

(1) Number of pages 20

(2) Date of repair 1.8

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MADRAS RECORD OFFICE.

Government of Madras.

Financial DEPARTMENT.

G.O. No.	<i>Letter 120</i>	Press Mis.
	<i>47.</i>	
Dated	<i>8-2-</i>	<i>18 62.</i>

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*Proceedings of the Madras Government, Financial Department,
8th February 1862.*

No. 47. To the Secretary to the Government of India Financial Department, dated Fort Saint George, 8th February 1862, No. 120.

I am directed by His Excellency the Governor in Council to forward, for submission to the Government of India, the accompanying Budget Statements, showing the revenue and expenditure of the Madras Presidency in the Civil Department for the ensuing official year 1862-63.

2. The appended Abstracts of receipts and disbursements exhibit under each Budget head in juxtaposition the actual of 1860-61 and the estimates for 1861-62 and 1862-63, with the increase or decrease of the latter estimate above or below the former.

3. It will be seen that comparing the estimated receipts for the approaching with those for the current year, there is an increase in the former above the latter of Rupees 24,31,487 under the heads of

Abkarree...	Rupees	2,13,842
Income Tax...	"	22,878
Duty on Arts, Trades, &c.,	"	8,89,283
Stamps	"	3,63,970
Law and Justice...	"	3,65,057
Police...	"	4,550
Marine...	"	3,900
Public Works...	"	5,67,987
Tributes, &c., from Native States	"	20

and a decrease of Rupees 19,88,065 under the heads of

Land Revenue...	"	14,27,342
Sayer	"	1,10,452
Customs...	"	2,68,206
Salt...	"	76,255
Mint...	"	24,000
Miscellaneous...	"	80,010
Interest...	"	1,800

On the whole, taking the total estimated receipts of 1862-63, they exceed those of 1861-62 by the sum of Rupees 4,43,422.

4. So, on contrasting the estimated disbursements of 1861-62 and 1862-63, there will be found an increase in the latter year of Rupees 11,55,459 under the heads of

Allowances, Refunds and Drawback...	Rupees	1,17,005
Assessed taxes	"	11,828
Salt...	"	83,383
Stamps	"	6,504
Superannuations...	"	50,651
Miscellaneous	"	72,076
Works of Internal Improvement, &c...	"	18,949
Salaries and Expenses of Public Departments...	"	1,88,278
Law and Justice	"	2,54,975
Education, Science and Art...	"	1,40,700
Superannuations, Retired Allowances, &c.	"	71,771
Miscellaneous	"	31,619
Interest...	"	1,07,720

and a decrease of Rupees 9,24,302 under the heads of

Land Revenue...	Rupees	2,38,791
Customs...	"	5,898
Allowances and Assignments under Treaties &c.	"	82,512
Police	"	3,24,437
Political Agencies, &c...	"	7,040
Marine	"	1,31,326
Civil Contingencies	"	9,395
Stores from England.....	"	1,24,903

Taking the entire disbursements of the ensuing year, there is an expected increase above that of 1861-62 of Rupees 2,31,157

*Proceedings of the Madras Government, Financial Department,
8th February 1862.*

5. In forwarding these Estimates, which have barely been completed in time to save the Steamer, the Government can only state that no labor has been spared to render them as accurate as possible. The Estimates of the more important heads were reviewed in the Government Office before being sent to the Accountant General, and those which were sent to that Officer direct by the Subordinate Officers have been gone over by him in constant, it may almost be said hourly, communication with Government, and a degree of attention has been bestowed upon the statements generally, which has seriously interfered with other business.

From Controller of Military Finance,
15th January 1862.
Order of Government, Military Department,
7th February 1862, No. 477.

From Acting Accountant General to
Secretary to Government, Military Department,
3rd February 1862, No. 303.
Order of Government, Military Department,
5th February 1862, No. 436.

6. I have at the same time to transmit the Military Budget for 1862-63 with the report of the Controller of Military Finance, and the remarks in review of it by this Government. It will be seen from the correspondence as per margin, of which copies are also sent, that this Budget was forwarded from the Military Department of this Office to the Acting Accountant General, for incorporation in his general Budget according to the course pursued with the Army estimates for 1861-62, but that that Officer, for reasons stated in his letter of the 3rd instant, has returned it. The opinion of this Government on the question will be found in their Order in the Military Department of the 5th instant, No. 436. They question the correctness of the view taken by Mr. F. Lushington, and it seems to them to be very desirable that his Budget should contain the entire revenue and expenditure of this Presidency under every head, Military as well as Civil. I am however instructed to solicit the explicit Orders of the Government of India on this point for future guidance.

(Signed) T. PYCROFT,
Chief Secretary

MILITARY DEPARTMENT.

PROCEEDINGS OF THE MADRAS GOVERNMENT.

Read the following letter:—

From the Controller of Military Finance, Fort Saint George, 15th January 1862, E; to the Secretary to Government, Military Department.

On the 10th January last year, I had the honor to submit in person to His Excellency the Governor in Council, and to explain in detail the Military Budget Estimate for this Presidency for the year 1861-62.

2. It was the first essay in this country to introduce a financial measure, which had been long known and acted upon in England.

3. Sufficient time has not yet elapsed to pronounce an opinion on its success, but judging from the expenditure for the first half of the year as far as it can be ascertained, the result is satisfactory.

4. As was to be expected, some mistakes were committed, some items were over, some under estimated, and others left out, but they were not of sufficient moment to interfere with the successful carrying out of the measure generally.

