

MADRAS RECORD OFFICE.

Government of Madras.

Financial DEPARTMENT.

G.O. No. 185	Press ~~Mis.~~
Dated 4 th May 1860	

B. No

11/12

Not to be folded or roughly handledP
29-8-31

*Proceedings of the Madras Government, Financial Department,
for the month of May 1860.*

No. 11. Read the following Proceedings of Government, in the Military Department, dated
7th March 1860, No. 941.

*Directing the discontinuance of the connection
between Regimental Savings' Bank in Euro-
pean Regiments and the Government Savings'
Bank at each Presidency.* } (*Vide Proceedings, Military Department, from
1st to 10th March 1860, Nos. 171 at 173.*)

No. 12.

ORDER THEREON, 4th May 1860, No. 185.

To be recorded.

(Signed) T. PYCROFT,
Chief Secretary.

2

Proceedings of the Madras Government, Financial Department.

Read the following Extract from the 'Proceedings of the Government of India, in the Financial Department, dated 17th June 1859, No. 5050.

Read the following letter from the Sub-Treasurer, Fort William, 22nd January, 1859, No. 991 ;
to the Secretary to the Government of India, Financial Department, No. 310.

<i>Ledger Keepers.</i>									
2	at 25...	...	...	...	...	...	...	...	50
3	at 30.	...	...	...	...	...	...	...	90
3	at 40...	...	...	...	...	...	...	...	120
<i>Examiners.</i>									
1	at 60...	...	...	...	...	...	...	...	60
2	at 50.	...	...	...	...	...	...	...	100
1	Record Keeper...	...	...	...	...	...	...	...	80
1	Balance Sheet Clerk...	...	...	...	...	...	...	...	30
1	Duftry...	...	...	...	...	...	...	...	10
									<i>Rupees... 540</i>

3. I beg to state that after the expiry of one year, a report will be submitted to Government on the state of business in the Bank, which will enable the Government to determine what the permanent strength of the Bank's Establishment should be.

5. With reference to the 3rd paragraph of the Actuary's memorandum, dated 15th January, in which he proposes that the supervision of the Military and Civil Departments of the Government Savings' Bank be confided to two distinct Actuaries, I beg to state, that the division of responsibility and labor will no doubt ensure correctness and despatch of business of the Bank, the more especially as the duties are different; those of the Military Department being that of audit as well as of account, and those of the Civil Bank that of an ordinary Bank. Should Government be pleased to determine that the two offices should be placed under two distinct heads, I would therefore propose that the Military Government Savings' Bank be placed in charge of the present Actuary under the style of "Auditor and Accountant of the Military Government Savings' Bank," and the Civil Bank under that of the present Deputy Actuary under the style of "Actuary of the Government Civil Savings' Bank," and that the head Examiner in each department be empowered to conduct the duties of the Banks during the temporary absence, from sickness or otherwise, of either of the heads of the two Departments of the Bank. The head of each Department will be held responsible for his *nominees* in the same manner as Babool Hur Chunder Dutt is at present held responsible for the acts of all his subordinates.

6. I beg to note that the duties of the Auditor and Accountant of the Military Government Savings' Bank, are very laborious and responsible, great trouble and care being required to examine and audit a ponderous mass of statements from Pay Masters, and to open and keep each individual account. I would therefore recommend that, in consideration of the great increase of work that has devolved on Baboo Hur Chunder Dutt, the Government will be pleased to fix a salary commensurate with the labour and responsibility of the post. His present pay is Rupees 350 per mensem. The salary of 200 Rupees is at present received by the Deputy Actuary. It is for the Government to determine whether this will be sufficient for the post of the Actuary of the Civil Government Savings' Bank.

7. I need not state that in consequence of the large number of European troops, about 80,000 in number, that are at present located in India, the work of the Military Department of the Bank has increased in the same ratio as the Army has been increased. It is therefore of the utmost importance that its Establishment should be so strengthened as will not only prevent the accumulation of arrears but also enable it to discharge its duties with accuracy and despatch. Under these circumstances, I have deemed it necessary to recommend for the favorable consideration of Government the increase solicited, for a period of one year only.

