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MADRAS RECORD OFFICE.

Government of Madras.

Financial DEPARTMENT.

G.O. No. <u>880</u>	Press
<u>51-52.</u>	Mis.
Dated <u>18. 12</u>	<u>1862.</u>

51-52.

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*Proceedings of the Madras Government, Financial Department,
18th December 1862.*

No. 51. Read the following Extract from the Proceedings of the Government of India, Financial Department, dated 18th November 1862, No. 978 A.

Read letter from Sir GEORGE COUPER, Baronet and C.B., Secretary to the Government of the North-Western Provinces; to the Honorable E. DRUMMOND, Secretary to the Government of India, in the Financial Department, dated Nynce Tal, 1st of October 1862, No. 1,850a.

Financial Department, N. W. P.

I am directed to transmit, for the consideration of His Excellency the Governor General in Council, in connection with paragraphs 5 and 6 of my letter, No. 1,614a, dated 22nd ultimo, to the address of the Officiating Deputy Auditor and Accountant General North-Western Provinces, a copy of which was forwarded to you under docket from this Office, No. 1,615a, of the same date, the accompanying copy of a letter, No. 2,934, dated 16th instant, from Mr. Balmain, in which he submits his observations on the necessity or otherwise of Reserves in the Budget Estimates.

From the Officiating Deputy Auditor and Accountant General, North-Western Provinces; to the Secretary to Government, North-Western Provinces, Financial Department, Allahabad, dated 16th September 1862, No. 2,934.

With reference to paragraph 6 of your letter of August 22nd, No. 1,614a, I have the honor to submit the following observations on the question of the necessity or otherwise of Reserves in the Budget Estimates.

2. The Reserves estimated for 1862-63 are shown in the margin-

A. Refunds...	..	..	..	60,000
B I. Collection...	..	..	..	50,000
Settlement...	..	..	..	20,000
Abkaree.....	..	..	..	1,000
B I. 2. Income Tax..	..	..	..	20,000
B I. 3 4. Customs...	..	..	..	14,000
F II. Public Departments	..	..	..	50,000
F III. Civil Court...	..	..	..	20,000
Criminal	..	..	..	30,000
F VII.	..	..	..	65,000
				3,30,000
Deduct... ..	..	..	..	60,000
				20,000
				65,000
				1,45,000
				1,85,000

The whole of these cannot be considered as of the same description, or as to be treated on the same principle. The 1st or Refunds, belongs to a description of charge for which no limit can be laid down. Refunds are of right, and claimable by Law, and must be paid whatever they amount to. The object therefore should be, to estimate as correctly as possible the probable charge as a foundation for calculating financial results, but not to limit the grant. In this view a reserve is unnecessary, and would tend to render the Financial Estimate incorrect. The above remark will

apply to a considerable extent to F VII. Pensions cannot be limited by any grants, and the object should be to frame a probable estimate of charge to be incurred. The Income Tax reserve under the new and reduced scale of expenditure may also probably be omitted. There will then remain a total of reserves for ordinary services of Rupees 1,85,000, and the question for consideration is, if this margin is necessary for the efficient and smooth working of Budget Rules. The charge for the ordinary services under B. and F, for which these reserves were intended, amounts to about 100 lacs. The margin therefore provides for an increase of about 17 per cent.

3. Supposing the reserves struck off, what resource remains for meeting any increased charge found necessary? The fixed establishment as a rule, cannot be expected to afford any reduction, but there is in all Departments a large amount estimated for under Contingent and variable heads, which might, if sufficient necessity were shown, be economized on. For example, under B I, I, Collectors, the Contingent charges which are under control have been estimated for at Rupees 1,82,000 for 1862-63, the corresponding Actuals in 1860-61 were

Contingencies....	..	..	Rs. 1,39,000
Printing...	..	..	1,377
Travelling Allowance	..	..	42,000

Rupees 1,51,000, so that (in this year) a margin of Rupees 31,000 already exist in this particular case. But there can be little doubt that even in the 1,51,000 large reductions could be

*Proceedings of the Madras Government, Financial Department,
18th December 1862.*

made if a necessity were shown for expending the money otherwise. If a Collector obtained provisional sanction for an additional charge for an establishment or any other urgent purpose, there is little doubt but that he could so economize his (say average) Rupees 5,000 per annum, as to create a margin of 50 or 100 Rupees a month.

