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MADRAS RECORD OFFICE.

Government of Madras.

Financial DEPARTMENT.

G.O. No.	<i>for 68</i>	Press Mis.
<i>85</i>		
Dated	<i>25-1-</i>	<i>1862.</i>

85

12/13

Not to be folded or roughly handled

*Proceedings of the Madras Government, Financial Department,
25th January 1862.*

No. 85. To the Secretary to the Government of India, Financial Department, dated Fort Saint George, 25th January 1862, No. 68.

In my letter of 6th December 1860, No. 596, acknowledging the receipt of the forms of Budget Estimates, it was stated that, for reasons fully shown, it would not be possible to send in the Estimates to the Supreme Government by the date that had been specified. It was added, that, from the same causes, the Estimates when they were furnished could not but be defective, and that the Madras Government must ask for them the indulgent consideration of the Government of India.

2. In their reply of the 21st idem, Financial Department, No. 12,324, the Government of India intimated that they were well aware that the first year's Estimates must necessarily be in some respects imperfect, and less exact than when the system was in full working order; but that from the zealous manner in which the work of Financial reform had been taken up by the Madras Government, the President in Council was content to rely on that Government and on all Officers and Departments under them, making every possible exertion to send in the Estimates at the earliest possible period, and as correct as circumstances would permit.

3. In my letter of 23rd March last, No. 153, transmitting the Budget Estimates, it was pointed out that, looking to the novelty of the system, and to the disadvantages attendant on the preparation of the Budget for 1861-62, it might prove on trial, which was the only true test, that provision had not been made in it for all necessary items, or that the provision made in certain cases was not sufficient. This Government, it was stated, would strive, as far as possible, to avoid the submission of Supplemental Estimates, but they did not doubt that if they should eventually be compelled to submit any, these would receive liberal consideration from the Government of India.

4. In the same letter paragraph 3, it was noted that owing to the brief time allowed for the preparation of the Budget Estimates, it had been necessary to send the blank forms direct to the Collectors and Judges, and to desire those Officers to forward their Statements when filled up direct to the Accountant General, in place of transmitting them through the Board of Revenue and through the Court of Sudr Adawlut. The Estimates therefore had not undergone scrutiny and revision in those controlling Offices.

5. The anticipations expressed in the Extract from my letter of 23rd March last quoted above in paragraph 3 have, this Government regret to say, been verified. In consequence of the hurried manner in which the Estimates were prepared by Officers new to the system, many charges are found to have been omitted. These charges are for the most part usual, necessary and regular, and have been duly and fully sanctioned. They are of the same character as the charges which were entered in the Budget, and would equally with them have been admitted and passed without hesitation, had they not been omitted from it by pure over-sight. In other cases, they were omitted because they were such as when the Budget Estimates were sent in were not, and could not have been foreseen.

6. With all these items the Civil Paymaster, quoting the Order of Government of India of 21st May 1861, No. 102, has dealt in the same manner. He has objected to pass them unless they could be met by equivalent savings effected out of the sanctioned Budget.

7. In every instance in which this requirement could be complied with, it has been promptly met; but in most cases it could not be fulfilled, and its enforcement would have been tantamount to a disallowance of the charge. Those Budget Estimates in which the greatest omissions have occurred, as they were originally submitted, contained only necessary items with a scanty margin for contingencies. It was not practicable to make such reductions in them as would provide the funds required to meet the charges which have been omitted from them. It might indeed, have perhaps been effected had the entire Budget allotment been placed at the disposal of this Government for the public service generally, and had they been at liberty to apply the surplus under one head of the Budget to make good the deficiency in another. But this, under the present Budget Rules, is not allowable.

*Proceedings of the Madras Government, Financial Department,
25th January 1862.*

8. The charges which the Civil Paymaster was unable to pass because they had not been provided for in the Budget, were, as has already been remarked and will more fully appear on reference to the accompanying Supplementary Estimates, such as could not be disallowed without occasioning extreme hardship to individuals, and obstruction to the public service. Thus to cite examples, it was found that several Collectors had by mere over-sight omitted from their Estimates the house-rent and tentage of their Assistants. It would clearly have been the height of injustice to have withheld from these Officers their established allowances in consequence of the occurrence of errors for which they were in no way responsible. Again, from some misapprehension the Accountant General struck out of the Medical Estimate the salaries and allowances of the Civil Surgeon of Cochin and of his Establishment. But it was clearly out of the question either that the Surgeon and his servants would work for nothing, or that their services should be lost to the public Establishments—the Jail, Judicial, Marine and other Departments at that important Town and Port, simply by reason of a mistake committed at a Madras Public Office.

