; from this are posted Ledger Accounts for each depositor; interest is

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calculated and added at the end of the year in the Government Savings Bank, and the balances of each account brought forward.

5. A return is at the close of the year received from each Regiment, showing the balance of each soldier's account as it appears in the Regimental Savings Bank Ledger; this is compared with the balances shown in the Government Savings Bank Ledgers, and any differences noted in the statement which is sent back to the Regiment; the corrections are either adopted or explanation afforded, and not unfrequently before differences can be reconciled, it is found necessary to call for copies of those depositors accounts in which they occur.

6. Under the English system, the Regimental Savings Bank Ledger is transmitted annually to the War Office accompanied by vouchers and statements which prove its correctness.

7. Two objections to the present system deserve to be noticed here:

1st.—That as there is on the strength of every Regiment a Savings Bank clerk, from whom, acting under the orders of the Officer Commanding or Adjutant, the preparation of every necessary Savings Bank account may be reasonably expected, the Government by maintaining an establishment in Calcutta for this purpose pays twice for the same work, which indeed is done twice over.

2ndly.—That the Indian system introduces sources of error not common to the War Office system; in the first place, errors may occur in the lists of deposits and withdrawals sent to the Government Savings Bank, and thus cause errors in the Calcutta Ledgers which are not in the Regimental Ledger; and in the second place, errors may occur in posting the Ledgers in Calcutta.

3. On the other hand, the annual preparation in the Regiment of the abstracts prescribed by War Office Regulations can hardly fail to lead to the detection before despatch of the accounts, of all ordinary errors of inadvertence save miscalculations of interest.

9. I propose, therefore, for the consideration of His Excellency in Council, the propriety of dis severing the connection between the Regimental Savings Banks and the Government Savings Bank, and providing for the use of those forms of account, &c., with which Regimental Officers arriving in this country from England are familiar; in fact, to introduce in this country the mode of account as regards Savings Bank transactions in use in all other parts of Her Majesty's dominions, with such slight modifications only as circumstances render unavoidable, and to accommodate the system of account and audit in the Central Office of Account to the requirements of such a system.

10. To effect this change, I would suggest the republication in G. O. of Her Majesty's Royal Warrant of 1st July 1848, with those words which are inapplicable to India, printed in italics, and the words which should be read in their place printed in the margin. Reference to the enclosure, marked A, will show with what immaterial alterations the Royal Warrant may be adopted as the foundation of the Indian Military Savings Bank system.

11. I also enclose, marked B, explanatory directions for the use of Regimental Officers. In these directions, the wording of the instructions of the War Office on this subject has been followed as far as possible, and they contain I believe all that is essential for the introduction of the change.

12. It only remains that I should explain the effect of the proposed alterations.

RESTRICTIONS.—13. At present it is uncertain how much a Military depositor may place in the Savings Bank of his Regiment; so far as the Government Savings Bank is concerned, the rule is the same as for Civil depositors, viz., that no more than Rupees 500 can be deposited at one time, nor more than Rupees 1,500 in the whole; it is, however, believed that in many Regiments the soldier is practically limited to the restriction provided in the Royal Warrant, confining his deposits to the amount of £30 (Rupees 300) in any one year; the construction put by the War Office on this rule will be adopted, viz., that deposits beyond Rupees 300 in one year may be received, but will not bear interest till the commencement of the year following; the limit for the total balance of his account will be raised from Rupees 1,500 to Rupees 2,000.

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14. It is not proposed to interfere with the soldiers' privilege of investing any sum, in even hundreds above 500 Rupees in Treasury Notes; these Notes to be retained for safe custody, if so desired, by the Sub-Treasurer, who will draw and remit the interest on application, but not otherwise; the present practice it appears is to draw the interest half-yearly and credit it to a separate Savings Bank account; the practice is not required by any order, is found to be inconvenient, and may be abandoned as unnecessary.