5. It is not necessary to dwell on the advantages which the Budget system, if carried out in its integrity, is calculated to produce; by its means expenditure comes under constant and immediate notice: extravagance is timely checked: individual responsibility is insured, and arrears, the bane and the blot on all financial measures, are got rid of: these the first fruits of the new system are already becoming apparent, and the financial results will in due time follow.

6. It may be observed, that the Budgets of the different Departments are sent to my Office to be embodied in one General Estimate for the whole Presidency: the chief of these Budgets is that which pertains to the Pay Department; this document is prepared in my own Office and comprehends two-thirds of the whole of the Military expenditure of the Presidency: the recent organic changes in the Army have caused its preparation to be one of unusual difficulty and will render necessary a more lengthened explanation, than would otherwise have been the case: but no apology for its length is required, for it would be impossible to review in detail an estimated annual expenditure of between three and four millions sterling, in a few brief sentences.

7. In preparing the present Estimate, I have followed as closely as possible, the instructions which have from time to time been issued by the Military Finance Department, and have adhered generally to the form of the previous year's Budget; every item of charge is fully detailed in the voluminous Appendices which accompany the Estimate.

8. I would here repeat what I stated last year, that the Estimate is divided into three major heads or titles, viz. :—

Charges Personnel.

Charges Materiel.

Expenditure from Reserve Stock.

9. I shall notice these heads in detail and in the order in which they stand in the Budget.

TITLE I, CHAPTER I, SECTION I.—Regimental Charges, Pay and allowances.

10. The items contained in this Section comprehend the whole of the Regimental Pay and allowances of the Army, European and Native, serving in this Presidency, according to the established strength of each Corps, inclusive of the Native Cavalry and Infantry Cadres of Officers, according to the present Establishment; and included in these Cadres are the Staff Corps Officers; Section I thus exhibits what would be the expense of the Army, (with the exception of the Medical Officers who are estimated for separately) if every Officer and man according to existing Establishments were present, and in receipt of Indian rates of Pay and allowances: but all are not present and to arrive at the actual cash requirement for the payment of Regimental Pay and allowances, it becomes necessary to give a drawback for those who are absent; those deductions are shewn in Sections II, III, IV, V, VI and VII, and amount to Rupees 64,13,458-10, leaving Rupees 162,06,986-9 as the amount of net Regimental charges against Rupees 196,01,111-3-10 for 1860-61, and Rupees 173,88,001-9 for 1861-62.

11. It is necessary here to explain that the totals in the 1st and 2nd columns of this (1st) Section exhibit the actuals of each Arm or Branch of the Service for the years 1860-61 and 1861-62, while the totals in the 3rd column shew the charge according to Establishments: and

it is only when the deductions above adverted to, have been made therefrom that a fair contrast can be made: this defect arises from the minor heads of service in the Budget being in some respects different to what they were in the two previous years, as well as some items of charge being put under different heads this year; much difficulty too has been experienced in estimating for the Officers of the Staff Corps, as already remarked, they are included in the Cadres of their former Regiments; but as they no longer belong to the Line, an equivalent drawback has to be given for them, and they are again elsewhere estimated for, in the Departments with which they are serving; when doing duty with the Native Infantry or Cavalry, their full Staff Corps Pay is debited to the one or to the other: and when they are unemployed, they are re-estimated for separately: this may appear a round about way of arriving at the result, but for the sake of accuracy, it was found to be unavoidable.

12. A separate column it will be seen is allotted for Officers absent in England, for whom a cash requirement is not necessary in this country; the amount so payable to Officers in England, but debitable to India, is Rupees 12,33,735.

13. The amount under the head of Regimental Pay and allowances forms a large item in the Budget, but they are fixed charges and do not call for further remark at this stage.

CHAP. II., SECTION I.
Pay and allowances of
General Army Staff.

14. The next head which comes under notice, is the Pay and allowances of the General Staff of the Army, amounting as will be seen to Rupees 12,04,775-11; under the new system, the whole of the Staff Pay and Regimental allowances are now debited to the Department in which the Officers are serving, with the exception of the Pay proper of the Officers who have not joined the Staff Corps, which are still retained as a Regimental debit, and by this means, the exact cost of every Department can be readily ascertained; this has only recently been ordered; but it was always open to objection that the Army should be charged with the Pay and allowances of Officers who were not serving with it; the alteration, it will be observed, has added three Lacs to the cost of the General Staff; an addition partly caused by the change above adverted to, and partly by the large promotions which have taken place in the newly formed Staff Corps; it is true that there has been at the same time some reductions in the Regimental charges, but they do not fully account for this large increase. The present would therefore seem a fitting opportunity for taking the whole question of a revision of Staff salaries and appointments into consideration: for nearly all Officers holding Staff appointments are in the Staff Corps and have benefitted largely by the promotion which they have already obtained, while their future rise in the Service, is placed beyond chance: many appointments which formerly could only be held by Captains or Subalterns are now filled by Majors, and even Lieut. Colonels, and the difference in pay, irrespective of salary, has become an extra charge to the Government, and an additional debit to the Office or Department, in which they are serving: this additional cost it appears to me ought to be compensated for either by doubling up or abolishing Offices, or by reducing salaries to a minimum, so that the aggregate of pay and salary shall not exceed what was originally intended, and be suitable and equivalent to the nature and extent of the duties to be performed, and not be left dependent, as it now is, on the rank which the incumbent for the time being may hold.