9. On becoming aware of the insufficiency of their Original Budget Estimates for 1861-62, two courses were open to this Government. They might have forwarded separately for the sanction of the Supreme Government every charge which had not been provided for and could not be met from the Budget, in which case the references would have been legion; or relying on the liberal consideration evinced by the Government of India in their letter of 21st December 1860, already alluded to, and in view to save labor both to that Government and themselves, they might prepare and submit one Supplemental Budget containing all further charges for the year for which, as experience had shown, provision must be made.

10. The latter of these alternatives was chosen. The Officers and Heads of Departments whose original Estimates had been insufficient were directed to forward Supplementary Returns of the charges still to be provided for—and the whole have been collected by the Accountant General in the accompanying Budget forms. In submitting them, I am directed to offer the following observations:

11. The entries in these Estimates, it will be remarked, are charges of an ordinary and usual character; or such as, if of a more special description, rest on valid grounds. Some were omitted from the original Budget from over-sight, as the allowances for house-rent and tentage to Assistant Collectors already noticed. In other cases, the charges were omitted from the Budget from ignorance that they should have been included in it; as in the Mint Budget, the allowances payable in England out of the salaries of the European employes to their relatives at home; charges for landing Mint Stores which hitherto had only been adjusted in account, but have now to be paid for out of the Mint Budget Funds. To this cause may also be referred the cost of supplies which have heretofore been furnished to Civil Departments from the Commissariat, but which will henceforward have to be procured by those Departments themselves and paid for from Funds provided in their Budgets. In some instances, as in that entered in Estimate "B. II. Allowances and Assignments under Treaties and Engagements" for payment of petty Carnatic claims, the sum was not entered in the Current Budget because it had been already included in the Estimates of 1860-61, although from unexpected obstacles the disbursement could not, as had been expected, be made in that year, but had to be postponed until the year following, that is the year now current. Some charges were left out of the Budget of

*Proceedings of the Madras Government, Financial Department,
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1861-62 because, when the Budget Estimates for that year were sent in, the necessity for such entries could not have been foretold. Such is all the expenditure on account of the Cinchona experiment; refunds of Stamp duty erroneously collected from suitors in the Civil Courts, and the like.

12. The total amount of the Supplemental Budget for which sanction is now solicited is Rupees 25,85,058 arranged under the following heads:—

	Rupees.
A.—Allowances, Refunds, and Drawbacks...	1,57,643
B. I.—Revenue Departments.....	7,67,729
„ II.—Allowances and Assignments under Treaties and Engagements. ...	6,46,718
„ IV.—Miscellaneous Payments...	„
E.—Public Works...	3,65,670
F. II.—Salaries and Expenses of Public Departments...	86,616
„ III.—Law and Justice...	1,24,784
„ IV.—Police...	4,548
„ V.—Education, Science, and Art...	39,812
„ VI.—Political Agencies and other Foreign Services...	48,577
„ VII.—Superannuation and Retired Allowances and Gratuities for charitable purposes...	1,40,449
„ VIII.—Marine...	19,659
„ IX.—Miscellaneous...	49,443
„ X.—Civil Contingencies...	53,410
Total Rupees...	25,05,058

Of the above, however, Rupees 4,46,420 is nominal, arising from the re-arrangement of charges which involves no actual increase of expenditure. The additional disbursements for which sanction is now asked amount to Rupees, 20,58,638.

13. This is doubtless a large sum, but it is gratifying to point out, that taking the Budget as a whole both in respect to receipts and disbursements, the net out-turn of the year is likely to exhibit an improvement on that shown in the original Budget. From the rough Estimate of territorial receipts and charges for the month of December submitted by the Accountant General, under date the 24th of that month, it seems that the then Estimate of the total receipts for the year Rupees 6,89,47,880 exceeded the Estimate of cash requirements of the original Budget or Rupees 6,63,80,340 in the sum of Rupees 25,67,540. From the amount of the original Budget must however be deducted Rupees 2,51,000 for Tobacco licenses, inserted in it, although no such tax had then, or has since been imposed, and Rupees 1,35,100 the decrease in the duty on imports in consequence of the reduction of duty