Contingencies...	Rs. 13,000
Travelling	12,000
Other items...	18,000

13,000, so that for the present year, there is a margin of 21,000 Rupees in lieu of the reserve of Rupees 14,000, disallowed.

Judges Contingencies...	Rs. 20,000
Other Officers...	8,900
Other items...	1,320

* Sic in orig. ... 30,000*

could be effected, if only charges indispensably necessary were incurred.

Contingencies...	Rs. 1,05,000
Travelling and Tentage	35,000
	1,40,000

4. Besides the margin which might be created in Contingencies, I think the sanction of the Supreme Government might properly be sought for the appropriation of all casual savings effected in establishments. At present if a post is vacant, the amount is credited in the Accounts, and is no longer available. Such savings might be held at the disposal of Local Government, and would represent reserves to the extent of perhaps one to one and a half lacs per annum.

5. Having stated what substitutes might be made available for meeting fresh charges, I beg to submit that in my opinion, these would suffice to meet all petty increases or re-adjustments of present establishments and charges. Where entirely new organizations involving large disbursements are contemplated as at present for the new Abkaree system, it would be necessary to apply for additional grants; but such cases will probably not be numerous. The past year being the first in which the restriction of Budget grants has been enforced, cases requiring additional grants have been more numerous than they will probably be in the future.

6. While however not advocating reserves under the different service heads under which detailed Estimates are received, I think that a moderate reserve is desirable under both B IV and F IX. Occasions of disbursement are likely to occur on account of matters relating to the Government generally, and which no individual estimating Officer was concerned in providing for or could fairly be called on to meet, and where the sum is not large or important enough to warrant a reference to the Government of India, a reserve at the disposal of the Local Government would save unnecessary correspondence without seriously militating against the principle of requiring all charges to be estimated for specifically.

FINANCIAL DEPARTMENT, FORT WILLIAM, the 18th November 1862.

RESOLUTION.—His Excellency the Governor General in Council approves generally of the remarks made by the Deputy Auditor and Accountant General North-Western Provinces, who has shown a correct appreciation of the object of the Budget limitations of grants. In the Budget for 1863-64 fixed sums may be entered as Reserves under B IV and F IX.

To all the Local Governments and Deputy Auditors and Accountants General.
To the Auditor General of India.

(A true Extract.)

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

*Proceedings of the Madras Government, Financial Department,
18th December 1862.*

No. 52. ORDER THEREON, 18th December 1862, No. 880.

In the foregoing Proceedings, which have been communicated *direct* to the Deputy Auditor and Accountant General, the Government of India intimate that in the Budget for 1863-64 fixed sums may be entered as Reserves under B IV, and F IX.

2. The Accountant General will accordingly give effect to this Resolution and make the requisite provision for "unforeseen Contingencies" in the Budget now under preparation. It is observed that in the Budget for 1862-63 the Reserve of Rupees 25,000 on the above account

Vide letter from the Secretary to the Government of India, Financial Department, dated 21st June 1862, No. 4,089, paras. 30 and 31.

under F IX, Miscellaneous, and of Rupees 50,000 under F X, Civil Contingencies, was struck out by the Government of India without any reason being assigned for the exclusion of

these two items. The Governor in Council is of opinion that the Reserve to be provided for in the Budget of the ensuing Official year should not be less than the amount originally entered on that account in the Budget for the current year.

(Signed) A. J. ARBUTHNOT,
Chief Secretary.

Exd. T. McMootry.

No. 978a

EXTRACT from the Proceedings of the Government of India, in the Financial Department, dated 18th November 1862.

From Sir GEORGE COUPER, Baronet and C. B., Secretary to the Government of the North-Western Provinces, to the Hon'ble E. DRUMMOND, Secretary to the Government of India, in the Financial Department, No. 1850a, d., Nynce Tal, 1st of October 1862.