8. But as by assimilating the Regimental Savings' Bank Regulations which are in force in India, with the Royal Warrant and Regulations regarding Regimental Savings' Banks elsewhere, a reduction in labor would, it appears to me, be effected in the Military Government Savings' Bank, as at present constituted; I beg to state for the consideration of Government, that I feel it my duty, in applying for an increase of establishment, to submit, as the Government of India has been now transferred from the Honorable the East India Company to Her Majesty's Government, whether it be not advisable under the altered circumstances of the case that the Royal Warrant and Regulations regarding Regimental Savings' Banks should be adopted in India as elsewhere in the British dominions. By the 17th Clause of the Royal Regulations above referred to, the monthly statements of each Troop or Company are to be transmitted to the War Office at the end of each year. If the same practice were adopted in India, and the monthly statements of Pay Masters were transmitted to the Bank annually, instead of monthly, as at present, the work of the Bank would, no doubt, in no considerable degree, be reduced, as there can be no question that the intermediate references, which are now made on the receipt of monthly statements, would be obviated, if the whole of the year's transactions were at once placed before the Bank. It is true that by the adoption of this practice a greater amount of responsibility would devolve on Regimental Pay Masters, and it would reduce in some measure the responsibility of the Bank, as the Regimental Pay Master would have to pay and receive money during the 12 months, without any aid or check from the Bank; but if the practice has been found to work well wherever Her Majesty's Troops have been serving, except in India, there appears to be no reason to suppose that it would not work as well in the territories of the late East India Company, now that they are under Her Majesty's Government, nor does there appear to be any reason why these territories alone should be excepted from the observance of those regulations which are observed and obeyed in all Her Majesty's Colonial Governments, or wherever the Troops may be serving. Should Government be pleased to assimilate and direct the adoption of these regulations in so far as it is practicable for the observance of all Regimental Savings' Banks in India, I would in that case, on the expiry of the 12 months, submit a report exhibiting the state of business then in the Bank, and the Establishment which it will be necessary to entertain permanently for the performance of the business, in conformity with any alterations of the regulations which Government may please to make. But as the establishment at present solicited is urgently required, to prevent further accumulation of arrears, I would strongly recommend that the sanction of Government be promptly given for its entertainment leaving for further consideration the strength of the Establishment that will be necessary to be maintained permanently.

9. In conclusion I beg to state that I see no reason for convening a meeting of the Members of the Committee of the Bank, as solicited by Baboo Hur Chunder Dutt, as I am satisfied that the increase solicited is urgently needed and as the Committee cannot be a better judge of the requirements of the Bank than the Secretary who conducts its duties.

FINANCIAL DEPARTMENT.

Ordered that a copy of the foregoing letter be forwarded to the Committee of Management of the Government Savings' Bank, Calcutta, for report on the Sub-Treasurer's proposition as regards the Establishment appertaining to the Bank.

Ordered also, that a copy of the foregoing letter be forwarded to the Military Department, for consideration of the 3rd Proposition of the Sub-Treasurer, viz., that as the Government of 992. India has been transferred from the Honorable East India Company to Her Majesty's Government, the Royal Warrant and Regulations regarding Regimental Savings' Banks should be adopted in India, as elsewhere in the British dominions.

(A true Extract.)

(Signed) C. HUGH LUSHINGTON,
Secretary to the Government of India.

Read Extract of the Proceedings of the Supreme Government in the Military Department, dated 28th Ultimo, No. 1249.

RESOLUTION.—The Governor General in Council observes that in January last, the Sub-Treasurer, in applying for an increase of establishment for the Government Savings' Bank, to carry on the increased work of the Bank, proposed that as the Government of India had been transferred from the Honorable East India Company to Her Majesty's Government, the Royal Warrant and Regulations regarding Regimental Savings' Banks should be adopted in India as elsewhere in the British dominions, observing at the same time that by the 17th Clause of the Royal Regulations above referred to, the monthly statements of each Troop or Company are to be transmitted to the War Office at the end of each year, and that if the same practice were adopted in India, and the monthly statements of Pay Masters were transmitted to the Bank annually, instead of monthly, as at present, the work of the Bank would no doubt in no considerable degree be reduced, as there can be no question that the intermediate references which are now made on the receipt of monthly statements would be obviated if the whole of the year's transactions were at once placed before the Bank.

2. The Sub-Treasurer's proposition having been referred to the Military Department for consideration, that Department intimates that it is the opinion of the Right Honorable the Commander-in-Chief, that it is highly desirable that the Royal Warrant referred to should be adopted in India as elsewhere in the British dominions, and that His Excellency the Governor General in Council is pleased to authorize the immediate adoption of the proposal of the Sub-Treasurer, Fort William, and requests that the necessary orders for carrying the same into effect may be issued by this Department.