15. The junior Officers in the Head Quarter Offices have been hitherto underpaid, but as nearly all Staff Officers have gone into the Staff Corps and have obtained promotion and consequent increase of allowances, the insufficiency of the Staff salary of those Officers will not now be so much felt: in Bengal, a remedy was found in the grant of superior rates of House-rent, an allowance which the Officers of this Presidency were deprived of many years ago; and if assimilation is to be carried out, it is desirable that this difference should be borne in mind.

CHAPTER II., SECTION II.—Garrison and
Cantonment Staff.

16. The next Section which comes under notice, is the estimated cost of the Garrison and Cantonment Staff, which amounts to Rupees 2,93,053-12 per annum, against Rupees 1,86,138-13-5 for 1860-61; and Rupees 2,75,206-14 for 1861-62; the increase arising from the same causes, as those given in the case of the General Staff: although the aggregate sum is not large, there are some items in it which require notice.

17. The Staff of the Garrison of Fort Saint George costs, it will be seen, Rs. 52,677-15, this may not be disproportioned to the duties which it has now to perform, but it appears to me, that these duties might be lessened and simplified, and corresponding reductions made; included in this item there is a charge of Rupees 1,704 per annum, for the Inspector of Ordnance in the Fort, an Office which it is submitted, might be dispensed with and the duty performed under the orders of the Inspector General of Ordnance, without any additional cost to the State.

18. There is also included under this head of charge, the two Depôts for European Troops at Arcot and Poonamallee; both may have been necessary when there were two Armies, but now that there is only one Army, one of the two Depôts might be dispensed with, the abolition of that at Arcot would cause a direct saving of Rupees 7,520-8 per annum, with a considerable reduction in Commissariat and other Native Establishments.

19. It is also submitted, that the Native Infantry Depôt at Palaveram might be reduced; it was originally intended to meet the wants of the large Native Army which until recently was stationed beyond Seas; it costs annually Rupees 8,018, the reduced number of Regiments in Burmah renders it unnecessary to keep up this Establishment at its present strength, and it might now be safely reduced to a Staff Officer and a small Hospital Establishment: the saving would be considerable; the Depôt Officers belong to the Staff Corps, and similar and suitable employment might be found for them with the Native Army.

CHAPTER II., SECTION III.—Office and other
Establishments of the
General Staff.

20. The next Section that comes under observation is that which provides for the Office and other Establishments of the General Staff of the Army: they amount to Rupees 3,10,528 per annum, exclusive of the Commissariat and Ordnance Departments; the charge for 1860-61 was Rupees 3,01,985-9-10, inclusive of those Departments, and for 1861-62 exclusive of them, Rupees 2,65,564-6-0, the increase arises from the new Offices of Military Accountant, Compiler and Examiner Medical Department, being added; and the Establishment of the Examiner Commissariat Department being transferred from the Commissariat Budget to this head of service: these additions amount to Rupees 71,736 irrespective of them, the Office and other Establishments are less than they were last year by Rupees 26,772; considerable reductions have already been made in the Pay Department; others are under consideration and will follow; the Army Staff Establishments generally are neither large nor expensive, considering the nature and the extent of the duties now required of them: but they all more or less require re-adjustment, and when the duties are simplified, as it is now necessary they should be, corresponding reductions may be effected in them, but in the transition state in which the Finance Department especially now is, with the great financial changes which are now being carried out, it would be inexpedient to disturb existing arrangements until others were fully matured.

21. As connected with the subject of Establishments, it is observed, that Captain Roberts, the Superintendent of Pensions, has included in his Estimate an arrear branch for the year 1862-63 at a cost of Rupees 146-8-0 per mensem, this is altogether unnecessary, as the arrears in his Office must be brought up by the end of this (official) year: the work in his Office is now greatly diminished by the withdrawal of so many Corps from Burmah: the arrear portion of the Establishment in his Estimate has therefore been struck out.

22. In the Establishments of the General Army Staff, there is a charge for an Office Establishment for the Commandant of Engineers, at a cost of Rupees 1,608 per annum; the necessity for this charge under existing arrangements is not apparent: the few scriptory duties might, it is submitted, be otherwise provided for, without this extra cost to the State.

23. This Chapter provides for the Pay (Rupees 17,899-12-0) of the Officers serving with Irregular Corps and does not call for any remark.

24. This Chapter provides for the Pay of Officers serving in Civil and Educational Departments amounting in the aggregate to Rupees 44,217-5-1. It is the Pay proper of those Officers who have not joined the Staff Corps, and which is still retained as a debit against the Military Department although they are serving exclusively in the Civil.

CHAPTER V.

25. Under this head, is the Pay of the Warrant and Non-Commissioned Officers serving with the Public Works Department, amounting to Rupees 39,546-8 it may be expedient that these classes should be paid in the Military Department, but it is submitted that the amount should be a debit to the Public Works Department.

CHAPTER VI.

26. The next Chapter which requires notice, is that which provides for the Pay and Regimental allowances of the Commissioned, Warrant and Non-Commissioned Officers and Artificers and Establishments in the Ordnance Department, amounting in all to Rupees 7,47,409 against Rupees 6,94,402-1-3 for 1860-61, and Rupees 7,35,178-11 for 1861-62.

27. Colonel Simpson, in forwarding his Estimate, explains the causes of this increase, *viz.*, (1st), by the Regimental Pay and allowances of the Commissioned Officers being now debited in full to the Ordnance Department instead of to the Artillery Corps as formerly, and (2nd), the difference in the rates of Pay of the Bolarum Arsenal Establishment which has been recently transferred to Secunderabad: in addition to this, he has included the Pay of an Assistant to himself, an appointment which has not yet received the sanction of Government, and until so sanctioned, it is inadmissible as an item in the Budget; it should therefore be struck out; it amounts to Rupees 8,907-12 per annum: he has also added 150 Rupees per mensem to the salary of the Commissary of Ordnance at Secunderabad, an addition which has not yet been sanctioned, and should also be struck out.

