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MADRAS RECORD OFFICE.

Government of Madras.

Financial DEPARTMENT.

G.O. No. 161. Press
99- ~~Mis.~~

Dated 21-2- 1862.

99. 22/23

Not to be folded or roughly handled

No. 99. To the Secretary to the Government of India, Financial Department, dated Fort Saint George, 21st February 1862, No. 161.

In continuation of my letter, dated the 8th instant, No. 120, transmitting the Budget Estimates of the Madras Presidency for the ensuing year 1862-63, I am directed by His Excellency the Governor in Council to offer the following remarks and explanations on the results shown in those papers.

NOTE.—The receipts from and charges on account of the District of North Canara have in all cases been excepted from the estimates for 1862-63, on account of the approaching transfer of that Province to the Bombay Presidency. They are included in the estimates for 1861-62.

DISBURSEMENTS.

1861-62	Rupees	309,23,907
1862-63	,,	311,55,064
Increase		2,31,157

2. The total expected receipts from all sources for the year, it will have been observed are Rupees 655,70,182, being an increase of Rupees 4,43,422 above the estimated receipts of the current year.

3. The anticipated Civil disbursements for the year 1862-63, exceed those of the present year by Rupees 2,31,157.

4. Deducting the increase in the charges from the increase in the receipts, there will, on the whole, remain an increase on the net outturn of 1862-63 of Rupees 2,12,265.

5. In the receipts, the chief heads of increase are:—

Abkaree	Rupees	2,13,842
Duty on Arts, Trades and Dealings	,,	8,89,283
Stamps	,,	3,63,970
Law and Justice	,,	3,65,057
Public Works	,,	5,67,987

6. The Chief heads of decrease are:—

Land Revenue	Rupees	14,27,342
Sayer	,,	1,10,452
Customs	,,	2,68,206
Salt	,,	76,255
Miscellaneous	,,	80,010

7. The expected charges of 1862-63 exhibit an increase above those of the year now current under the following main heads:—

Allowances, Refunds and Drawbacks	Rupees	1,17,005
Salt	,,	83,383
Salaries and expenses of Public Departments	,,	1,88,278
Law and Justice	,,	2,54,975
Education, Science and Art	,,	1,40,700
Interest	,,	1,07,720

8. Under the subjoined heads there is a decrease in the estimated charges of 1862-63 as compared with those of 1861-62:—

Land Revenue	Rupees	2,38,791
Allowances and Assignments under Treaties and engagements	,,	82,512
Police	,,	3,24,437
Marine	,,	1,31,326
Stores from England	,,	1,24,903

RECEIPTS.

Abkarry.

Estimate	Rupees	34,04,936
Increase	,,	2,13,842

Duty on Arts, Trades and Dealings.

Estimate	Rs.	16,24,313
Increase	,,	8,89,283

9. The rents in several Districts fell in last year, and the farms have been re-sold on more favorable terms. The increased Revenue may fairly be reckoned on.

10. The increase under this head is large and the Government fear that the estimate may be somewhat too sanguine. Much, however, may reasonably be expected from the greater insight

which has already been obtained into the real means of the people. There is also the additional revenue which will be realized in the District of Madura and the Town of Madras to which the Mohturpha did not extend. The Income Tax for the Presidency, including deductions from salaries and interest on public securities, has been estimated at Rupees 23,59,278 or slightly* in excess of that of the present year.

* Rupees 22,878.

Stamps
Estimate ..... Rs. 20,76,170
Increase ..... „ 3,63,970

11. The sales have been large and are increasing. The estimate may safely be accepted.

Law and Justice.
Estimate ..... Rs. 4,90,807
Increase ..... „ 3,65,057

12. The estimate for the present year was very defective, the receipts from Subordinate Civil Courts and from Criminal Courts not having been entered in it.

Public Works.
Estimate ..... Rupees 7,36,987
Increase ..... „ 5,67,987.

13. This large difference between the estimates of 1861-62 and 1862-63 is owing to the sale proceeds of Stores, Savings and Refunds not having been fully provided for in 1861-62; also to the transfer in the estimate for the coming year from local funds of sums to be expended for purpose of internal improvement and public convenience.

14. The total Land Revenue, including the various Miscellaneous items classed under the new head Sayer, is estimated at 393½ lacs. The land revenue depends so greatly on the character of the season, that it is impossible at this early period to form any reliable estimate of its amount. The decrease below the estimate of 1861-62 arises chiefly from the Land Revenue and Sayer of North Canara having been excluded from the estimates of 1862-63, as well as about 1¾ lac of receipts from village Service Enams, the receipts from this source having been improperly included in the Land Revenue estimate of 1861-62.