Financial Department, N. W. P. I AM directed to transmit, for the consideration of His Excellency the Governor General in Council, in connection with paragraphs 5 and 6 of my letter, No. 1614a, dated 22nd ultimo, to the address of the Officiating Deputy Auditor and Accountant General, North-Western Provinces, a copy of which was forwarded to you under docket from this Office, No. 1615a, of the same date, the accompanying copy of a letter, No. 2934, dated 16th instant, from Mr. Balmain, in which he submits his observations on the necessity or otherwise of Reserves in the Budget Estimates.

From the Officiating Deputy Auditor and Accountant General, North-Western Provinces, to the Secretary to Government, North-Western Provinces, Financial Department, Allahabad, No. 2934, d. 16th September 1862.

WITH reference to paragraph 6 of your letter of August 22nd, No. 1614a, I have the honor to submit the following observations on the question of the necessity or otherwise of Reserves in the Budget Estimates.

2. The Reserves estimated for 1862-63 are shown in the margin.

A. Refunds	..	60,000
BI. Collection	..	50,000
Settlement	..	20,000
Abkaree	..	1,000
BI. 2 Income Tax	..	20,000
BI. 3. 4. Customs	..	14,000
FII. Public Departments	..	50,000
FIII. Civil Court	..	20,000
FVII. Criminal	..	30,000
		65,000
Deduct		60,000
		20,000
		65,000
		1,45,000
		1,85,000

The whole of these cannot be considered as of the same description, or as to be treated on the same principle. The 1st or Refunds, belongs to a description of charge for which no limit can be laid down. Refunds are of right, and claimable by Law, and must be paid whatever they amount to. The object therefore should be, to estimate as correctly as possible the probable charge as a foundation for calculating financial results,

but not to limit the grant. In this view a reserve is unnecessary, and would tend to render the Financial Estimate incorrect. The above remark will apply to a considerable extent to FVII. Pensions cannot be limited by any grants, and the object should be to frame a probable estimate of charge to be incurred. The Income Tax reserve under the new and reduced scale of expenditure may also probably be omitted. There will then remain a total of reserves for ordinary services of Rupees 1,85,000, and the question for consideration is, if this margin is necessary for the efficient and smooth working of Budget Rules. The charge for the ordinary services under B. and F. for which these reserves were intended, amounts to about 100 lacs. The margin therefore provides for an increase of about $1\frac{2}{3}$ per cent.

3. Supposing the reserves struck off, what resource remains for meeting any increased charge found necessary? The Fixed Establishments as a rule, cannot be expected to afford

any reduction, but there is in all Departments a large amount estimated for under Contingent and variable heads, which might, if sufficient necessity were shown, be economized on. For example, under BI. 1. Collectors, the Contingent charges which are under control have been estimated for at Rupees 1,82,000 for 1862-63, the corresponding Actuals in 1860-61

Contingencies	Rs. ..	1,82,000
Printing	" ..	1,377
Travelling Allowance	" ..	42,000

were Rupees 1,51,000, so that (in this year) a margin of Rupees 31,000 already exist in this particular case. But there can be little

doubt that even in the 1,51,000 large reductions could be made if a necessity were shown for expending the money otherwise. It a Collector obtained provisional sanction for an additional charge for an establishment or any other urgent purpose, there is little doubt but that he could so economize his (say average) Rupees 5,000 per annum, as to create a margin of 50 or 100 Rupees a month.

Contingencies	Rs. ..	13,000
Travelling	" ..	12,000
Other items	" ..	18,000

Again in the Customs, the Estimate for 1862-63 for Contingencies is 44,000 while the Actuals of 1860-61 amounted to Rupees 13,000, so that for the present year, there is a margin of 31,000 Rupees in lieu of the reserve of Rupees 14,000, disallowed.

Judges Contingencies	Rs. ..	20,000
Other Officers	" ..	8,900
Other items	" ..	1,320

* Sic in orig.

The Contingent charges of the Judges amount to Rupees 30,000, a little in excess of the Actuals of 1860-61. The total charge is not great, but even out of an allowance

of Rupees 1,000 a year, a considerable saving could be effected, if only charges indispensably necessary were incurred.

Contingencies	Rs. ..	1,05,000
Traveling and Tentage	" ..	35,000
		1,40,000

The Criminal Court Estimate for 1862-63 amounts to 1,40,000 or some 15,000 less than the Actuals for 1860-61, but here also the charge is large enough to afford a margin if the attempt were made.