15. Interest is at present calculated monthly on the balance of the account omitting fractions of the Rupee and added annually to the principal; it is calculated by a native method,* which, though simple enough is not that to which Savings Bank clerks and Pay Serjeants are accustomed, and differences are very frequent.

16. It is proposed to add the interest to the principal, quarterly, but not to allow it on sums less than Rupees 2-8-0† nor on any but multiples of that amount. The difference in the amount of interest resulting from the two modes of calculation is exceedingly trifling, as will appear on inspection of the subjoined account made up in both ways; the proposed mode is, however, more in accordance with the terms of the Royal Warrant and the usage of the British Army.

PRESENT MODE.

The account is supposed to open with a balance of Rupees 100 and Rupees 8 to be deposited monthly.

PRESENT MODE					Monthly
	By balance...	...	...	...	balance.
1st month	...	...	...	100 0 0	
2nd "	...	...	deposited	8 0 0	108
3rd "	...	...	"	8 0 0	116
4th "	...	...	"	8 0 0	124
5th "	...	...	"	8 0 0	132
6th "	...	...	"	8 0 0	140
7th "	...	...	"	8 0 0	148
8th "	...	...	"	8 0 0	156
9th "	...	...	"	8 0 0	164
10th "	...	...	"	8 0 0	172
11th "	...	...	"	8 0 0	180
12th "	...	...	"	8 0 0	188
				8 0 0	196

By Interest on Rupees 1,824 for 1 month, ... 5 11 2 1,824

Rupees 201 11 2

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PROPOSED METHOD.

			Rs.	As.	P.	Interest.
	By balance	100	0	0		
1st month	deposited	8	0	0	0 5 4½	
2nd "	"	8	0	0	0 5 9	
3rd "	"	8	0	0	0 6 1½	
	By interest	1	1	3		
4th "	deposited	8	0	0	0 6 7½	
5th "	"	8	0	0	0 7 0	
6th "	"	8	0	0	0 7 4½	
	By interest	1	5	0		
7th "	deposited	8	0	0	0 7 10½	
8th "	"	8	0	0	0 8 3	
9th "	"	8	0	0	0 8 7½	
	By interest	1	8	9		
10th "	deposited	8	0	0	0 9 1½	
11th "	"	8	0	0	0 9 6	
12th "	"	8	0	0	0 9 10½	
	By interest	1	12	6		

Rupees 201 11 6

Remittances of the
balances of Invalids pro-
ceeding to England.

17. The mode of remitting to England the balances due to invalided soldiers will be much simplified; the proposed rule provides for the submission direct to my office of a list of balances due to Invalids within a fortnight of their embarkation.

18. This list will be forwarded immediately to Government for transmission to England; the previous communication which now frequently takes place between the Government Savings Bank and the Regiment, and always takes place between the Savings Bank and the General Treasury, and Office of Pay Master Queen's Troops will be entirely avoided, as the transfer from the accounts of the Regimental Savings Bank to credit of Account Current with London, will be made direct on the books of my office, and the Regimental officers will be held responsible for the correctness of the amount remitted, as is understood to be at present the case when Invalids proceed home from the Colonies; and with regard to this responsibility it is to be remarked that no error can occur save from culpable negligence, there being no room for doubt as to the real amount of a soldier's balance except perhaps hitherto in the calculation of interest which is henceforth to be calculated in a mode which is thoroughly understood.

19. This plan may, with the concurrence of the Secretary at War, admit hereafter of further simplification by providing in the case of Invalids sent to the Chatham Depot, for a transfer certificate being forwarded direct to the Staff Captain of the Depot on the authority of which he would bring the Invalids' balance on the Savings Bank books of the Depot, the certificate being forwarded to the War Office as a voucher, and admitted there with reference to the separate advice forwarded through the India Department.

20. The adoption of the change proposed will relieve Regimental Pay Masters from much work, which, although imposed upon them by the G. O. of 1850, they have always considered as foreign to their legitimate duties; it would also relieve the Pay Master, Queen's Troops, from much unnecessary work and correspondence.