28. There are so many considerations besides financial ones connected with the Ordnance branch of the Service that I am unwilling to offer an opinion on the excessiveness or otherwise of the scale of the Establishments as given by Colonel Simpson; I am fully sensible of the pains which he takes to keep expenditure in his Department, within reasonable bounds, but at the same time, it appears to me that the great changes which have been brought about in the Southern part of India by Railways, Steam communication and improved Roads, have not produced the financial effects of which they are susceptible. I offer this remark without any intention of reflecting on the past, the question is a general one and requires to be considered on broad and comprehensive principles, apart from financial ones.

29. Colonel Simpson's Budget is so full and complete in details, that I do not deem it necessary to enter into further particulars; the items of increases and decreases are shewn in Memorandum C, attached to this communication.

CHAPTER VII.—*Pay and Regimental allowances of Commissioned, Warrant, and Non-Commissioned Officers and Establishments in the Commissariat Department.*

30. This Chapter comprehends the Pay Personnel of the Commissariat Department; it amounts to Rupees 10,56,073-6-5. The similar charge for 1861-62 was Rupees 10,87,829, no compensation can be drawn between the Estimates for this year and that for 1860-61, as they were prepared in a totally different manner. It will be observed however, that there is a decrease of Rupees 31,756 in this year's Budget when compared with last year's, but this is a small and insignificant reduction considering that Rupees 62,000 the cost of the Examiner's Pay and Establishment have been transferred to another head of service, as already remarked.

31. The Office and Executive Establishments in this Department were lately under review, and Government passed its orders thereon, but the other Establishments have not undergone scrutiny, and until this has been done, it is superfluous to offer any remarks on the subject. I believe that great reductions can be effected in these Establishments without affecting in the slightest degree their efficiency. Reforms may be indicated but they cannot be successfully carried out, without the hearty co-operation of the heads of Departments and their Executive Officers; I purpose therefore bringing the question specially under Colonel Hill's notice, with a view to the revision of the Establishments in his Department generally, and specially with reference to those which have not yet been under consideration;—large reductions have already been made in the Army, and others will follow, and with these reductions it is submitted that there must be corresponding ones in all Departments and especially in the Establishments under review. I have prepared in a tabulated form the personnel of all the Establishments in the different Ranges which will greatly facilitate their revision—*vide* Appendix A1 and A 2.

CHAPTER VIII.—*Madras Staff Corps unemployed Officers.*

32. This Chapter has been introduced to provide for the unemployed Officers in the Staff Corps: it will be observed that the cost of the Officers in it is Rupees 15,87,844-14, the pay of those in Europe; of those on Staff employment, and doing duty with Regiments amounts to Rupees 15,34,337-4; all these are estimated for under their proper heads of service, the balance Rupees 53,507-10 is the sum required for the payment of those who are unemployed.

CHAPTER IX.—*Clothing Agency.*

33. The cost of the Agency for 1861/62 was estimated at Rupees 30,791-11, that for 1862-63, at Rupees 38,190. This increase on the previous year's Estimate, has arisen from the Agency being now required to make up the Clothing of Her Majesty's British Regiments: further remark is not necessary.

CHAPTER X.—*Camp Equipage Dept.*

34. The Estimate under this head for 1860-61, was Rupees 1,97,712-6, for 1861-62, Rupees 53,872, and for the year 1862-63, it is estimated at Rupees 47,923. It calls for no remark.

CHAPTER XI.—*Pay and allowances Medical Department, H. M.'s Indian Forces.*

35. This Chapter provides for the whole of the Medical Department serving with or belonging to the Army. The cost after making the deductions given in Sections II, III and IV, is Rupees 13,08,580-6, against Rupees 12,00,004-7-1, for 1860-61 and Rupees 14,10,779-9 for 1861-62; and exhibits a decrease in the current year's Estimate of Rupees 1,02,993-3 which may be accounted for partly by the reduction of two Deputy Inspectors General of Hospitals, and from a large transfer of Medical Officers and Subordinates to the Civil Department.

CHAPTER XII.—*Medical Officers H. M.'s British Forces.*

36. This Chapter makes similar provision for the Pay, &c., of Officers in Her Majesty's British Regiments and amounts to Rupees 2,32,952-2 against Rupees 2,25,260-10 for 1861-62, shewing a small increase of Rupees 7,691-8. In the Estimate of 1860-61, the Pay and allowances of the Medical Officers serving with Regiments, British and Indian, were included as Regimental charges instead of being set forth separately as they now are. This Chapter does not require any further notice.

CHAPTER XIII.—*Pensions of Officers, men and families of all descriptions.*

37. The amount estimated for under this head, is Rupees 28,69,561-5-4, in 1860-61, it was Rs. 25,37,341-6-10 and in 1861-62, Rupees 29,05,639-12-4. The increase in 1861-62 was caused by the reductions in the Army and the large number of transfers to the Pension List consequent thereon: the decrease of nearly a lac in the current year's Estimate, proceeds from the small number which will be transferred to the Pension List during the ensuing year: the data for this portion of the Estimate is derived from the Superintendent of Pensions: and I have no reason to doubt its accuracy.