Customs by Sea and the land frontier.
Rupees ..... 24,48,724.
Decrease ..... 2,68206.

15. It is thought that the high rate of duty on Staples will check speculation. The estimate for 1861-62, Rupees 27,16,930, will also probably prove too high.

Salt.
Rupees ..... 84,23,745.
Decrease ..... 76,255.

16. Judging from the sales up to the latest date and making allowance for the extension of the Railways, there is fair reason to believe that the expected revenue will be realized.

Land revenue including Sayer and Moturpha—Assessed Taxes—Custom—Salt—Stamps.

17. The total estimated revenue of 1862-63 from the ordinary sources, as per margin, amounts to Rupees 596,79,618, showing a net decrease of Rupees 3,92,282 below that of 1861-62, in consequence of the exclusion of North Canara, and a net increase of Rupees 37,09,481 over that of 1860-61.

CHARGES.

Allowances, Refunds, and Drawbacks.
Rupees 4,40,778
Increase 1,17,005

18. The charges under this head must fluctuate from year to year and can only be estimated approximately. The increase expected for the year 1862-63 above the disbursements of 1861-62 is owing to the refund of the mesne profits from the restored Zemindary of Neddadavole, which were realized by Government whilst the estate was in their possession.

Salt.
Charges ..... Rupees 17,94,501
Increase ..... „ 83,383

19. The increase in the estimated charges on Salt arises from the larger manufacture expected and better provision to be made for Superintendence, as also from the items of Salt compensation (*i. e.* compensation for Salt-pans closed) Rupees 23,840 being for the first time entered under this head for 1862-63.

Superannuations.
Rupees 2,00,651
Increase 50,651

20. The increase is in gratuities which have been estimated for in reference to the reductions now in progress in the revenue establishment.

Proceedings of the Madras Government, Financial Department,
21st February 1862.

Miscellaneous.
Rupees 1,64,950
Increase 72,076

21. The increase under this head is mainly attributable to the provision made for the District Tappal Establishment.

Salaries and Expenses of Public Departments.
Rupees 20,19,356
Increase 1,88,278

22. The increase under this head has arisen from the estimated expenses of the new Council for making Laws and Regulations, and of the new Currency Department, also in the Ecclesiastical Department chiefly from the full establishment having been estimated for, whereas the entire authorized number of Chaplains and Assistant Chaplains was not provided for in the Budget of 1861-62, and in the Medical Department in a great degree from the salaries of the District Medical Officers at the Presidency and of the Chemical Examiner which had hitherto been borne in the Military Budget having been transferred to the Civil Budget of 1862-63.

Law and Justice.
Rupees 38,88,606
Increase 2,54,975

23. Of the increase under this head Rupees 1,96,020 is on account of the proposed increase to the salaries of the District Moonsiffs of the Madras Presidency, and of their establishments, on which subject an application was made to the Government of India in a letter, dated 4th instant, Judicial Department, No. 169. The amount entered is however an over-estimate, the true additional charge to be incurred, it will be seen from the Tabular Statement which accompanied the above letter, is only Rupees 1,71,540.

The remaining increase is mainly under the head of "Prisons" from the increased charges for victualling the Prisoners, and on account of the expense of the new Police who are employed in guarding the Jails and prisoners, having been in the Budget of 1862-63, charged to the Jail Department according to the Orders of the Government of India.

Education, Science and Art.
Rupees ..... 8,05,562.
Increase „ ..... 1,40,700.

24. The greater part of this increase has occurred in the Educational Department, in consequence of the expected extension of its operations, and of the Director of Public Instruction having, in accordance with the Orders of the Government of India, provided for a large increase under the head of grants-in-aid. There is also an increase of about Rupees 15,000 under the head of Botanical Gardens, in consequence of the arrangements directed to be made at Ootacamund in connection with the Cinchona experiments.

Land Revenue charges.
Rupees ..... 50,02,610.
Decrease „ ..... 2,38,791.

25. There is a decrease in the estimate of 1862-63 under this head of Rupees 2,38,791 notwithstanding that Rupees 1,32,560 on account of the new Police Guards and Rupees 72,500 for Medical Establishments have this year been newly charged to the Revenue Department. The estimate of these charges sent up by the Revenue Board was carefully scrutinized in the Revenue Department of the Government Office before being forwarded to the Accountant General. The Orders passed by Government in review of the Board's estimate are enclosed and will, it is trusted, show that the work was not done negligently.