4. Besides the margin which might be created in Contingencies, I think the sanction of the Supreme Government might properly be sought for the appropriation of all casual savings effected in establishments. At present if a post is vacant, the amount is credited in the Accounts, and is no longer available. Such savings might be held at the disposal of Local Government, and would represent reserves to the extent of perhaps one to one and a half laes per annum.

5. Having stated what substitutes might be made available for meeting fresh charges, I beg to submit that in my opinion, these would suffice to meet all petty increases or re-adjustments of present establishments and charges. Where entirely new organizations involving large disbursements are contemplated as at present for the new Abkaree system, it would be necessary to apply for additional grants; but such cases will probably not be numerous. The past year being the first in which the restriction of Budget grants has been enforced, cases requiring additional grants have been more numerous than they will probably be in the future.

6. While however not advocating reserves under the different service heads under which detailed Estimates are received, I think that a moderate reserve is desirable under both

BIV. and FIX. Occasions of disbursement are likely to occur on account of matters relating to the Government generally, and which no individual Estimating Officer was concerned in providing for or could fairly be called on to meet, and where the sum is not large or important enough to warrant a reference to the Government of India, a reserve at the disposal of the Local Government would save unnecessary correspondence without seriously militating against the principle of requiring all charges to be estimated for specifically.

FINANCIAL DEPARTMENT, FORT WILLIAM, THE 18TH NOVEMBER 1862.

Resolution.

HIS Excellency the Governor General in Council approves generally of the remarks made by the Deputy Auditor and Accountant General, North-Western Provinces, who has shown a correct appreciation of the object of the Budget limitations of grants. In the Budget for 1863-64 fixed sums may be entered as Reserves under BIV. and FIX.

To all the Local Governments and Deputy Auditors and Accountants General.

To the Auditor General of India

(A true Extract)

Wm Drummond

Secretary to the Government of India.

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57-52

At 18th Nov 2/62.
At 16th Dec 2/62.
No 2023 20th Dec
The delay to the first
of India. 7th Dec 1862

7th Dec 1862

Only the Resolution of that
Govt. approving generally
of the Budget made by the
Govt. and not the B. W. P. in
the necessary or otherwise of
Resolves in the Budget
to be given in the Budget
for 1863-64 fixed sums may
be entered as Resolves under
BIV and FIV.

Score

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Financial Dept. B

Proceedings of the Madras Govt.

Read the following
Extract from the Proceed-
ings of the Govt of India,
Financial Dept.

(Noted 18th Nov 1862. No 9782)

Order thereon. 18th December 1862 No 880

In the foregoing Pro-
ceedings, which have
been communicated
direct to the Deputy In-
dian & Accountant Gene-
ral, the Govt of India
intimate that in the Bud-
get for 1863-64 fixed
sums may be entered as Re-
solves under BIV. and
FIV.

2. The Accountant
General will accordingly
give effect to this
Resolution and make
the requisite provision
for "unforeseen contin-
gencies" in the Budget
now under preparation.
It is observed that
in

Vide letter from the Secy to
the Govd of India, Head Dep
dated 21st June 1862. 454087.
para 30 & 31.

in the Budget for 1862-63
the reserve of Rs. 25,000 on
the above account under
F.T. Miscellaneous, and
of Rs. 50,000 under F.T. Civil
Contingencies was struck
out by the Govd of India
without any reason being
assigned for the exclusion
of these two items. The
Governor in Council is of
opinion that the Reserve
to be provided for in the
Budget of the ensuing
Official year should
not be less than the
amount ^{originally} entered on that
account in the Budget
for the current year.

W/A

300. 200
Give me 5-10 paise
good money
at once

To the Dy. Secy. & Secy General }
a Revenue Department } depd 18

sent 7/13 Jan 7

Am 1802 Defact

No 880.

Proceedings of Court

N^o 800 of 13

of 18 December 1802

Communicating to the
Accountant General with
certain observations, the
Resolutions of the Govern-
ment of India contain-
ing that said James
may be entered in the
Budget for 1803 the no
Revenue under 1311 and
711

51452