3. The Governor General in Council is accordingly pleased to direct that the Royal Warrant and Regulations regarding Regimental Savings' Banks be adopted throughout India.

ORDER.—Ordered that a copy of the foregoing Resolution be forwarded to the Sub-Treasurer, Fort William, with reference to his letter above adverted to, and with a request that the report referred to in paragraph 8 of the above letter may be submitted as therein proposed.

Ordered, also, that a copy of the Resolution and of the paper noted in the margin, be communicated to the Governments of Madras and Bombay, with a request that measures may be adopted for the introduction into the Savings' Banks at those Presidencies also of the Royal Warrant and Regulations.

(A true Extract.)

(Signed) C. HUGH LUSHINGTON,
Secretary to the Government of India.

ORDER THEREON, 11th July 1859, No. 377.

Ordered to be communicated to the Acting Sub-Treasurer and Secretary to the Government Savings' Bank, who will give effect to the foregoing Resolution of the Government of India; and also to the Accountant General for information and guidance.

(True Extract.)

(Signed) T. PYCROFT,
Chief Secretary.

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 the Sub Treasurer, Fort William, 19th September 1859, No. 413; to the Secretary to the Government of India, Financial Department.

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' Banks.

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 Hur Chunder 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 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.....	Rs. 500
1 General Assistant ..	120
2 Examiners... ..	150
1 Indexer.....	30
2 Copyists	70
2 Duftries and 1 Peon.....	21
Rupees...	891

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

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 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
Additional required..	11,283
Under new system.	23,280
In Acct. General's Office...	1,200
Audit fee.....	2,500
	3,700

Saving Rs. 19,580

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.

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

Proposed annual expense of the new system by Baboo Hur Chunder Dutt.

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

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

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

*From the Auditor and Accountant, Military branch, Government Savings' Bank, Fort William,
7th July 1859; to Sub-Treasurer, Fort William.*

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 were 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

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 £36 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. 3-4-2937 and Rs. 6-8-5876 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 Dutries 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 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 3¼ per cent, at another 4 per cent, and it is 3½ now again. These changes have rendered the adjustment of balances not a little complex. Some Regiments had allowed only 3¼ 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.

*Sreenauth Bose.
Sama Sunker Doss.
Boycuntnath Banerjee.
Kedarnath Ghose.
Kedarnath Dutt.
Sreenath Ghose.

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 further 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 Accountant General to the Government of India, Fort William, 5th September 1859, No. 943; to the Sub-Treasurer, Fort William.

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 Hur Chunder 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

* No. 8938 A, dated 15th March 1859.

ment 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 Hur Chunder 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 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, an establishment to the extent mentioned in the under consideration would not in my opinion be required.

14. The enclosures of your letter are herewith returned.

From the Accountant General to the Government of India, Fort William, 15th March 1859, No. 8938, A; to the Secretary to the Government of India, in the Military Department.

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 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

* G. O. President in Council, No. 302 of 1850, paragraph 6.

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 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.

8. 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 re-publication 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.

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† 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.

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

PRESENT MODE				Monthly balance.
	By balance...	...deposited	...100 0 0	108
1st month...	...	...	8 0 0	116
2nd " "	...	...	8 0 0	124
3rd " "	...	...	8 0 0	132
4th " "	...	...	8 0 0	140
5th " "	...	...	8 0 0	148
6th " "	...	...	8 0 0	156
7th " "	...	...	8 0 0	164
8th " "	...	...	8 0 0	172
9th " "	...	...	8 0 0	180
10th " "	...	...	8 0 0	188
11th " "	...	...	8 0 0	196
12th " "	...	...	5 11 2	1,824
By Interest on Rupees 1,824 for 1 month,...				Rupees 201 11 2

PROPOSED METHOD.				Interest.
	By balance...	Rs. A. P.	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	
4th " "	By interest deposited	1 1 3	0 6 7½	
5th " "	"	8 0 0	0 7 0	
6th " "	"	8 0 0	0 7 4½	
7th " "	By interest deposited	1 5 0	0 7 10½	
8th " "	"	8 0 0	0 8 3	
9th " "	"	8 0 0	0 8 7½	
10th " "	By interest deposited	1 8 9	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 proceeding to England.

17. The mode of remitting to England the balances due to Invalid 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.

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.

From the Secretary to the Government of India, Military Department, Fort William, 18th July 1859, No. 916; to the Accountant General, Military Department.