Police.
Charges ..... Rupees 37,97,031.
Decrease ..... „ 3,24,437.

26. The decrease is under the head of Mofussil Police and arises from a smaller provision being made for Village Police than in the Budget of 1861-62, the Government having resolved to avoid any additional expenditure on that account as much as possible, until means can be found for meeting it from local sources; enfranchisement of service enams; realization of Police cesses, &c. The sum entered on that score in the Budget under submission is only Rupees 1,59,950, and of this no more will be expended than may prove to be absolutely necessary. Deducting this, the cost of the Constabulary proper stands at Rupees 36,36,334—of which Rupees 2,64,240 is the cost of the Police force supplied to other Departments, the Revenue, Courts, Jail, and Military, and debitable to them—leaving the expence of the General Police at Rupees 33,72,094. This sum, it is important to remark, covers the salaries and allowances of the Police at its full strength and

for all the districts of the Madras Presidency. It also includes all Miscellaneous charges, as deputation and travelling allowances, clothing, arms, accoutrements, and in fact exhibits the entire cost of the Madras Mofussil Police under every head—except that of "lodging and building *i e.* providing station houses, lines, &c., which has been transferred to the Public Works Budget. The amount to be incurred on this last account estimated at Rupees 1,67,000 will raise the entire cost to Rupees 35,39,094 which it is believed, will not compare disadvantageously with the expence of the Police force in any other division of our Indian Empire.

Marine.
Charges..... Rupees 2,40,589.
Decrease..... „ 1,31,326.

27. The decrease arises chiefly from the proportions of the charges borne by the Port Funds having this year been deducted from the estimate, which exhibits only that portion of Marine expenditure that has to be provided from the general revenues.

28. I am now desired to submit some general observations relative to the course at present pursued in the preparation of the annual Budget Estimates, and to the amendments of which it seems susceptible.

29. According to the mode recommended by the Budget and Audit Committee in their report of 27th October 1860, paragraph 57, and approved by the Supreme Government in their Proceedings 14th November 1860, Financial Department, No. 11,300, the Departmental estimates are to be sent in the first instance by the heads of Departments to the Local Civil Auditors, and are to reach them by the 1st January of each year.

The Local Civil Auditors are to close their Budget Estimates so as to reach the Local Government by the 15th January.

The Local Governments are to examine the Budget Estimates and to send them in to the Financial Department of the Government of India on the 1st February.

30. Thus the Local Civil Auditor of Madras has only 15 days allowed him for examining, collating and arranging the estimates of receipts and disbursements for a large Presidency, and this in addition to the ordinary current work of his Office.

31. Similarly the Madras Government has only 15 days for scrutinizing these Estimates independently of all the ordinary duties of administration.

32. It was from the first to be apprehended, and has since been amply proved that these periods are wholly insufficient to allow any thing like a thorough examination of the Estimates, either in the Office of the Civil Auditor or in the Government Office. In fact it does not admit of references being made in any cases of doubt from Madras to the more distant parts of this Presidency as Ganjam or Canara, and answers being received.

33. This Government have, indeed, already as reported to you in my letter of 17th January last No. 244, on the representation of the Accountant General, directed that the departmental Estimates shall be forwarded to him by the 15th December, instead of the 1st January, thus enlarging the time allowed him for their disposal from 15 days to one month. But this, even if sufficient for the Account Office, leaves the time available to Government just where it was before.

34. Again the object of the Estimates being sent in to the Accountant General is that they may be duly compiled in the prescribed forms, and the several items in them exhibited under the appropriate heads of account. Of the propriety of the charges *per se* he can know nothing. He cannot tell whether such a District Moonsiff's Court is or is not required in any given Zillah, or whether any District has or has not a sufficient number of Deputy Collectors and of the proper classes. Such questions must be decided by the controlling Departmental authorities, and ultimately by Government. Yet under the existing system Government do not see the Estimates until they are in a very advanced stage when any extensive changes would be productive of delay and embarrassment, and any detailed inquiry into the component items is impracticable.

35. Under these circumstances the Government have resolved to instruct the several Boards, Courts or Officers who have to furnish Budget Estimates to send them in to Government so as to reach the Government Office by the 1st November in each year. After being passed by Government they will be forwarded to the Civil Auditor so that the last shall reach him by the 15th

Proceedings of the Madras Government, Financial Department,
21*st February* 1862.

December. They will be digested and arranged in the Account Office and returned to Government in the proper Budget forms by the 15th January. But little will then remain to be done by Government as the propriety of the several charges will already have been considered by them, and the entire Budget may without difficulty be sent to Calcutta by the first Steamer in February, or perhaps occasionally by the last Steamer in January.