Original Budget.....	Rs. 663,80,340
Deduct	
Tobacco License.....	Rs. 2,51,000
Reduced duty on Twist...	„ 1,35,100
which deducted from.....	659,94,240
leaves a surplus in favor of the present Estimate of.....	689,47,880
	29,53,640

on twist. If these adjustments be made, the increase as per margin will be Rupees 29,53,640. On the other hand, the charges, including those of the Supplemental Budget, show an increase of Rupees 16,45,440, of which however Rupees 4,50,000 is for the Godavery works and Cotton roads granted subsequent to the original Budget being sanctioned and consequently not included in it. Deducting the increase in the charges, less the 4½ lacs for the Godavery works and Cotton roads, from the increase in the receipts, the upshot will be a net anticipated gain above the Estimate of the original Budget of Rupees 17,48,200. The receipts from Salt Rupees 89,50,000 may perhaps have been somewhat over-estimated, but allowing 9 lacs on that account, the result will still exhibit an improvement above that of the original Budget. The issue

Excess receipts.....	Rs. 29,43,640
Excess charges less the sum additional to the Budget allotted for the Godavery works and Cotton roads Rupees 16,45,440—Rupees....	4,50,000 = 11,95,440
	Rupees... 17,48,200

Proceedings of the Madras Government, Financial Department,
25th January 1862.

of the year will be more favorable than was calculated on at its commencement, notwithstanding the Supplemental charges.

14. I have to add that pending the submission of these Estimates and their being sanctioned, the several Collectors in the Provinces, and at Madras the Sub-Treasurer, have been authorized to make the disbursements necessary to meet the charges contained in them, as advances to be adjusted in the public accounts on receipt of sanction. The Government regret that they should have been obliged to take this step, but they had no option but to adopt it or to have public business brought to a stand. Now that the Budget system has become better understood, it is trusted that the Estimates from all Departments will be prepared with greater accuracy, and the necessity for Supplemental Estimates, or for the issue of money in anticipation of sanction, will not recur.

15. The Government also regret the delay which has occurred in the submission of these Supplemental Estimates; but it has been unavoidable, and has resulted from the time necessarily occupied in the preparation of these Estimates by the subordinate Offices and Departments and for their examination and revision in the Office of the Accountant General and in this Office. The work has been one of much labor to all the Offices concerned, involving many references, and occasioning no small addition to duties already sufficiently onerous.

(Signed) T. PYCROFT,
Chief Secretary.

54
Financial Department

N^o 596

To the Secy: to the Govt: of India

Financial Department

Sir,

In my letter of 6th December 1860. N^o 596, acknowledging the receipt of the forms of Budget Estimates, it was stated that for reasons fully shown it would not be possible to send in the Estimates to the Supreme Govt: by the date that had been specified. It was added, that, from the same causes, the Estimates when they were furnished could not but be defective, & that the Madras Govt: must ask for them the indulgent consideration of the Govt: of India.

2 In their reply of the 21st idem Finl: Dept: N^o 2324, the Govt: of India intimated

intimated that they were well aware that the first year's Estimates must necessarily be in some respects imperfect, & less exact than when the system was in full working order, but that from the zealous manner in which the work of Financial reform had been taken up by the Madras Govt, the President in Council was content to rely ^{on} that Govt, & on all Officers & Departments under them, making every possible exertion to send in the Estimates at the earliest possible period, & as correct as circumstances would permit.

In my letter of 23 March last. No 53, transmitting the Budget Estimates, it was pointed out that, looking to the novelty of the system & to the disadvantages attendant

7A
attendant on the preparation of the Budget for 1861/62, it might prove on trial, which was the only true test, that provision had not been made in it for all necessary items, or that the provision made in certain cases was not sufficient. This Govt, it was stated, would strive, as far as possible, to avoid the submission of Supplemental Estimates, but they did not doubt that if they should eventually be compelled to submit any, these would receive liberal consideration from the Govt of India.

In the same letter paras it was noted that owing to the brief time allowed for the preparation of the Budget Estimates, it had been necessary to send the blank forms direct to the Collectors & Judges, & to desire those Officers to forward their statements when

when filled up direct to
the Accountant General,
in place of transmitting
them through the Board
of Revenue & the
Court of Directors.

The Estimates therefore
had not undergone
scrutiny & revision in
those controlling Offices.

- 5 The anticipations ex-
pressed in the Extract
from my letter of 23rd
March last quoted above
in para 3 have, this last
regret to say, been verified.
In consequence of the hur-
ried manner in which
the Estimates were prepared
by Officers new to the sys-
tem, many charges are
found to have been omitted.
These charges are for the
most part small, necessary
& regular, & have been duly
& fully sanctioned. They
are of the same character
as the charges which were
entered in the Budget,
& would equally with
them.

