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MADRAS RECORD OFFICE.

Government of Madras.

Financial DEPARTMENT.

G.O. No.	582	Press ~~Mis.~~
22-23.		
Dated	6-8-	1862.

22-23

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Not to be folded or roughly handled

*Proceedings of the Madras Government, Financial Department,
6th August 1862.*

No. 22. Read the following Extract from the Proceedings of the Government of India, in the Financial Department, dated 30th June 1862, No. 4,566.

Read also the following correspondence having reference to the proposal made by the Government of Bombay to devote the sum realized by the sale of the European General Hospital Building towards the construction of a new Hospital, and to apply the sum of 3½ lacs of Rupees to be received from the Municipality on account of portions of Government waste land on Bombay Green to the completion of the reclamation of the Sea Ground at Moodee Bay:—

Letter from the Acting Chief Secretary, Government of Bombay, No. 532, dated the 9th April 1862.

Endorsement to the Public Works Department, No. 2,781, dated 30th April 1862.

Office Memorandum from the Public Works Department, No. 1,892, dated the 19th May 1862, with enclosures.

RESOLUTION:—The Medical authorities at Bombay having condemned the European General Hospital at the Presidency, as unsuitable, owing to its insufficient size and very objectionable position, the local Government was induced to dispose of the building by public competition and set aside the proceeds towards the construction, in a healthy and airy locality, of a new Hospital. With this view, the Government of Bombay directed the Collector of Bombay to hold the sum which was realized, viz., Rupees 3,10,000 for the purpose by bringing it to account as a "Deposit," but the Deputy Auditor and Accountant General stated that the transaction involved the writing off from the accounts of Rupees 2,43,286, at which amount the late building stood on the Books, and an expenditure of the sale proceeds without a provision for it in the Budget Estimate.

* Letter, No. 532, dated 9th April 1862.

Under these circumstances, the Government of Bombay requested,* permission to dispose of the sale proceeds in the manner proposed.

On the 30th April, the proposal above alluded to was referred to the Public Works Department, for consideration and orders.

In the meantime it appears that the Public Works Department had under consideration another proposal from the Bombay Government for the sale of lands on Bombay Green to the Municipality of Bombay, and the appropriation of the proceeds amounting to 3½ lacs to the completion of the reclamation of the Sea Ground at Moodee Bay.

The Public Works Department remarks that two general questions are involved in the above proposals, viz:—1st, as to the powers of a local Government to sell of its own authority buildings or land the property of the State. 2nd, as to the proper way of dealing with money obtained from such sales of Government real property.

In respect to the 1st point, the Public Works Department doubts the competency of the Government of Bombay, unless under special authority; and with regard to the 2nd point remarks that money obtained from sale of Government real property ought to fall into the Imperial General Treasury, unless specially appropriated otherwise by the Government of India, and that money got in any way from the Imperial Funds can only be applied to Public Works on the regular submission of designs and sanction of estimates in ordinary course.

The sale of the Hospital, the Public Works Department remarks, seems irregular, as it involves the expenditure of a sum of money which the Bombay Government cannot authorize without the approval of the Government of India, the powers of the Governments of Bombay and Madras to sanction works on their own authority being limited to Rupees 2,00,000 each.

With regard to the particular sum that has been realized by the sale of the Hospital Building, the Public Works Department further remarks that if the amount is included in the general balance of cash for all India on which the Supreme Government has relied, and in consideration

*Proceedings of the Madras Government, Financial Department,
6th August 1862.*

of which it has made its Budget allotment for 1862-63, and that if the Bombay Government is now allowed to appropriate this sum in excess of its Budget allotment, the general financial arrangements will be by so much deranged.

His Excellency the Governor General in Council observes that the general questions stated above are scarcely raised by the proposals of the Bombay Government.