CHAPTER XIV.—*Contingencies and other unfixed charges.*

38. Under this head the Estimate for 1860-61 was Rupees 17,36,001-10-2 for 1861-62 Rupees 10,80,312 and for 1862-63, Rupees 16,160,421, the charges under this head fluctuate and are so dependent on unforeseen circumstances, that it is impossible to Estimate them with any degree of accuracy; included under this head, provision is made for "Rice Money" for the Native Army to the amount of Rupees 5,00,000. Freight and Batta to the Troops to the extent of Rupees 4,40,500, considerable movements both by land and water will take place during the year, while there is every prospect of scarcity throughout the country, and under these circumstances, the aggregate sum for these contingencies will not be much under the Estimate, and may be considerably over it; in the latter case the Estimate must be supplemented.

CHAPTER XV.—*Military Male and Female Asylums.*
Rupees 6,384CHAPTER XVI.—*Salaries of Roman Catholic Priests, Rs. 59,092*CHAPTER XVII.—*Stationery Depot.*

39. None of these Chapters require any remark.

CHAPTER XVIII.—*Supernumeraries in the Cavalry, Golundauze and Native Infantry.*

40. In the Estimate for 1861-62, the Supernumeraries in the Cavalry were estimated at Rupees 2,94,629 this year, they are estimated for at Rupees 36,031: the chief cause of the decrease arises from the Pay and allowances of the European Officers of the disbanded Regiments being included in Chapter I, Section I, under the head Native "Cavalry." The sum now estimated is for the Pay of the Supernumerary Native Commissioned and Non-Commissioned Officers, who have not yet been absorbed: and the same remark is applicable to the Supernumeraries in the Horse Artillery, Native Infantry, Golundauze and Pegu Sapper Battalion, aggregating in all Rupees 1,90,883-14. I have deemed it necessary to estimate for them, (Supernumeraries), to this extent, but it is expected that before the middle of the Official year they will be got rid of, by Pension or otherwise.

41. The above Chapters contain the whole of the Charges Personnel appertaining to the Army under Title I of the Budget, and amount to Rupees 263,87,986-9-10 against Rupees 275,75,119-12-5 for 1860-61, and Rupees 269,77,571-11-4 for 1861-62; and shewing a decrease as compared with 1860-61 of Rupees 11,87,133 and as compared with 1861-62, of Rupees 5,89,585.

42. But from the Estimate for 1862-63 under this Title, there will be a further deduction of Rupees 3,65,000 on account of the late retirements (the details of which I have not been able to embody in the Estimate) leaving the cash requirement for Charges Personnel, at Rs. 260,22,986.

43. This may be considered a favorable result considering that the promotions in the Staff Corps and in the Artillery and Engineers have added largely to the item of the Pay and allowances of the Officers, as has been already noticed.

44. I shall now proceed to the consideration of Title II, which comprehends the estimated cash requirement for the purchase of Army Supplies and Materiel generally, this estimated charge is Rupees 64,87,561-10-4 against Rupees 67,77,106 for 1861-62.

45. I have adopted the items as I have received them from the heads of Departments, and with the exception of the Commissariat, I think they may be relied on.

46. I regret that the same confidence cannot be placed in the Commissariat Estimate, as it exhibits nearly all the defects which were pointed out in the last year's Estimate—every item has been carefully scrutinized by me, and as far as the imperfect data enables me to judge, the amount is over-estimated: it would occupy too much space to enumerate here the different items of this apparent excess, they are shewn in detail in Memorandum B attached. The Estimate was prepared by the late Commissary General and time has not admitted for its revision by Colonel Hill; but this must be done, and a copy of the Memorandum of corrections will be sent to him for that purpose; it is necessary that I should add, that the defects arise from no want of instructions as to the mode in which the Estimate was to be prepared, but they proceed from Executive Officers, not apparently understanding the necessity for confining their demands to the actual requirements of the Service, and not bearing in mind that the principles of economy are just as necessary to be observed in preparing an Estimate, as in the expenditure of public money; every Rupee unnecessarily entered in the Estimate is for the time being lost for other useful purposes.

47. I shall now notice Chapter I, Title II, which, as already remarked, contains the cash requirements for Army Materiel and Supply.

CHAPTER I.—*Supplies of Commissariat Department.*

48. This Chapter under eight Sections, exhibits the Commissariat portion of this requirement: it amounts to Rupees 60,61,383, against Rupees 60,28,655 for 1861-62; the former sum contains the charges as given by the Commissary General: as already observed, they are over-estimated, but it would be unsafe to strike out particular items until they had undergone revision by the Commissary General, the Memorandum attached affords data for revision.

49. It may be necessary to observe here, with reference to the Commissariat Estimate for 1861-62, that it was reduced from Rupees 72,38,322 to Rupees 42,66,607 under the impression that the Commissary General would draw largely on his reserve Stock during the year, and moreover that large reductions would have followed on the withdrawal of the Native Troops from

Burmah; but the expectation in the one case was not realized, and the delay in withdrawing the Troops in the other did not affect the expenditure there till late in the year. In the regular Estimate which was made up in October, the Commissary General supplemented the reduced Estimate by Rupees 19,62,048, and the aggregate given in the column for 1861-62, viz., Rupees 60,28,655, is that of the regular Estimate so supplemented: the expenditure for the year will fall short of this; and as the Army during the ensuing year will it is understood be less by 2 Regiments of European Infantry and probably one or two Batteries of Royal Artillery, corresponding

* *A copy of the Commissariat Budget under its different heads of service is herewith transmitted, marked D.*

deductions in the Estimate for 1862-63 should necessarily follow, if it is properly made out, but so far from this being the case, it will be observed that the Estimate for 1862-63 is

greater by Rupees 32,728, than the Estimate for 1861-62.*

50. It is unnecessary to pursue the subject further at present; the Commissariat Estimate must be re-cast, and will be noticed hereafter in its amended form.