94
them have been admitted
& passed without ^{hesitation} question,
had they not been omitted
from it by pure oversight.
In other cases, they were
omitted because they were
such as when the Budget
Estimates were sent in were
not, & could not have been
foreseen.

- 6 With all these items the
Civil ~~Department~~ ^{Department}, quoting the
Order of Govt. of India of 21st
May 1861-1862, has dealt in
the same manner. He has
objected to pass them un-
less they could be met by
equivalent savings effected
out of the sanctioned
Budget.

- 7 In every instance in
which this requirement
could be complied with,
it has been promptly met;
but in most cases it could
not be fulfilled, & its enforce-
ment would have been
tantamount to a disal-
lowance of the charge.
Those Budget Estimates
in which the greatest
omissions have occurred,

as they were originally submitted, contained only necessary items with a plenty margin for contingencies. It was not practicable to make such reductions in them as would provide the funds required to meet the charges which have been omitted from them. It might indeed, ~~as will be~~ ~~hereafter shown~~, have perhaps been effected, had the entire Budget allotment been placed at the disposal of this Court for the public service generally. & had they been at liberty to apply the surplus under one head of the Budget to make good the deficiency in another. But this, under the present Budget Rules, is not allowable.

The charges which the Civil Baymaster was unable to pass because they had not been provided for in the Budget were, as has already been remarked

411*
remarked & will more fully appear on reference to the accompanying Supplementary Estimates, such as could not be disallowed without occasioning extreme hardship to individuals, & obstruction to the public service. Thus to cite examples, it was found that several Collectors had by ~~gone~~ ^{gone} oversight omitted from their Estimates the house-rent & tentage of their Assistants. It would clearly have been the height of injustice to have withheld from these Officers their established allowances in consequence of the occurrence of errors ^{for} which they were in no way responsible. Again from some misapprehension the Acct^l General struck out of the Medical Estimate the salaries & allowances of the Civil Surgeon of Poohin & of his Establishment. But it was clearly out of the question either that the Surgeon & his servants

servants would work for nothing or that their services should be lost to the public establishment. The said, and the Marine & other Departments at that important point, simply by reason of ~~some~~ of a mistake committed at a Madras public office.

9. On becoming aware of the insufficiency of their Original Budget Estimates for 1861/62, two courses were open to this Govt. They might have forwarded separately for the sanction of the Supreme Govt. every charge which had not been provided for & could not be met from the Budget, in which case the references would have been legion - or relying on the liberal consideration evinced by the Govt. of India in their letter of 21 Decr. 1860, already alluded to, & in view to save labor both to that Govt. & themselves they might prepare & submit one Supplemental Budget containing all further

513A
further charges for the year for which, as experience had shown, provision must be made.

10. The latter of these alternatives was chosen. The Officers & Heads of Depts. whose original Estimates had been insufficient were directed to forward Supplementary Returns of the charges still to be provided for - & the whole have been collected by the Acct. General in the accompanying Budget forms. In submitting them, I am directed to offer the following observations.

The entries in these Estimates, it will be remarked, are charges of an ordinary & usual character - or such as, if of a more special description, rest on valid grounds. Some were omitted from the original Budget from oversight, as the allowances for house-rent & tentage to Assistant Collectors already noticed. In other cases, the charges were omitted from the

the Budget from ignorance that they should have been included in it - as in the Mint Budget, the allowances payable in England out of the salaries of the European employees to their relatives at home - charges for landing ~~on~~ Mint stores which hitherto had only been adjusted in account, but have now to be paid for out of the Mint Budget Funds. To this cause may also be referred the cost of supplies which have heretofore been furnished to Civil Departments from the Commissariat, but which will henceforward have to be procured by those Departments themselves & paid for from Funds provided in their Budgets. In some instances, as in ^{that} ~~the~~ entered in Estimate "B.I. Allowances & Assignments under Treaties & Engagements" for payment of petty bar-
natic claims, the sum was not entered in the Current Budget

15A
Budget because it had been already included in the Estimates of 1860/61, although from unexpected obstacles the disbursement could not, as had been expected, be made in that year, but had to be postponed until the year following, that is the year now current. Some charges were left out of the Budget of 1861/62 because when the Budget Estimates for that year were sent in, the necessity for such entries could not have been foretold. Such is all the expenditure on account of the pinchona experiment - refunds of Stamp duty & personally collected from suitors in the Civil Courts, & the like.