36. It should be remembered that although the revenue and charges of the current year can be ascertained with greater precision as the year advances, the same remark does not apply to the receipts and disbursements of the year which is next to follow. These must be estimated mainly in reference to the results of preceding years, due regard being paid to any disturbing causes that may be likely to affect them, and such causes may usually be as well known two months sooner, as two months later. In respect to charges, the larger portion of these is on account of fixed establishments which will vary little from year to year, and the necessity for which may as readily be determined in November as in January. Contingencies such as the charges for the purchase and manufacture of Salt, for the victualling of Convicts and the like will generally be estimated for on data which are as available *six* months before the commencement of the year as they are at four. Nor should it be forgotten that although the revision of the Budget Estimates will for the most part be completed by the Government by the 15th December, those statements will not be finally closed in the Accountant General's Office until the 15th January nor in the Government Office until the end of that month, and that any corrections which may in those intervals prove to be required, can be made as they are found to be necessary.

37. The expediency of the estimates being revised by the Government *before* their being sent to the Accountant General has been already pointed out. According to the present course the Government do in truth devolve their duties on the Accountant General, and retain to themselves neither sufficient time nor means for effectual scrutiny. The change has indeed been partially carried out by this Government in the estimates for 1862-63, those for the main branches of receipts and expenditure as the land and other sources of revenue, Law and Justice, Police, &c., having been reviewed by Government before they were forwarded to the Account Office. But for this, owing to the little time that would otherwise have been allowed to Government, they could not have been effectively examined at all. As it was, it was with the greatest difficulty that they were got ready for despatch by the last Steamer, and in deed they could not have been sent by her, had she not accidentally been somewhat beyond her time.

38. In a resolution of the Government of India, dated the 18th September 1861, Financial Department, No. 12,262 it has been ruled that the Local Governments have authority to sanction such a re-distribution of charges as will allow of savings of salary being appropriated to contingencies, provided the sum total of the Budget grant is not exceeded, and the change in the allotment of the charge is immediately reported to the Financial Department. It is however added, that His Excellency in Council considers that a limitation should be fixed on the exercise of such power, and he is accordingly pleased to rule that *ordinary casual* savings only shall be applied to such purposes.

39. This limitation appears to have been imposed in consequence of the suggestion made by the Auditor General of India in his letter of 14th August 1861, that without some restriction on the discretionary power allowed to the Local Governments by the Orders of the Government of India of the 15th November 1860, expenditure of a contingent nature refused by the Supreme Government might be effected by allowing vacancies to remain open to the detriment of the public service, and the neglect of the just claims of individuals, and applying the sums thus accruing from Civil salaries to the contingent expenditure.

40. The Madras Government feel assured that neither the Auditor General when he penned the above remarks, nor the Government of India when they admitted them without comment, and acted on them, realized the grave nature of the imputation thereby thrown on the Local Governments. The Local Governments, and the Madras Government as one of them, are thereby deemed capable of injuring the public service, and wronging individuals in order to carry out expenditure which had been disallowed by the Supreme Government. No Public Officer

I am to observe, would patiently endure such a charge, far less the Government of a large and important Presidency. If the Madras Government are capable of thus acting, they are unfit to be entrusted with any power whatsoever. I am with much respect to submit that the order in question may be re-considered, and that this Government may be allowed the full latitude originally given by the rules of the 15th November 1860. The restriction placed upon those rules by the subsequent order of the 18th September last, I am to remark, deprives them of most of their value, inasmuch as the ordinary casual savings of salaries can rarely be of any considerable amount.

41. The Madras Government would indeed ask that the rules of 15th November 1860, might be enlarged rather than restricted, and that they might be relieved from the necessity of reporting to the Financial Department at Calcutta any alterations which they may make in the changes of a Department within the sanctioned limit. It is submitted that those changes will usually be in mere matters of detail—trifling inequalities of salary will be corrected—the salaries of two ill-paid appointments combined for the purpose of providing adequate remuneration for the performance of any given duty, and the like. These are points of local arrangement of which the Local Government can alone be in a position to judge, and the reporting of such matters to Calcutta leads only to useless references and correspondence, without furnishing to the Supreme Government any information that can be of real value to them. The great principle of the Budget system—that the amount which can be assigned to the several grand heads of expenditure being once determined, the Local Governments shall be permitted free scope for the exercise of their discretion and local knowledge in the disposal of the several grants, provided that they be applied to their respective objects, and be not exceeded—cannot be too fully recognized, and in proportion as it is acted on in a liberal and enlightened spirit will the relations between the Central and Local Governments be placed on a better footing.

