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MADRAS RECORD OFFICE.

Government of Madras.

Genl DEPARTMENT.

G.O. No.	<u>143</u>	Press Mis.
Dated	<u>16-3-</u>	<u>1861.</u>

Not to be folded or roughly handled

No. 38. Read the following letter from C. H. LUSHINGTON, Esq., Secretary to the Government of India, Financial Department, to the Military Finance Department, dated Fort William, Council Chamber, the 26th February 1861, No. 1,929.

I am directed to acknowledge the receipt of your President's letter, No. 69a, of the 9th instant, and, in connection with what is stated in the 2nd paragraph, to observe that, if you refer to the Estimates furnished to this Department by the Accountant General to the Government of India and the Accountant to the Government of Punjab, you are in error in supposing that the Punjab Force has been twice charged.

2. It is true that the expenditure on account of that Force was entered, with the rest of the Military Expenditure of the Bengal Presidency, in the Estimates furnished by the Military Auditor General to the Accountant General to the Government of India; but you do not seem to be aware that the said expenditure, *being debitable to the Civil Department*, has always been struck out of the Return of Military Expenditure (properly so called) of the Bengal Presidency, sent by the Accountant General to my Department, and that an Abstract of the said expenditure has been communicated by him to the Accountant of the Punjab for amalgamation with the Punjab Returns.

3. I am further desired to observe, with reference to the 5th paragraph of your letter, that you are mistaken in supposing that any error was committed in calling upon you to forward to the Accountant of the Punjab the Estimates of Military Expenditure of the Punjab Frontier Force; such being the course intended in paragraph 51 of the Report of the Budget and Audit Committee, No. 6, of the 27th October 1860.

4. But it appears to His Excellency in Council, on further consideration of the subject, that the course prescribed in that paragraph admits of some modification. The Punjab and all similar Local Corps under Local Governments or the Government of India, are, he observes, to all intents and purposes part of our Regular Army, and it is important that their cost should not be shewn as a separate local charge, or under any head of Civil Expenditure, but in one uniform view of the Military Expenditure of India.

5. Any classification of Military Expenditure for statistical information can, moreover, be done better at Calcutta than Lahore, and the Punjab ought to be debited in any real account of its profit or loss with the cost of its European or Native Regiments of the Bengal Army, just as much as with its Local Frontier Force.

6. This, His Excellency in Council thinks, was clearly the meaning of the Order of the 6th July 1860; and the practical working ought, he considers, to be as follows:—

I. The Military Finance Department should prepare the Forms in which the Estimates of all Military Expenditure, whether General or Local, ought to be returned, for the sake of clearness and uniformity, and these Forms should be communicated by them to the parties who have to make the Returns, for their guidance.

II. Where there is a separate Army, with a separate Establishment of its own for Account and Audit, as at Madras and Bombay, the Controller of Military Finance, under the orders of the Military Finance Department, frames the Estimates or collects them from the Local Officers, (whose business it is to fill their portion, in as far as possible, from actual data) and forwards them to the Local Deputy Auditor General, for incorporation in the General Estimate of the Local Government, who will exercise their own judgment and responsibility in revising and reducing such Estimate before submitting it finally to the Supreme Government. In order to save time, the Military Finance Department will of course be at liberty to call upon their Controllers to furnish them with copies of Military Estimates at any stage of their preparation, without waiting for their revision by the Local Governments.

III. In those divisions of the Empire where there is no separate Local Establishment for Military Account and Audit, and the work is now done at Calcutta, the Local Estimates should all be forwarded under the orders of Military Finance Department, whether they relate to Forces forming part of the Bengal Army, or to Forces under the Local Government; or when all the materials *exist* in Calcutta, the Military Finance Department may at once frame these Estimates.

*Proceedings of the Madras Government, Financial Department,
16th March 1861.*

IV. The Military Finance Department will revise all these Estimates, whether sent to them direct or through the Local Governments, and report on them to the Supreme Government, who, after weighing the recommendations of the Military Finance Department, and any arguments which may be urged by the Local Governments, will finally decide and settle the Estimates.

To save time, the Military Finance Department should, as soon as they have settled the Revised Estimate which they propose to submit to the Supreme Government, send a copy of it to the Local Government affected, simply for information. There should be no discussion upon it between the Local Government and the Military Finance Department; the Local Governments corresponding directly with the Supreme Government upon any points in which they differ from the Estimates of the Military Finance Department.

V. The Military Estimates of each Government or Province being thus settled, the Accounts of all that is Military Expenditure, whether for General or Local Force, should be kept by the Military Finance Department, and audited by the Military Auditor.