CHAPTER II.—*Supplies to and by the Ordnance Department.*

51. This Chapter contains the estimated cash requirement for the Ordnance Department, amounting to Rupees 1,73,401-3-4 against Rupees 1,78,784, shewing a decrease of Rupees 5,363 on the last Estimate; but Rupees 1,73,401-3-4 is the cash requirement only and not the expenditure, as the Commissariat has to supply the Ordnance with Materiel during the year to the amount of Rupees 2,98,572-4-4, making in all the expenditure under this head, Rupees 4-71-973-7-8.

52. It is unnecessary for me to offer any observations on this head, as the Ordnance Department Estimate is drawn up with great care and precision, and shows what could be done when such means are employed.

CHAPTER III.—*Supplies to and by the Clothing Agency Department.*

53. This Chapter provides for the Clothing Agency, the cash requirement being Rupees 70,025-7 against Rupees 3,27,222.

54. There are several causes to account for the differences.

55. The past year's Estimate includes three months' Compensation for Clothing for the whole Army: it also includes the cost of making up the Clothing for 1862-63; it is not yet determined how the Clothing is to be made up for 1863-64, whether by Regimental or Departmental agency; nor has any provision been made for Compensation for 1862-63, as the full amount of Clothing is estimated for; to have estimated for Compensation also, would have involved a double Estimate: these and other causes will account in some measure for the differences between the two Estimates: moreover, some items which were included in the Clothing Estimate have in the present Estimate been transferred to the Commissariat Department.

CHAPTER IV.—*Stationery Depot.*

56. The cash requirement under this head is Rupees 2,518 against Rupees 2,375 for 1861-62, in addition thereto the Commissariat provides funds for this Department to the amount of Rupees 10,500 which is included in the Commissariat Budget.

CHAPTER V.—*Remount Department.*

57. The sum required under this head is Rupees 1,80,000 against Rupees 2,40,070 for 1861-62, the difference arising from the reduced number of Horses at the Depot: no remarks on this head of service are required.

58. It will thus be seen from the foregoing remarks, that the total cash requirement for the purchase of Materiel and Army Supply amounts to Rupees 64,87,564-10-4 against Rupees 67,77,106 for 1861-62, shewing a decrease of Rupees 2,89,544-5-8; if the Commissariat Estimate was properly and economically framed, I feel confident that it might safely be reduced by several lacs of Rupees, without impairing or interfering with the efficiency of the Department or the real requirements of the Service.

Title III.

59. I shall now notice briefly Title III which comprehends the estimated issues from reserve Stock, for which no cash requirement is necessary, as the articles have already been paid for.

60. This Chapter contains the expected issues from the Commissariat reserve Stock, and comprehend Tea, Coffee and Arrack to the value of Rupees 4,32,212-13-7.

61. It is the practice in the Department to re-place issues from reserve Stock by purchases, so that the stock issues become in reality a current cash expenditure: and there would be no objection to the practice, if the amount of reserve Stock to be kept up were fixed, and regulated by some well-defined rule or principle: but it is not so, and it is impossible therefore to judge whether the reserve Stock is being properly operated on in the issues which are proposed to be made from it; the remedy it appears to me lies in having a distinct Stock Department, under a responsible Officer, who would be answerable for and check and account for the expenditure, and indicate when and where it was necessary to re-place it; Colonel Hill is fully sensible of the necessity for some such arrangement in his Department, and has the details for carrying it out under consideration: the defect has been repeatedly pointed out, but hitherto without effect; the arrears are now being rapidly brought up by Major Gillilan, and when the accounts are current, as they will soon be under his able management, there will be no difficulty in obtaining the necessary data for carrying out such arrangement.

62. The other items under this Title do not require any observation from me: the aggregate value of the issues from reserve Stock amounts to Rupees 17,92,759-1-9, against Rupees 13,97,599-8-7, for 1861-62.

63. From a Statement which accompanies the Estimate, it will be seen that the Receipts or recoveries in the different Departments is expected to realize during the year, Rupees 19,40,038, against Rupees 25,06,958 for 1861-62: this is a fluctuation and uncertain source of revenue; it arises chiefly from sums advanced for or paid on account of Army services, and Army expenditure is therefore entitled to a credit for such recoveries &c., in order that the actual cost of the Army and its Military Establishments should be clearly shewn.

64. These results are shewn in the following summarized Statement:—

	1860-61.	1861-62.	1862-63.
Title I.....			
Title II.....		269,77,571	263,87,986
		67,77,106	64,87,561
Total Cash requirement.....		337,54,677	328,75,547
ADD TITLE III			
Expenditure from Reserve Stock.....		13,97,599	17,92,759
Total Budget.....		351,52,276	346,68,306
Deduct expected recoveries and receipts.....		25,06,958	19,40,038
Total estimated Army expenditure in India.....	402,87,000	326,45,318	327,28,268

65. From the above summary, it will be observed that the cash requirement for 1862-63 is less by Rupees 8,79,130 than it was in 1861-62 and if reductions can be made in the Commissariat Estimate to the extent anticipated, coupled with the deductions on account of the recently retired Officers, the total decrease would amount from 12 to 15 lacs; in addition to these items, the estimated expenditure of the Presidency is also entitled to a credit of nearly a lac of Rupees, which is debitable to the Crown for the Labuan Detachment and Pensions on account of the Wars in China, there is an increase of about four lacs in the Stock expenditure: the receipts are less by five and half lacs than they were estimated for in 1861-62; but as the regular Estimate for that year was made on the experience derived from the 1st half of the year's transactions, it is more likely to be correct than the estimated amount of receipts for 1862-63.