In reply to your letter, No. 84 of the 8th ultimo, soliciting definite instructions regarding the dis severing 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 Rs. 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 3,700 per annum
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.

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.

Read also the following letter from R. P. Harrison, Esq., Accountant General; to the Chief Secretary to Government, Fort Saint George, dated 26th January 1860, No. 409.

1. I have the honor to acknowledge the receipt of Extract of the Order of Government dated the 26th of November last, No. 655, forwarding copy of the Proceedings of the Government of India, in the Financial Department, under date the 29th of October 1859, and directing me to report whether the arrangements for the substitution of Regimental Savings' Banks, in lieu of the Military branch of the Government Savings' Bank, which have been sanctioned for the Bengal Presidency, might be advantageously adopted for this Presidency, and if so, what steps should be taken for the purpose and what saving would thereby be effected.

2. Before submitting the report called for by the Government, I considered it advisable to consult the Sub-Treasurer, who is ex-officio Secretary to the Government Savings' Bank, and I beg now to forward, in original, a letter from that Officer No. 777 dated 19th instant.

3. The Royal Warrant of the 11th October 1843, the introduction of which in the Savings' Banks through India was authorized by the Government of India, in their orders in the Financial Department dated the 17th June 1859, enjoins the regular posting of the books and their audit by a Committee of Regimental Officers at stated periods,—it also directs the submission of the Regimental Ledgers for audit to the Secretary at War annually, and it is quite clear that, with its introduction, the regular functions of the Officers of the Government Savings' Banks, in connection with Regimental Savings' Banks, must cease and determine, as the two systems are incompatible with each other.

4. It appears to me, therefore, that the principal points which require to be determined are, first, the Office in which the Annual Audit of the Regimental Savings' Bank Ledgers shall be conducted, by whom, and at what expense—and secondly, in what way the deposits of men who from any cause have proceeded to Europe or the Colonies, may be remitted to the Government Authorities there.

5. The present establishment of the Fort Saint George Government Savings' Bank, which (as Government are aware) has lately been found quite inadequate to the work,—is as follows :

Actuary.....	Rupees 230
Accountant.....	105
Do.	50
Do.	30
Do.	25
3 Do. at Rupees 20.....	60
Do.	15
Shroff.....	17½
Moochee.....	10½
2 Gollahs at Rupees 8.....	16
2 Peons at Rupees 7.....	14

Rupees..... 573 per mensem,

or Rupees 6,876 per annum, irrespective of contingent expenses.

6. The Government of India, on the 29th October 1859, resolved upon the abolition of the Military branch of the Government Savings' Bank at Fort William, from 1st May next, and the establishment in lieu of it, of Regimental Savings' Banks, the accounts of which are to be audited annually and adjusted by their Accountant General, (in lieu of the Secretary at War) allotting to that Officer an additional establishment of Rupees 100 per mensem, and providing that the annual Audit of the Regimental Ledgers shall be conducted by two or more Auditors, to be annually appointed by the Government.

7. The constitution, however, of the Savings' Banks at Forts William and Saint George differs very materially ; in Bengal there are already two large and expensive establishments, the one Military, the other Civil,—and the former, large as it already is, has been found to be much too small to conduct the duties under the existing system : but a totally different system has prevailed here, the Establishment is not (nor can it be conveniently) divided, and though, as stated by Mr. Sandeman, sufficient to carry on the Civil branch of the work and the yearly Auditing of the Regimental Savings' Bank Ledgers, it would scarcely be possible to reduce it, if the latter duty was transferred to other hands. The adoption of arrangements similar to those which have been sanctioned in Bengal would in fact involve an increase, and not a decrease, of expenditure.

8. In preference, therefore, to the adoption of the plan proposed for Bengal, I would recommend the continuance of the present institution, abandoning the writing-up of the individual accounts of the Military depositors, and substituting an Account Current with each Regiment, Corps, Battalion, &c., leaving the details, in the interim between the close of one year and another, strictly in the hands of the Regimental Officers as contemplated by the Warrant. This duty it would be possible for the present Establishment to perform, whereas the keeping of the individual Ledgers is impossible, and moreover, has not been done since the increase of the number of British Troops.

9. The Sub-Treasurer, in his concluding paragraph, proposes that the salary of the Actuary be raised to Rupees 400,—that his designation be changed to that of " Assistant Sub-Treasurer and Actuary of the Government Savings' Bank, and that he may be permitted to have the benefit of his services in the General Treasury. I understand from Mr. Sandeman that he has made a separate application to Government regarding the allowances of the Actuary, and it is not therefore necessary that I should notice this part of his communication, further than to express an opinion that the salary of the Office is very small and should, I think, be raised to 300 Rupees; to which extent, I am informed by Mr. Peachey, that it was the intention of the late Commission for the Revision of Public Establishments to recommend that it should be increased.