In the first case, the sale and re-building of the General Hospital is not a conversion of the property of the State to its own use by the Government of Bombay; it is merely the substitution of one thing for another of precisely the same character. If the Bombay Government could ensure that in building the new Hospital, they would not exceed the proceeds of the sale of the old one, and thus no contingent liability upon the revenues were incurred, they might unobjectionably retain the proceeds, as they proposed, in deposit, and meet the outlay for the new work from the amount. The Deputy Auditor and Accountant General is mistaken in thinking it would be necessary to write off from the accounts the amount at which the late building stands on the Books. The adjustment might be deferred until the new building was completed, or the amount might be temporarily debited to Deposits. The proposal of the Bombay Government is therefore approved, on the understanding that the plan of new works receives the sanction of this Government, in the Public Works Department, and that no charge will be entailed upon the revenues.

As regards the second case, it seems rather of a municipal than of a general character, and in that view it is deserving of approval; and if the work to which it is proposed to devote the proceeds, is of a beneficial or remunerative kind, His Excellency in Council is aware of no objection to the appropriation of them in the manner suggested.

In neither of these cases, His Excellency in Council observes, are the general revenues of the State or existing sources of Government income affected. Had they been so, and thus the general questions put by the Public Works Department raised, the principle laid down in paragraph 56 of Resolution of Government, in the Home Department, No. 3,264, dated 17th October last, would govern the decision, and the proceeds should have been invested in Government Securities or in some reproductive work yielding a revenue.

A copy to the Public Works Department, for information and communication to the Home Department.

- „ to the Government of Bombay.
- „ to the Deputy Auditor and Accountant General, Ditto.
- „ to the Auditor General of India.
- „ to all Governments and Administrations.

(A true Extract.)

(Signed) E. DRUMMOND,
Secretary to the Government of India.

No. 23. ORDER THEREON, 6th August 1862, No. 582.

Communicated to the Public Works Department and the Deputy Auditor and Accountant General.

(Signed) T. PYCROFT,
Chief Secretary.

Exd. F. Cartledge.

No. 4566

*EXTRACT from the Proceedings of the Government of India, in the Financial
Department, d. 30th June 1862.*

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Letter from the Acting Chief Secretary, Government of Bombay, No. 532, dated the 9th April 1862.

Endorsement to the Public Works Department, No. 2781, dated 30th April 1862.

Office Memorandum from the Public Works Department, No. 1892, dated the 19th May 1862, with enclosures.

RESOLUTION:—The Medical authorities at Bombay having condemned the European General Hospital at the Presidency, as unsuitable, owing to its insufficient size and very objectionable position, the local Government was induced to dispose of the building by public competition and set aside the proceeds towards the construction, in a healthy and airy locality, of a new Hospital. With this view, the Government of Bombay directed the Collector of Bombay to hold the sum which was realized, viz., Rupees 3,10,000 for the purpose by bringing it to account as a "Deposit", but the Deputy Auditor and Accountant General stated that the transaction involved the writing off from the accounts of Rupees 2,43,286, at which amount the late building stood on the Books, and an expenditure of the sale proceeds without a provision for it in the Budget Estimate.

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With regard to the particular sum that has been realized by the sale of the Hospital Building, the Public Works Department further remarks that if the amount is included in the general balance of cash for all India on which the Supreme Government has relied, and in consideration of which it has made its Budget allotment for 1862-63, and that if the Bombay Government is now allowed to appropriate this sum in excess of its Budget allotment, the general financial arrangements will be by so much deranged.

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In neither of these cases, His Excellency in Council observes, are the general revenues of the State or existing sources of Government income affected. Had they been so, and thus the general questions put by the Public Works Department raised, the principle laid down in paragraph 56 of Resolution of Government, in the Home Department, No. 3264, dated 17th October last, would govern the decision, and the proceeds should have been invested in Government Securities or in some reproductive work yielding a revenue.

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- „ to the Deputy Auditor and Accountant General, Ditto.
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(A true Extract)

Edw. Drummond

Secretary to the Government of India.