21. The change would at the same time be attended by a considerable reduction of expense in the Government Savings Bank; the establishment at present employed on the accounts of Military depositors amounts to Rupees (12,000) twelve thousand annually, but this establishment is found to be insufficient, and proposals are now before Government by which the annual charge will be raised to Rupees (23,280) twenty-three thousand two hundred and eighty.

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22. In place of this it will be necessary to maintain a Check Ledger-keeper in my office on a monthly salary of say Rupees (70) seventy, assisted perhaps by a writer on Rupees (30) thirty, who would aid in keeping the forms to be supplied on indent, fair writing, filling vouchers, &c. The annual charge in my office would be not more than Rupees (1,200) one thousand and two hundred.

23. In addition to this an annual expenditure will have to be incurred for the audit of the accounts when received from Regiments, as it is very desirable that this audit should be completed as soon as possible after receipt of the accounts. I am disposed to recommend as the best means of attaining this object that a certain sum in the shape of a consolidated fee should be awarded by Government on the receipt and approval of the Auditor's report. The fee should I think be a liberal one; the amount can hardly, however, be fixed before-hand, as it must depend in some measure on the staff which the Auditor may find it necessary to engage for his assistance. Supposing the Government allow the sum of Rupees (2,500) two thousand and five hundred, and I do not think it will be found necessary to exceed this sum, a saving will accrue of Rupees (19,580) nineteen thousand five hundred and eighty, as per margin,* when compared with the establishment now considered necessary for the satisfactory working of the Office, and of Rupees 8,300 as compared with the existing establishment.

* Present Establishment	12,000	
Additional required.....	11,280	23,280
Under new system.		
In Accountant General's		
Office.....	1,200	
Audit fee.....	2,500	3,700
Saving Rupees	19,580	

24. It is very desirable that the change if sanctioned should have effect from the 1st May, the commencement of the ensuing official year, and as it will be necessary to provide large numbers of printed forms in anticipation, I have the honor to request that I may be favored with the orders of Government at the earliest possible opportunity.

25. It may be proper to arrange hereafter for the extension to the other Presidencies of the change proposed; but I would earnestly solicit that the change in Bengal may not be postponed on this account, and as the change is not in favor of any new scheme, but the adoption merely of the English system, there can I think be no room for doubt as to the concurrence of the Right Honorable the Commander-in-Chief, and I would request, should the Government be disposed to approve of the change, that intimation to this effect may be given to me in anticipation of Lord Clyde's concurrence.

26. The same rules ought to be held applicable to the European Regiments of the Indian Army, the only variation being the substitution of the Agency of the Town Major for that of the Brigade Major Queen's Troops, in the remittance of Invalids' balances.

P. S. An interest Table will be circulated with the forms. Reference to it will however, be rarely necessary, as the calculation mentally is exceedingly simple, the interest, monthly, being at the rate of 1 anna per 20 Rupees and $\frac{1}{4}$ th of an anna for every $\frac{1}{4}$ th of 20 Rupees.

Thus required the interest on Rupees 57-8. Ans. 2 annas 10 $\frac{1}{2}$ pies.

Viz., Interest on 40 Rupees 2 annas.

And on 17 $\frac{1}{2}$ Rupees 10 $\frac{1}{2}$ pies or $\frac{1}{4}$ th of an anna.

Required interest on Rupees 105. Ans. 5 annas 3 pies.

Viz., 5 times 20 „ $\times \frac{1}{4}$ of 20 Rupees.

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From Major General R. J. H. BIRCH, c. B., Secretary to the Government of India, Military Department; to the Accountant General, Military Department, No. 916, dated Fort William, 18th July 1859.

Military Department.