Vide also letter from Under Secretary to Government of India, Financial Department, to Civil Paymaster, Fort Saint George, 30th December 1861, No. 14,753.

42. The Local Governments have recently had their powers enlarged and confidence reposed in them by their being allowed to legislate for matters of local interest. The grant of such powers to those Governments hardly accords with the limitations and restrictions on their administrative action, which have been above referred to.

(Signed) T. PYCROFT,
Chief Secretary.

P. S.—The Government have since been informed by the Accountant General that the following sums have been inadvertently omitted in the Budget Estimates for 1862-63.

Section F, VII, Superannuations and Retired Allowances, &c.

Annual donations of Government to the Civil Service Annuity Fund from 1st May 1825..... Rs. 1,50,000

Section F, IX, Miscellaneous.

Annuities payable in England to the Subscribers to the old Civil Service Annuity Fund up to 30th April 1825..... ,, 2,03,000

Exd. F. Cartledge.

1/2

Proposed Postscript to the Draft letter to the Govt of India per the Budget Estimates for 1862/63.

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Annual

annual donations of 2 ½ pct: to the Civil Service Annuity Fund from 17th May 1825 — Rs. 150,000

Sec: F IX. Miscellaneous

Annuities payable in England to the Subscribers to the old Civil Service Annuity Fund up to 30th April 28

— 203,000.

Desp.ch 22nd Per Steamer Colombo.

Financial Depart.t

No. 161.

9/5

The Secretary to the Govt. of India.
Financial Depart.t

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In continuation of my letter, dated the 8th inst. No 120, transmitting the budget Estimates of the Madras Presidency for the ensuing year 1862/63, I am directed by His Excellency the Governor in Council to offer the following remarks and explanations on the results shown in those papers.

2. The total expected receipts from all sources for the year, it will have been observed, are ~~Rupees~~ Rs: 655,70,182 - being an increase of Rs: 4,43,022 above the estimated receipts of the current year

Note — The receipts from and charges on account of the District of North Canara have in all cases been excepted from the Estimates for 1862/63 on account of the approaching transfer of that Province to the Bombay Presidency. They are included in the Estimates for 1861/62.

Disbursement

1861/62 — Rs. 309,23,907

1862/3 — " 311,55,064

Increase 2,31,157.

year.—

3. The anticipated Civil disbursements for the year 1862/63 exceed those of the present year by Rs: 2,31,157.—

4. Deducting the increase in the charges from the increase in the receipts, there will, on the whole, remain an increase on the net returns of 1862/63 of Rupees 2,12,265.

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Abkaree	Rs: 2,13,842
Duty on Arts, Trades & Dealings	" 8,89,283
Stamps	" 3,63,970
Law and Justice	" 3,65,057
Public Works	" 5,67,987

6. The chief heads of decrease are:

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Miscellaneous	" 80,010

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of 1862/63 exhibit an increase above those of the year now current under the following main heads:

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Salt	" 83,383
Salaries & Expenses of Public Departments	" 1,88,278
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Education, Science and Art	" 1,40,700
Interest	" 1,07,720.

8. Under the subjoined heads there is a decrease in the estimated charges of 1862/63 as compared with those of 1861/62.—

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Police	" 3,24,437
Marine	" 1,31,326
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Receipts.

Abkarry Estimate Rs: 34,04,936
Increase —"— 2,13,842

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Estimate Rs 16,24,313
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12. The estimate for the present year was very defective, the receipts from

† Rs. 22,878.

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Estimate. Rs. 20,76,170
Increase — " — 3,63,970.

Law and Justice.
Estimate — Rs 1,90,807.
Increase — " — 3,65,657.

Public Works. Estimate Rs. 736987
Increase — " — 56,7987.

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13. This large difference between the estimates of 1861/62 and 1862/63 is owing to the sale proceeds of Stores, Savings and Refunds not having been fully provided for in 1861/62, also to the transfer in the Estimate for the coming year from local funds to be expended for purposes of internal improvement and public convenience.

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+ source having been improperly included in the land revenue estimate of 1861/62.

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Rupees 21,18,724.
Decrease - 2,68,206.

Salt -
Rupees - 84,23,715.
Decrease - 76,255.