7. In fact, for purposes of Account and Audit, a Local Force, like the Punjab Frontier Force, should be treated as if it were a division of the Bengal Army lent for special service to the Government of India, and by them placed under the direct control of the Government of the Punjab, and not as if it were a Police Force forming part of the separate or Civil Budget of the Punjab.

8. This, it will be understood, does not affect the question of the constitution or control of the Corps; but, as a matter of Audit and Account, no Local Corps should be withdrawn from exactly the same central supervision as the Regular Army, and no Province should be allowed to make a separate Budget of its own on the fallacious principle of including part and not all of its Military Charge.

From C. H. LUSHINGTON, Esq., Secretary to the Government of India, Financial Department,
to the Military Finance Department, No. 1,326, dated 8th February 1861.

Financial Department.

Referring to a telegram received from the Accountant in the Punjab, in which he states, amongst other reasons, that his Budget Estimates are delayed in consequence of your Department not having forwarded to him your share of the Budget, I am directed to request that you will lose no time in taking such measures as may be necessary to meet the requirements of the Accountant.

From the Military Finance Department, to the Secretary to the Government of India, Financial Department, No. 69a, dated Calcutta, 9th February 1861.

I have the honor to acknowledge the receipt of your letter, No. 1,326, dated 8th February 1861, and as its purport is one that I do not clearly apprehend, not being reconcilable with existing orders and arrangements, I hasten to make the following remarks.

2. At a personal interview I had with you a few months ago regarding the Estimates of 1860-61, I pointed out the error that the Punjab Force was twice charged, once in the Civil and once in the Military Estimates; and that the information on which the Estimates had been so prepared was not furnished by the Military Finance Commission.

3. Your letter under acknowledgment now directs the Military Finance Department "to lose no time in taking such measures as may be necessary to meet the requirements of the Accountant of the Punjab Government." These requirements being represented to be that his Budget Estimates are delayed in consequence of the Military Finance Department not having forwarded to him their share of the Budget.

4. I beg to remark that I do not quite understand what our "share of the Budget" means.

5. If the Estimates of Military Expenditure of the Punjab Frontier Force be intended, I submit that there is a great error in making the present call.

*Proceedings of the Madras Government, Financial Department,
16th March 1861.*

6. I beg to refer you to paragraph 6 of the Resolution of the 6th July 1860, No. 710, wherein the Estimates for the Bengal Presidency, and for the territories under the direct rule of the Government of India, are directed to be forwarded to the Military Finance Department.

7. Consequently, the Estimates of the Military Expenditure of the Punjab Force should be forwarded to this Department, and not by the Department to the Accountant to the Punjab Government.

8. I am most anxious and willing to perform the service of Government, and to comply with every requisition made upon me, and if I could only be favored with instructions such as I can understand, there is no Officer under Government who would more readily endeavour to respond and give effect to them.

9. I submit with deference that the Resolution of the 6th July and 16th November 1860, contain full and complete instructions for the guidance of the Military Finance Department, and that if these are observed and acted up to, the Financial arrangements connected with the Military Branch of the service will be conducted with all desirable efficiency and regularity.

(True Copies.)

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

No. 1,934.

* To Military Finance Department, No. 1326, dated 8th February 1861.
From do., No. 69a, dated 9th February 1861.

† Governments of Bengal, North Western Provinces, Punjab, Madras and Bombay.
‡ Accountants General to the Governments of India, Madras and Bombay.
Accountants, Bengal, North Western Provinces, and Punjab.

Ordered, that a copy of the above letter and of the connected correspondence,* be forwarded to the Military Department, and to the Governments† and Accountants‡ noted in the margin, for information, and that it be published in the *Gazette*.

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

No. 39. ORDER THEREON, 16th March 1861, No. 143.

Communicated to the Military Department, and to be published in the *Gazette*.

(Signed) T. PYCROFT,
Chief Secretary.

Exd. T. O'Connor.

No. 1922

FROM C. H. LUSHINGTON, ESQUIRE,

SECRETARY TO THE GOVERNMENT OF INDIA,

FINANCIAL DEPARTMENT;

TO THE MILITARY FINANCE DEPARTMENT.

Fort William, Council Chamber, the 21st February, 1861.

Financial Department.

GENTLEMEN,

I AM directed to acknowledge the receipt of your President's letter, No. 69a, of the 9th instant, and, in connection with what is stated in the 2nd paragraph, to observe that, if you refer to the Estimates furnished to this Department by the Accountant General to the Government of India and the Accountant to the Government of Punjab, you are in error in supposing that the Punjab Force has been twice charged.