10. As regards the second point referred to in paragraph 4, I consider that all amounts to the credit of depositors (in the Regimental Ledgers) who may proceed either to Europe or the Colonies should be remitted to the authorities there, upon the responsibility, so far as the Audit

is concerned, of the Regimental Officers, for so much of their deposits and withdrawals as may have been made since the Annual Audit of the Regimental Ledger. This has always been the case more or less, but henceforward it should be the rule, and the Savings' Bank balances of Invalids &c. of both Her Majesty's Armies, be remitted as at present by the Secretary of the Savings' Bank, he debiting the account of the Regiment referred to in paragraph 8.

From the Secretary to the Government Savings' Bank, Fort Saint George, 19th January 1860, No. 777 ; to the Accountant General Fort Saint George.

I have the honor to acknowledge the receipt of your letter, No. 1693, dated 7th instant, forwarding copy of Extract from the Proceedings* of the Government of India, No. 8933, dated the 29th October last, and calling upon me to report whether the arrangements for the substitution of the Regimental Savings' Banks in lieu of the Military branch of the Government Savings' Bank sanctioned for the Bengal Presidency might not advantageously be adopted for this Presidency, and what amount of saving would thereby be effected.

2. I do not think that it will be advisable to carry out arrangements here exactly similar to those sanctioned for the Bengal Presidency, as if carried out, the new plan in its integrity would be productive of an increase rather than a reduction of expenditure.

Actuary.....	230	0	0
Accountant.....	105	0	0
Deputy Accountant.....	50	0	0
1 Writer.....	30	0	0
Assistant Accountant.....	25	0	0
3 Writers, each 20.....	60	0	0
1 do.	15	0	0
Shroff.....	17	8	0
Moochee.....	10	8	0
2 Gollahs, each 8.....	16	0	0
2 Peons, each 7.....	14	0	0

Rupees... 573 0 0

Royal Warrant will so far arrest this growing evil that the present establishment will be able to carry on the Civil branch of the work, (which has considerably increased) and also the yearly auditing of the Regimental Savings' Bank Ledgers as contemplated in your letter, No. 1281, dated 8th November 1859. This modification appears to me the most economical arrangement, and is better adapted to the circumstances of this Presidency, as by placing the whole of the present establishment on the periodical work, all accounts may be audited within a month, without any additional expense in the shape of salary of a special Ledger-keeper and fee* for Auditors, which the Bengal plan entails.

3. I have said that practically there has never been a separation of the establishment into Military and Civil branch, but this has more particularly been the case since the appointment of the present Actuary, who at once appreciated the advantage of working unitedly with a small establishment. By separation each division would have been unequal to its individual work, but by a union of strength the entire agency was better able to carry on its work. For this reason Mr. Clark considered it undesirable to confine any man to one particular duty, and moreover in the event of the absence of any one man on account of sickness or other cause, the particular work that he was engaged on would be delayed ; he therefore, with the sanction of the then Secretary, indiscriminately portioned out the work, as it was received in the office ; thus making every one in the Bank familiar with all its duties and at the same time economizing the resources of a limited agency. I need scarcely say that this principle has been found in every way successful.

4. In a financial point of view, the proposed plan of separating the audit of the Regimental Banking accounts will involve an additional expense of 3,700 Rupees, to meet which I am not prepared to make any reduction in the existing establishment of the Government Savings' Bank, while the modification now proposed will be attended with no additional expense, (excepting one item) and the work will be as efficiently performed by the Savings' Bank as by separate and paid Auditors.