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Assessed Taxes - Custom -
Salt - Stamps. -

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The decrease shown in the estimate of 1861/62
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~~taken, as the proceeds of~~
~~the special taxes imposed~~
~~in order to make up the~~
~~deficit caused by the~~
~~Mutinies, leaving over~~
~~3 crores & 3 of the~~
~~calculation, viz. -~~

~~Income Tax 15 Lacs.~~
~~Duty on Salt, Sea, & Land~~
~~Moturpha, say 12 Lacs. 1/3 — 4 —~~
~~Stamps receipts 200 Lacs~~
~~ordinary revenue 1/3 — 10 —~~
~~Salt at 3 Rupees per Maund~~
~~Maunds exported to the~~
~~& 1 for local consumption. — 28 —~~
~~57 Lacs~~

Charges

Allowances, Refunds
and Drawbacks -
Rupees 4,40,778
Increase - 1,17,005.

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Law & Justice.
Rupees 38,88,666.
Increase - 2,52,975

23. Of the increase under this head Rupees 1,96,020 is on account of the proposed increase to the salaries of the

District

District Moonsiffs of the Madras Presidency, and of their Establishments on which submission for an application was made to the Govt. of India in a letter from Sec. to Govt. Judl. Dept. dated 4th Sustanke No. 169. The amount entered is however an over estimate - the true additional charge to be incurred, it will be seen from the Subjoined Statement which accompanied the above letter, is only Rupees 1,11,340.

The remaining increase is mainly under the head of "Prisons" from the increased charges for victualling the Prisoners, and on account of the new expense of the new Police who are employed in guarding the Jails and prisoners, having been in the budget of 1862/63 charged to the Jail Department, according to the Orders of the Govt. of India.

The

Education Science and Art.
Rupees 8,05,362.
Increase 1,40,700.

24. The greater part of this increase has occurred in the Educational Department in consequence of the re-petitionation of its operations - and of the Director of Public Instruction having, in accordance with the orders of the Govt. of India, provided for a larger increase under the head of grants in aid. There is also an increase of about Rs. 15,000 under the head of Botanical Gardens, in consequence of the arrangements directed to be made at Ootacamund in connection with the Cinchona experiments -

Revenue Charges.
Rupees 1,50,02,610.
Decrease 2,38,791.

25. There is a decrease in the Estimate of 1862/63 under this head of Rs. 2,38,791, notwithstanding that Rs. 1,32,560 on

account

account of the new Police Guards and Rs: 72,500 for Medical Establishments have this year been newly charged to the Revenue Departt. The estimate of these charges sent up by the Revenue Board was carefully scrutinized in the Revenue Deptt. of the Govt. Office before being forwarded to the Accountant General. The orders passed by Govt. in revision of the Board's Estimate are enclosed and will, it is trusted, show that the work was not done negligently.

Police.

Charges Rs: 37,97,031.
Decrease 3,24,437.

26. The decrease is under the head of Mofussil Police and arises from a smaller provision being made for Village police than in the budget of 1861/62, the Govt. having resolved to avoid any additional

expenditure on that account as much as possible until means can be found for meeting it from local sources — enfranchisement of service means appropriation of Police cesses &c. The sum entered on that score in the budget under submission is only Rs: 1,59,939 and of this no more will be expended than may prove to be absolutely necessary. Deducting this, the cost of the Constabulary proper stands at Rs: 36,36,334 — of which Rs: 2,64,240 is the cost of the police force supplied to other Departts. the Revenue Courts — Jail and Military, and debitable to them, leaving the expence of the General Police at Rs: 33,72,094. This sum, it is important to remark, covers the salaries

salaries and allowances of the Police at its full strength and for all the Districts of the Madras Presidency. It also includes all miscellaneous charges, as deputation and travelling allowances, clothing, ~~Lodging~~ Arms, Accoutrements, and in fact exhibits the entire cost of the Madras Mofussil Police under every head, which it is believed, will not compare disadvantageously with the expence of the Police force in any other division of our Indian Empire.

27. The decrease arises chiefly from the proportions of the charges borne by the Port Funds being deducted from the Estimate, which exhibits only that portion of Marine expenditure that has to be provided from the general revenues.

28. I am now desired to submit some general observations relative to the course at present pursued in the preparation of the annual budget estimates and to the amendments of which it seems susceptible.

29. According to the mode recommended by the Budget and Audit Committee in their report of 27th October 1860 para 5, and approved by the Supreme Govt. in their Pros: 14th Novr 1860 Finl Dept. No 11300, the

except that of "Lodging & building" i.e. providing Station houses, lines &c. which has been transferred to the Public Works Budget. The amount to be incurred on this last account estimated at Rs. 167,000 will raise the entire cost to Rs. 3539,094.