2. It is true that the expenditure on account of that Force was entered, with the rest of the Military Expenditure of the Bengal Presidency, in the Estimates furnished by the Military Auditor General to the Accountant General to the Government of India; but you do not seem to be aware that the said expenditure, *being debitable to the Civil Department*, has always been struck out of the Return of Military Expenditure (properly so called) of the Bengal Presidency, sent by the Accountant General to my Department, and that an Abstract of the said expenditure has been communicated by him to the Accountant of the Punjab for amalgamation with the Punjab Returns.

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5. Any classification of Military Expenditure for statistical information can, moreover, be done better at Calcutta than Lahore, and the Punjab ought

to be debited in any real account of its profit or loss with the cost of its European or Native Regiments of the Bengal Army, just as much as with its Local Frontier Force.

6. This, His Excellency in Council thinks, was clearly the meaning of the Order of the 6th July, 1860; and the practical working ought, he considers, to be as follows:—

I. The Military Finance Department should prepare the Forms in which the Estimates of all Military Expenditure, whether General or Local, ought to be returned, for the sake of clearness and uniformity, and these Forms should be communicated by them to the parties who have to make the Returns, for their guidance.

II. Where there is a separate Army, with a separate establishment of its own for Account and Audit, as at Madras and Bombay, the Controller of Military Finance, under the orders of the Military Finance Department, frames the Estimates or collects them from the Local Officers, (whose business it is to fill their portion, in as far as possible, from actual data) and forwards them to the Local Deputy Auditor General, for incorporation in the General Estimate of the Local Government, who will exercise their own judgment and responsibility in revising and reducing such Estimate before submitting it finally to the Supreme Government. In order to save time, the Military Finance Department will of course be at liberty to call upon their Controllers to furnish them with copies of Military Estimates at any stage of their preparation, without waiting for their revision by the Local Governments.

III. In those divisions of the Empire where there is no separate local establishment for Military Account and Audit, and the work is now done at Calcutta, the Local Estimates should all be forwarded under the orders of Military Finance Department, whether they relate to Forces forming part of the Bengal Army, or to Forces under the Local Government; or when all the materials exist in Calcutta, the Military Finance Department may at once frame these Estimates.

IV. The Military Finance Department will revise all these estimates, whether sent to them direct or through the Local Governments, and report on them to the Supreme Government, who, after weighing the recommendations of the Military Finance Department, and any arguments which may be urged by the Local Governments, will finally decide and settle the Estimates.

To save time, the Military Finance Department should, as soon as they have settled the Revised Estimate which they propose to submit to the Supreme Government, send a copy of it to the Local Government affected, simply for information. There should be no discussion upon it between the Local Government and the Military Finance Department; the Local Governments corresponding directly with the Supreme Government upon any points in which they differ from the Estimates of the Military Finance Department.

V. The Military Estimates of each Government or Province being thus settled, the Accounts of all that is Military Expenditure, whether for General or Local Force, should be kept by the Military Finance Department, and audited by the Military Auditor.

7. In fact, for purposes of Account and Audit, a Local Force, like the Punjab Frontier Force, should be treated as if it were a division of the Bengal Army lent for special service to the Government of India, and by them placed under the direct control of the Government of the Punjab, and not as if it were a Police Force forming part of the separate or Civil Budget of the Punjab.

8. This, it will be understood, does not affect the question of the constitution or control of the Corps; but, as a matter of Audit and Account, no Local Corps should be withdrawn from exactly the same central supervision as the Regular Army, and no Province should be allowed to make a separate Budget of its own on the fallacious principle of including part and not all of its Military Charge.

I have the honor to be,

GENTLEMEN,

Your most obedient servant,

J. B. H. Lubbock

Secretary to the Government of India.

21934

ORDERED, that a copy of the above letter and of the connected correspondence,* be forwarded to the Military Department, and to the Governments† and Accountants‡ noted in the margin, for information, and that it be published in the Gazette.

* To Military Finance Department, No. 1326, dated 8th February, 1861.
From Do., No. 69a, dated 9th February, 1861.

† Governments of Bengal, North Western Provinces, Punjab, Madras and Bombay.
‡ Accountants General to the Governments of India, Madras and Bombay.
Accountants, Bengal, North Western Provinces, and Punjab.

W. H. Lushington

Secretary to the Government of India.

[Exd. E. C. Doss.]

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From

of 26th Feb'y 1861.
of 12th March 1861.

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 I asked the address of the Bur-
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Order thereon W. March 1851. No. 143.

Communicated to
the Secretary
of the Department &
to the President in the
proper

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To the Secretary Sept 8
 " Capt. G. Davis }
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