5. The special item to which I refer is an increase of salary to the present Actuary of the Savings' Bank, who will take up and be directly responsible for the auditing of the Regimental Ledgers, &c. The claim he had for a better rate of recompense than he now receives was felt and acknowledged even on the existing footing of the Bank. In a letter of the Directors, dated 10th August last, Mr. Clark's salary was recommended to be raised to 400 Rupees a month ; and

the Commissions on public establishments to whom the proposition was referred considered that the arguments for the increased salary of the Actuary were good and valid, but they deferred any expression of opinion until the arrears should be brought up. In now strongly recommending that Mr. Clark may be allowed a salary of 400 Rupees, I would unite with it a further proposition regarding the General Treasury, but without any extra expense. I feel that the Sub-Treasurer needs the aid of a responsible Uncovenanted Assistant, and such aid will be more especially expedient now that by the formation of one Department of account for the whole of British India, the General Treasury is likely to have a frequency of change in its Covenanted Head. At present the Treasury establishment is divided into branches, with ill-paid heads to each, and there does not exist that unity of Uncovenanted control in details which is so essential in the working of large and important offices. The double office I propose is by no means unprecedented. Indeed it is analogous to my own position. I as Sub-Treasurer am "ex officio" the Secretary of the Savings' Bank, and my proposal is to have one responsible individual as my Principal Assistant in both my offices. The assistance I advocate was enjoyed by former Sub-Treasurers when the Accountant to the Government Bank and the Actuary of the Savings' Bank were one and the same individual; and even afterwards on the abolition of the former establishment, Mr. C. A. Johnston, who drew a salary of 530 Rupees was (under the views of the late Court of Directors, viz., that he should be appointed to some other duties in addition to his own, in order that his salary may be really earned) attached to the General Treasury as a General Superintendent, though this arrangement was one of the office and not formally authorised by Government. But when Mr. Clark was appointed Actuary of the Bank on the reduced allowance of Rupees 230, his services could not be brought to bear in the General Treasury, when such salary was considered insufficient for his substantive appointment; I beg therefore to repeat my recommendation that the Actuary of the Savings' Bank be allowed a salary of 400 Rupees a month, and that I be permitted to have the benefit of his services in the General Treasury; his designation being changed to that of "Assistant Sub-Treasurer" and "Actuary of the Government Savings' Bank."

ORDER THEREON, 24th February 1860, No. 85.

Ordered that the foregoing papers be referred to the Military Department for consideration.

(True Extract.)

(Signed) T. PYCROFT,

Chief Secretary

ORDER, No. 941, 7th March 1860.

* Proceedings of Supreme Government, Military Department, 28th May 1859, No. 1249, para. 3.
 "The Governor General in Council is accordingly pleased to direct that the Royal Warrant and Regulations regarding Regimental Savings' Banks be adopted throughout India."
 Financial Order 17th June 1859, No. 5050.
 Communicating Resolution &c. to the Governments of Madras and Bombay, with a request that measures may be adopted for the introduction into the Savings' Banks at those Presidencies also of the Royal Warrant and Regulations.
 Resolution Financial Department, 29th October 1859, No. 8933.
 Notification by Government of India 29th October 1859, No. 92.
 "Notice is hereby given that the Honorable the President in Council has been pleased to resolve, that the Military branch of the Government Savings' Bank at Calcutta, shall be abolished from the 1st of May 1860, and that, in accordance with the Royal Warrant and Regulations regarding Regimental Savings' Banks, Regimental Savings Banks shall be established in lieu thereof, the accounts of which will be audited annually and adjusted by the Accountant General to the Government of India, the annual audit being conducted by two or more Auditors to be annually appointed by the Government of India."

2. His Honor in Council concurs in the views of the Accountant General that, instead of arrangements similar to those sanctioned in Bengal for conducting the annual audit of the accounts of the Regimental Savings' Banks, which would involve an increase of expenditure in this Presidency, it is advisable that the duty should be performed here in the Madras Savings' Bank.

3. The course proposed in paragraph 10 of the Accountant General's letter, as regards the remittance of the deposits of men proceeding to Europe or the Colonies, is approved.

4. The rules on the subject of Regimental Savings' Banks published in G. O. G. G. 23rd May 1850, being superseded by the new measures, application will be made to the Government of India (with reference to the papers noted in the margin) for a copy of the Regulations framed in lieu thereof, being furnished to this Government as early as practicable.

From Accountant General to Government of India, to Secretary Government of India, 15th March 1859 No. 8933, A, para. 10.
 Financial Resolution of Government of India, 29th October 1859, No. 8933, para. 3, concluding Clause.

To the Offg. Secy. to the Govt. of India, M. D. | Here enter 7th March 1860, No. 942.
 (True Extract.)

M. D. Marshall
 Acting Secretary to Government.

To the Accountant General. *With 3 spare Copies*
 " Financial Department.
 " Adjutant General.
 " Dy. Adj. Genl. H. M.'s British Forces.
 " Secretary to the Government Savings' Bank.
 " Military Auditor General.

Exd. T. Dunn.

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