Marine charges Rs: 2,40,589
Decrease — 1,31,326.

having this year been deducted

the departmental Es=
=timates are to be sent
in the first instance
by the heads of Depart=
=ments to the Local
Civil Auditors - and
are to reach them by
the 1st January of each
year -

The Local Civil
Auditors are to close
their Budget Estimates
so as to reach the Local
Govt. by the 15th January.

The Local Govts. are
to examine the budget
Estimates and to send
them into the Financial
Departt. of the Govt.
of India on the 1st
February -

of Madras

30. Thus the Local Civil
Auditor has only 15
days allowed ~~him~~
for examining, collating
and arranging the
Estimates of receipts

and

and disbursements
for a large Presidency,
and this in addition
to the ordinary cur=
=rent work of his
office. -

Madras ~~Local~~ Govt. has only
15 days for scrutinizing
these estimates inde=
=pendently of all the
ordinary duties of
administration.

In fact

32. It was from
the first to be appre=
=hended, and has since
been amply proved
that these periods are
wholly insufficient
to allow anything
like a thorough ex=
=amination of the
estimates either in the
office of the Civil
Auditor or in the Govt.
office - ~~Indeed~~, it does
not admit of reference
being

being made in any cases of doubt to the more distant parts of this Presidency as Ganjam or Canara, and answers being received from Magnus,

33. This Govt. have indeed already, as reported to you in my letter of 17th Jany. last No. 2434, on the representation of the Accountant, directed that the departmental Estimates shall be forwarded to him by the 15th Decr. instead of the 1st Jany., thus enlarging the time allowed him for their disposal from 15 days to one month. But this, even if sufficient for the account office, leaves the time available to Govt. just where it was before.

34. Again, the object of the Estimates being sent

+ in the prescribed form

21

sent into the Collector is that they may be duly compiled and the several items in them exhibited under the appropriate heads of account. Of the propriety of the charges per se he can know nothing. He cannot tell whether such a District Moonsiffs Court is or is not required in any given Zillah, or whether any District has or has not a sufficient number of Deputy Collectors paid of the proper classes. Such questions must be decided by the controlling authorities, and ultimately by Govt. Govt under the existing system Govt.

do

do not see the Estimates until they are in a very advanced stage when any extensive changes would be productive of delay and embarrassment, and any detailed inquiry into the component items is impracticable.

35. Under these circumstances the Govt. have resolved to instruct the several Boards, Courts or officers who have to furnish Budget Estimates to send them into Govt. so as to reach the Govt. Office by the 1st Nov. in each year. After being passed by Govt. they will be forwarded to the Civil Audr.

so

so that the last shall reach him by the 15th Decr. They will be digested and arranged in the Account. ~~Genl's~~ Office and returned to Govt. in the proper budget forms by the 15th Jany. But little will then remain to be done by Govt. as the propriety of the several charges will already have been considered ~~admitted~~ by them. & the entire budget may without difficulty be sent to Calcutta by the first Steamer in ~~February~~ March or perhaps occasionally by the last Steamer in ~~February~~ January.

36. It should be remembered that although the revenue and charges of the current year

can

can be ascertained with greater precision as the year advances, the same remark does not apply to the receipts and disbursements of the year which is next to follow. These must be estimated chiefly in reference to the results of preceding years, due regard being paid to any disturbing causes that may be likely to affect them, and such causes may usually be as well known two months sooner, as two months later. In respect to charges, the larger portion of these is on account of fixed establishments which will vary little from year to year, and the necessity for which may as readily be determined in November as in January. Contingencies such as the charges for the purchase and manufacture of salt, for the victualling of Convicts and the like will generally be estimated for on data which are as available six months before the commencement of the year as they are at four. Nor should it be forgotten that although the revision of the Budget Estimates will for the most part be completed by the Govt. by the 15th December, those Statements will not be finally closed in the Accountant General's Office until the 15th January nor in the Govt. Offices until the end of that month, and that any corrections which

which may in those intervals prove to be required, can be made as they are found to be necessary-

37- The expediency of the estimates being revised by the Govt. before their being sent to the Accountt. Genl has been already pointed out. According to the present course the Govt. do in truth devolve their duties on the Accountt. Genl, and retain to themselves neither sufficient time nor means for effectual scrutiny. The change has indeed been partially carried out by this Govt. in the estimates for 1862-63, those for the main branches of receipts and expenditure, as the land and other sources of revenue,

Law

Law and Justice, Police, &c. having been revised by Govt. before they were forwarded to the Accounts office. But for this, owing to the little time that would otherwise have been allowed to Govt. they could not have been effectively examined at all. As it was, it was with the greatest difficulty that were got ready for despatch by the last Steamer, and indeed they could not have been sent by her, had she not accidentally been somewhat beyond her time.