66. The Budget system was not in operation in 1860-61, and I am therefore unable to give the expenditure for that year under the present Budget heads; but I have given from the Accountant General's compilation for that year, what was the total expenditure, which it will be observed, was upwards of four Millions Sterling.

67. I regret the delay that has occurred in submitting the Estimate; but it was unavoidable; the Departmental Budgets did not reach me till the 15th December, the Christmas holidays intervened; great changes in the organization in the Army had taken place, and were still going on, when the Budget was under preparation; the Budget system is still new, and but little known; all these circumstances combined have delayed the completion of the Budget; its voluminous appendices will shew the amount of work which has been performed during the brief space allowed, and I am only performing an act of justice to Mr. R. Mitchell, the Uncovenanted Assistant at the head of this branch of the Department, in bringing his name prominently to the notice of Government, for the able, laborious and unceasing aid which he has afforded me on this as on all other occasions.

P. S.—The Estimate was drawn up under the instructions which I received from the Military Finance Department; it comprehends two Regiments of European Cavalry, twenty-seven Batteries of Artillery, and ten Regiments of European Infantry; since the completion of the Budget, the Orders of the Government have been received, fixing the number of European Cavalry Regiments at two; the Batteries at twenty-nine, and the European Infantry at eleven; while the Native Infantry is to be reduced by eight Regiments: these changes will involve corresponding ones in the Estimate, which will be supplemented as soon as I am in possession of the necessary details.

(Signed) T. McGOUN, Lieut. Colonel,
Controller of Military Finance.

ORDER, No. 477, 7th February 1862.

In this letter the Controller of Military Finance reviews at length the Military Budget Estimate for the year 1862-63. Colonel McGoun has entered so fully into the subject as to leave little room for remark on the part of Government.

2. Unfortunately, the Estimate is incomplete, but for this the Controller is not responsible. Under instructions from the Military Finance Department, provision is made in it for twenty-seven Batteries of Artillery and ten Regiments of European Infantry, instead of twenty-nine of the former and eleven of the latter. Further, the recently ordered reduction, by eight Regiments, of the Native Infantry branch of the Army will also render necessary a considerable modification of the present Estimate.

3. Under the head Charges Personnel, the Cash requirements of the year are set down at...	Rs. 263,87,986
but it is stated that the recent retirement of Field Officers will probably reduce the amount to...	Rs. 260,22,986
Under the same head the regular Estimate for 1861-62, allowed...	„ 269,77,571
Charges Materiel are estimated at...	„ 64,87,561
For 1861-62, the amount was...	„ 67,77,106
The expenditure from reserve stock is estimated at...	„ 17,92,759
While the valuation of the probable issues in 1861-62 was...	„ 13,97,599
Making the aggregate expenditure (in India) for 1862-63...	„ 346,68,306
Against, in 1861-62...	„ 351,52,276
The expected recoveries and receipts in the different Departments are given at...	„ 19,40,038
Which will reduce the expenditure to...	„ 327,28,268

4. With reference to paragraph 14 of the foregoing letter, His Excellency in Council observes that the question of Staff salaries being now under the consideration of the Government of India, it is for that authority to determine whether the rank of an Officer shall affect the amount of Staff pay to be drawn by him.

5. The suggestions of the Controller in paragraphs 17, 18, 19 and 22, will receive the early attention of Government.

6. The Governor in Council is of opinion, with reference to paragraph 27, that the unsanctioned items in the Ordnance Budget should be allowed to stand. The rule is that no charge unauthorised by the Government of India shall be *incurred* even though provided for in the Budget. To omit such items, therefore, from the Budget would render it quite impossible to do without Supplemental Estimates.

7. The subject of paragraph 31 has already had the attention of Government, and will continue to be kept in view until the Establishments in question are brought down to the lowest scale consistent with efficiency. Pending, however, the Report of the Committee on Commissariat Establishments, matters must remain as at present.

8. The provision made for pensions and for discharge gratuity to Native Troops will apparently require to be re-considered, with reference to the recent Orders for the disbanding of eight Regiments of Native Infantry. The Controller will bear this in mind in preparing his revised Estimate.

9. It is observed that a sum of Rupees 20,000 is allotted for the payment of Family Assignments and Pensions. The Governor in Council is not aware whether the recent Order transferring the duty to the Civil Authorities, has induced the Controller to set down a smaller amount than heretofore incurred under this head; but, if so, His Excellency requests that the average expenditure of former years be entered in the revised Budget, as for the present, the change of system must be regarded as merely experimental and therefore in so far temporary.

10. His Excellency in Council observes that no provision has been made for the purchase of Horses during the year 1862-63. The exigencies of the Service may not call for a larger supply than can be furnished from the Remount Depot; but the consideration of the probable effect upon the local market of the entire suspension of purchase should not be lost sight of: and as the question has been referred for the orders of His Excellency the Governor General of India in Council, Government think that, pending the issue of such orders, the means of purchasing 150 Horses at least, being one-third of the probable annual demand, should be included in the revised Estimate. It is observed, that there will be no first Class Horses—"Officers' Chargers"—at the Depot next year if all purchase be stopped.