12 The total amount of the Supplemental Budget for which sanction is now
solicited

solicited is Rupees 25,058
arranged under the
following heads:

	Rs.
A. Allowances, Refunds & Drawbacks—	1,54,043
B. I. Revenue Departments—	7,61,729
— II. Allowances & Assignments under Treaties and Engagements—	6,46,718
— IV. Miscellaneous Payments—	
E. Public Works—	3,65,670
F. II. Salaries & Expenses of Public Depts—	86,616
— III. Law & Justice—	1,24,784
— IV. Police—	1,548
— V. Education, Science & Art—	39,812
— VI. Political Agencies and other Foreign Services—	48,577
— VII. Superannuation & Retired Allow- ances & gratuities for charitable purposes—	1,40,449
— VIII Marine—	19,659
— IX Miscellaneous—	49,443
— X. Civil Contingencies—	53,410
Total	Rs. 25,05,058

Of the above however
Rs. 4,40,420 is nominal,
arising from the re-
-arrangement of charges
which involves no actual
increase of expenditure.
The additional disburse-
-ments for which sanction

is

is now asked amount
to Rupees 2,58,638.

This is doubtless a large
sum, but it is gratifying
to point out that, that
taking the Budget as a
whole both in respect to
receipts & disbursements,
the net out-turn of the
year is likely to exhibit an
improvement on that
shown in the original
Budget. From the rough
Estimate of Territorial
receipts & charges for the
month of December
submitted by the Accts.
General under plate the
2nd of that month, it seems
that the new Estimate
of the total receipts for
the year Rs. 689,47,880 ex-
ceeded the Estimate of
cash requirements of the
original Budget or Rs.
663,80,340 in the sum of
Rs. 25,67,540. From the
amount of the original
Budget must however
be deducted Rs. 25,000
for Tobacco licenses, in-
-serted in it, although

no

Original Budget — Rs. 663,89,340
 Deduct
 Tobacco & Sice Rs. 25,100
 Reduced duty on Twist — 1,35,100 } 3,86,100
 which deducted from 659,99,240
 leaves a surplus in favor of the present Estimate of 29,53,640

Excess receipts — Rs. 29,43,640
 Excess charges less the sum additional to the Budget allotted for the Kodavery works & Cotton Roads Rs. 16,45,440 — Rs. 4,50,000 = 11,95,440
 Rs. 17,48,200

no such tax had then, or has since been imposed, & Rs 1,35,100 the decrease in the duty on imports in consequence of the reduction of duty on twist. If these adjustments be made, the increase per margin will be Rs: 29,53,640. On the other hand, the charges, including those of the Supplemental Budget, show an increase of Rs: 16,45,440, of which however Rs: 4,50,000 is for the Kodavery works & Cotton roads granted subsequent to the original Budget ^{being} sanctioned & consequently not included in it. Deducting the increase in the charges, less the 1/2 face for the Kodavery works & Cotton roads, from the increase in the receipts, the upshot will be a net anticipated gain above the Estimate of the original Budget of Rupees 17,48,200. The receipts from

from Salt Rs: 89,50,000 may perhaps have been somewhat overestimated, but allowing 9 Lacs on that account, the result will still exhibit an improvement above that of the original Budget. The issue of the year will be more favorable than was calculated on at its commencement, notwithstanding the Supplemental charges. I have to add that pending the submission of these Estimates & their being sanctioned, the several Collectors in the Provinces, & at Madras the Sub-Treasurer, have been authorised to make the disbursements necessary to meet the charges contained in them, as advances to be adjusted in the public accounts on receipt of sanction. She has regret that they should have been obliged to take this step, but they had no option but to adopt it or to have public business brought

brought to a stand. Now
that the Budget system
has become better understood
it is trusted that the Es-
timates from all Depart-
ments will be prepared
with greater accuracy,
& the necessity for Sup-
plemental Estimates or
for the issue of money
in anticipation of parie-
tion, will not recur.

The Govt also regret the
delay which has occurred
in the submission of
these Supplemental
Estimates, but it has been
unavoidable, & has resulted
from the time necessarily
occupied in the prepara-
tion of these Estimates
by the subordinate Offices
& Departments & for
their examination &
revision in the Office
of the Accountant
General & in this Office.
The work has been one
of much labor to all
the Offices concerned,
involving

21A
involving many references,
& occasioning no small
addition to duties already
sufficiently onerous.

Fort Saint George,
25th January 1862.

With copies of the Proceedings
of Govt in the Public Works
and Revenue Department
dated respectively 10th & 20th
December, 1861 - Nos. 2243 & 2336.

15 Copies

Memorandum 1852 Default.

1852

20

The way to the Court
of Justice

25 January 62

Replied to 10th March
1862. 8th 280.