In reply to your letter, No. 84 of the 8th ultimo, soliciting definite instructions regarding the disavowing the connection between Regimental Savings Banks and the Government Savings Bank, I am directed to inform you, that, in the Minute of Council, forwarded with this office docket, No. 1250, dated 28th May last, it was intended that the proposition made in paragraph 9 of your letter, No. 8938 a of the 15th March 1859, should be adopted in its integrity.

FINANCIAL DEPARTMENT RESOLUTION.

The Honorable the President in Council is pleased to approve the arrangements proposed above by the Accountant General to the Government of India, and the Sub Treasurer, Fort William, and to resolve that the Military branch of the Government Savings Bank at this Presidency be abolished from the 1st May 1860, and that, in lieu of it, Regimental Savings Banks be established, the accounts of which will be audited annually and adjusted by the Accountant General, a notification to this effect being issued in the Calcutta Official Gazette.

2. His Honor in Council is also pleased to resolve, that the annual audit shall be conducted by 2 or more Auditors to be annually appointed by the Government at a cost not exceeding Rupees 2,500 per annum, the number of Auditors that will be necessary being reported by the Accountant General.

3. His Honor in Council further resolves, that the whole cost of the establishment for the disposal of the accounts of the Regimental Savings Banks, be fixed at Rupees 3,700 per annum, giving a saving (as per margin) of Rupees 8,300 per annum; and he directs that the Accountant General be requested to submit for sanction a code of instructions for the guidance of the Regimental Banks and Pay Masters.

Present Establishment.....	12,000 per annum
Establishment in Accountant	
General's Office.....	1,200
Audit fee.....	2,500
Saving Rupees	8,300 per annum

Ordered, that a copy of the above be sent to the Accountant General to the Government of India, and the Sub Treasurer, Fort William, for information and guidance.

Ordered, also, that a copy be sent to the Governments of Madras and Bombay, for information.

Ordered, further, that the notification regarding the abolition of the Military branch of the Government Savings Bank at Calcutta, be published in the Calcutta Official Gazette.

(A True Extract.)

(Signed) C. HUGH LUSHINGTON,

Secretary to the Government of India.

No. 19. ORDER THEREON, 26th November 1859, No. 655.

Ordered that a copy of the above Resolution and accompanying papers be forwarded to the Accountant General, and that he be requested to report whether the arrangements for the substitution of Regimental Savings Banks in lieu of the Military branch of the Government Savings Bank which has been sanctioned for the Bengal Presidency might advantageously be adopted for this Presidency; and if so, what steps should be taken for the purpose and what saving would thereby be effected.

(Signed) T. PYCROFT,
Chief Secretary.

Exd. S. T. Augustin.

Financial Department.

Proceedings of the Madras Govt.

Read the following
Extract from the Proceedings
of the Govt of India, in the
Financial Department.

(Dated 29th October 1859)

Order thereon. 26th Nov^r 1859 No 155.

Ordered that a
copy of the above Resolu-
tion and accompanying
papers be forwarded to
the Accountant General,
and that he be requested
to report whether the ar-
rangements for the sub-
stitution of Regimental
Savings Banks in lieu
of the Military branch
of the Govt Savings bank
which has been sanctioned
for the Bengal Presidency
might advantageously
be adopted for this
Presidency; and if so,
what steps should be taken
for the purpose and
what saving would
thereby

LG

M

WV

we have no objection to the
proposed arrangement & have
no objection to the
proposed arrangement & have

thereby be effected.

Jp

20 Nov 1852

1852

To the Assistant General. Supd. &c.

No of Govt 20 above
Jumma 1859. August 11.

No 655

Proceedings of Govt.

Dated 26 Nov 1859.

Regarding the Amendment
to some the Provisions of the
Act of India dated 29th October and
the accompanying Provisions will be for-
warded to the Govt. under the above
number for the consideration of the
Minister of the Public Works
of the Madras branch of the
Government to the Madras branch
which has been sanctioned for the
Bengal Presidency, may at ad-
vantage be adopted for
the Presidency. 

Copied

18-19

18-20