11. Adverting to the proposed location of Invalids at Wellington, referred to the Controller for report under date the 5th instant, it will be necessary, in the event of the sanction of Government to the measure not having been anticipated in the present Budget, to provide sufficient funds for the service in question, under the proper heads in the revised Estimate.

12. In concluding these remarks, His Excellency in Council desires to urge upon the Controller, the necessity of his expediting the submission of his revised Estimate.

(True Extract.)

Marshall
Secretary to Government.

To the Financial Department.

„ Controller of Military Finance.

„ Accountant General.

With 3 Spare Copies

No. 120.

To, The Secretary to the Gov. of India.
Financial Department.

Sir,
I am directed by His Excellency the Governor in Council to forward, for submission to the Govt. of India, the accompanying Budget Statement, showing the revenue and expenditure of the Madras Presidency in the Civil Department for the ensuing official year 1862/63.

The appended abstracts of receipts and disbursements exhibit under each Budget head in juxtaposition the actual of 1860/61 and the estimates for 1861/62 and 1862/63, with the increase or decrease of the latter estimate above or below the former.

W

Recd 9th Feb^r
per "Cousin"

1411

Final 1862 Sep^r

No. 120
No. 950^L in the
Billions 95-477.

20th Feb^r 1862.

29th Jan^r 1862

W. H. L.

Having certain remarks on the letter from the Comptroller of Public Accounts accompanying the Budget Statement for 1862-63, I am sending it to you for the necessary of this case. I am, Sir, the submission of this revised estimate.

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3. It will be seen that comparing the estimated receipts for the approaching year with those for the current year, there is an increase in the former above the latter of Rs. 24,31,118 under the heads of:

Abkharree	Rs. 2,13,842.
Income Tax	" 22,878.
Duty on Arts, Trades &c.	" 889,283.
Stamps	" 3,63,970.
Law and Justice	" 3,65,057.
Police	" 4,550.
Marine	" 3,900.
Public Works	" 5,67,987.
Tributes, &c. from Native States	" 20.

and a decrease of Rupees 19,88,065 under the heads of:

Land Revenue	Rs. 14,27,342.
Sayer	" 1,10,452.
Customs	" 2,68,206.
Salt	" 76,255.
Mint	" 24,000.
Miscellaneous	" 80,010.
Interest	" 1,800.

On the whole, taking the total estimated receipts of 1862/63, they exceed those of 1861/62 by the sum of Rupees 4,43,422.

4. So, on contrasting the estimated disbursements of

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of 1861/62, and 1862/63, there will be found an increase in the latter year of Rupees 11,55,459 under the heads of:-

Allowances, Refunds & Draw back	Rs. 1,17,005.
Assessed taxes	" 11,828.
Salt	" 83,383.
Stamps	" 6,504.
Superannuations	" 50,651.
Miscellaneous	" 72,076.
Works of Internal Improvement &c.	" 18,949.
Salaries and expenses of Public Department &c.	" 1,88,278.
Law and Justice	" 2,54,975.
Education, Science and Art	" 1,40,700.
Superannuations, Retired Allowances &c.	" 71,771.
Miscellaneous	" 31,619.
Interest	" 1,07,720.

and a decrease of Rupees 9,24,302 under the heads of:-

Land Revenue	Rs. 2,38,791.
Customs	" 5,898.
Allowances and Assignments under Treaties &c.	" 82,512.
Police	" 3,24,437.
Political Agencies &c.	" 7,040.
Marine	" 1,31,326.
Civil Contingencies	" 9,395.
Stores from England	" 1,24,903.

Taking the entire disbursements of the ensuing year, there is an expected increase above that of 1861/62 of Rs. 2,31,157.

In

5. In forwarding these estimates, which have barely been completed in time to save the steamer, the Govt. can only state that no labor has been spared to render them as accurate as possible. The estimates of the more important heads were reviewed in the Govt. Office before ^{being} sent to the Accountant General, and those which were sent to that officer direct by the subordinate officers have been gone over by him in constant, it may almost be said hourly, communication with Govt. and a degree of attention has been bestowed upon the statements generally, which has seriously interfered with other business.

6. I have, at the same time, to transmit the Military Budget for 1862/63 with the report of the Controller of Military Finance, and the remarks in

From Ac. Account Genl.
to Secy. to Govt. Mily. Dept.,
3d Feby. 1862. No. 303.
Order of Govt. Mily. Dept.
5 Feby. 1862. No. 36.

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in review of it by this Govt. It will be seen from the correspondence, as per margin, of which copies are also sent, that this Budget was forwarded from the Military Department of this Office to the Acting Accountant General, for incorporation in his general Budget according to the course pursued with the Army estimates for 1861/62, but that that officer, for reasons stated in his letter of the 3d instant, has returned it. The opinion of this Govt. on the question will be found in their Order in the Military Department of the 5th instant. No. 436. They question the correctness of the view taken by Mr. J. Lushington, and it seems to them to be very desirable that

From Controller of Military
Finance, 15 January 1862.
Order of Govt. Mily. Dept.
7 Feby. 1862, No. 477.

that his Budget should
contain the entire revenue
and Expenditure of this
Presidency under every
head, Military as well
as Civil. I am how-
ever instructed to soli-
cit the explicit Orders
of Govt. of India on this
point for future guidance.

Yours &c.

J. P.

Port Blair & George,
8th February 1862.

W. P.

Financial 1862 Default.

No 12/20

To
The Secretary to the Govt
of India.

No 527/62
18/8 February 1862.

Howard Budget
Statements showing the
Revenue and expenditure
of the Madras Presidency
in the Civil Department
for the ensuing official
year 1862-1863.

13/9

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