38. In a resolution of the Govt. of India, dated the 18th Septr. 1861, Finl. Depart. No. 12, 262, it has been ruled that the Local Govts. have authority to sanction such a re-distribution

of

of charges as will allow of savings of salary being appropriated to contingencies, provided the sum total of the Budget grant is not exceeded, and the change in the allotment of the charge is immediately reported to the Financial Department. It is however added, that His Excellency in Council considers that a limitation should be fixed on the exercise of such power, and he is accordingly pleased to rule that ordinary casual savings only shall be applied to such purposes -

39. This limitation appears to have been imposed in consequence of the suggestion made by the Auditor General

of India in his letter of 14 Augt. 1861, that without some restriction on the discretionary power allowed to the Local Governments by the Orders of the Govt. of India of the 15th Novr. 1860, expenditure of a continuous nature refused by the Supreme Govt. might be effected by allowing vacancies to remain open to the detriment of the public service, and the neglect of the just claims of individuals, and applying the sums thus accruing from Civil salaries to the contingent expenditure -

40. The Madras Govt. first assured that neither the Auditor General when he penned the above remarks, nor the Govt. of India when they admitted them without comment, and acted on them, realized the grave

nature

nature of the imputa-
-tion thereby thrown on
the Local Governments -
the Local Governments,
and the Madras Govt. as
one of them, are thereby
deemed, capable of
injuring the public
Service, and wronging
individuals in order to
carry out expenditure
which has been disal-
-lowed by the Supreme
Govt. No Public Office,
I am to observe would
patiently endure such
a charge, far less the
Govt. of a large and
important Presidency.
If the Madras Govt.
are capable of thus
acting, they are unfit
to be entrusted with
any power whatsoever.
I am with much
respect to submit that
the order in question
may be re-considered,

and

and that this Govt. may
be allowed the full lat-
-itude originally given
by the rules of the 15th
November 1860. The res-
-triction placed upon
those rules by the sub-
-sequent order of the 18th
September last, I am to
remark, deprives them
of most of their value
inasmuch as the ordi-
-nary casual savings
of salaries can rarely
be of any considerable
amount.

41. The Madras Govt.
would indeed ask that
the rules of 15th Novr.
1860, might be enlarged
rather than restricted,
and that they might be
relieved from the neces-
-sity of reporting to the
Financial Depart. at
Calcutta any altera-
-tions which they may
make in the charges
of a Department within

the

Vide also letter from Under
Secretary to Govt. of India
Financial Depart. to Civil Pay-
master, Fort Saint George
30 December 1861 No 4753.

the sanctioned limit—
It is submitted that
those changes will gen=
=erally be in mere mat=
=ters of detail—trifling
inequalities of salary
will be corrected—the
salaries of two ill-
paid appointments
combined for the pur=
=pose of providing ade=
=quate remuneration
for the performance of
any given duty, and
the like. These are
points of local ar=
=rangement of which
the Local Govt. can
alone be in a position
to judge, and the report=
=ing of such matters
to Calcutta lead only to
useless references and
correspondence, with=
=out furnishing to the
Supreme Govt. any in=
=formation that can
be of real value to
them— The great principle

of the Budget system—
that the amount which
can be assigned to the
several grand heads of
expenditure being once
determined, the Local Go=
=vernments shall be
permitted free scope for
the exercise of their dis=
=cretion and local know=
=ledge in the disposal
of the several grants,
provided that they be
applied to their respec=
=tive objects, and be not
exceeded—cannot be
too fully recognized, and
in proportion as it is
acted on in a liberal
and enlightened spirit
will it the relations be=
=tween the Central and
Local Governments be
placed on a better foot=
=ing.

42. The Local Govern=
=ments have recently
had their powers en=
=larged and confidence
reposed

posed in them by
their being allowed to
legislate for matters
of local interest. The
grant of such powers
to those Governments
hardly accords with
the petty limitations
and restrictions on
their administrative
action, which have
been above referred to.

I have &c:

Fort Saint George
21st February 1862.

15 Price

[illegible] 1862 Cl/Sattt

No 161.

To
The Secretary to the
Govt of India

Dr 21 February 162

Rec 27/2/62

Offer further remarks
and explanation on
the Budget Estimate
of 1862/63.-

Comml C

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