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MADRAS RECORD OFFICE.

Government of Madras.

Financial. DEPARTMENT.

G.O. No.	894.	Press
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Dated	23-12-	1862.

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*Proceedings of the Madras Government, Financial Department,
23rd December 1862.*

No. 65. Read the following Extract from the Proceedings of the Government of India, in the Financial Department, dated 22nd November 1862, No. 926A.

Read letter from the Board of Audit, to the Secretary to the Government of India, Financial Department, No. 111, dated 15th August 1862.

We have the honor to acknowledge the receipt of your predecessor's letter, No. 2,067, dated 27th March last, communicating the remarks of the Honorable Mr. Laing, with reference to the measures proposed by the Board for securing a more efficient check on the demand and supply of stores from England, by establishing a direct communication between the Officers indenting on London for stores and the Agent for supplies in England by means of Bills of Exchange to accompany the Indents; and on further consideration of the subject, we have come to the conclusion that, on the whole, it will be sufficient to secure the observance of a Budget check in this country over the demand for stores by means of a transfer charge in account for the value of stores indented for, while the supply of stores in England may be regulated by prohibiting the dispatch of stores beyond the quantity covered by the amount shown in the Indents.

2. The credit which it is proposed shall be raised by means of the transfer charge will be held in a suspense account, from which account the invoice value of the stores consigned to India will subsequently be transferred to credit of "Account Current with London" in adjustment of the Home charges.

3. It is proposed that the Indents for Military stores shall be prepared and submitted by the Heads of Departments not later than the close of the month of December for the requirements of the following official year, Estimates of the probable quantities of stores required being previously dispatched in the month of July to meet the requirements of the Despatches from the Secretary of State, Nos. 90, dated 1st March 1860, and 217, dated 25th May 1861, but the estimated value of the stores included in Indents should alone be provided for in the Budget of the year.

4. The Indents after revision by the Heads of Departments will be submitted for final orders and transmission to England, in the following manner, viz:—at Calcutta to the Chief of the Military Finance Department, by whom they will be reviewed and forwarded to the Military Department for transfer; should no objection exist on Military grounds, to the Financial Department, where the final orders of Government relative to their transmission to England will be passed.

5. At Madras and Bombay, the Indents will be submitted by Heads of Departments to the Controllers, by whom they will be reviewed and forwarded to the local Governments, the Controllers sending copies to the Military Finance Department. The Local Governments, after making such modifications or observations as may be deemed necessary, will transmit them to the Government of India, Military Department. The Indents will then be referred to the Military Finance Department and dealt with as prescribed above in the case of Indents submitted in Calcutta.

6. In this way all Indents will be sent to the Secretary of State for India by the Financial Department.

7. The above course is in accordance with the instructions of the Government of India, No. 4,819, dated 20th April 1861.

8. On intimation received from the Financial Department of the dispatch of the Indents, the Military Finance Department will direct the estimated amount of the Indents to be charged to "Military charges" of the year for which the Budget provision is made, and at the same time a corresponding credit will be opened under the suspense head of "*Indent Account for stores from London*," (Debt Account).

9. On receipt of the Invoices the Military Accountants of the respective Presidencies will adjust in the same way the differences (if any) between the *Indent value* and the *Invoice value* of

*Proceedings of the Madras Government, Financial Department,
23rd December 1862.*

the stores, and will then make the usual adjustment to credit of "Account Current with London," by debit to the suspense head or "Indent Account," and which will clear that head of account.

10. The Military Finance Department and Controllers will, under this arrangement, secure a Budget limit to the value of stores indented for, and the Military adjustments will show through the Invoices whether that limit has been observed or otherwise.

11. The above mode of adjustment will, if adopted, supersede the arrangement made in Proceedings of Board of Audit of 22nd March 1861, for the adjustment of stores from London.

12. On the Military General Books, the actual expenditure of the stores must be recorded as heretofore, and the receiving Departments will accordingly, on the receipt of the stores be debited with the Invoice value, and "Military charges" will be credited, with a view to the future debit of the stores as expended; but this adjustment will be confined to the Books and not be brought into the Financial Statements (Estimates and Actual Returns), the value having been already exhibited in those Statements as a charge of the year from the Indents and subsequent adjustment of differences, as described in paragraphs 5 and 6.

13. With a view to secure a check on the dispatch of stores from England, it is further proposed that the money limit or amount given in the Indent shall not be exceeded under any circumstances whatever by the supplying Department in London, except under distinct order of the Right Honorable the Secretary of State for India; and that whenever the estimated value may be insufficient to cover the whole of the Indent, the number or quantity of the article to be supplied shall be reduced so as to bring the aggregate cost of the supply within the total sum given in the Indent. In cases in which a number of articles are included in the same Indent, the Indenting Officer may be required to note in the column for remarks the particular articles which may, if necessary, be reduced in quantity or dispensed with without immediate inconvenience, to bring the aggregate Invoice value of the supply into agreement with the Indent value, which represents the Budget provision of the year. It is thus hoped that the differences between the Estimates and the actual charges will be reduced to a minimum, and that the observance of the Budget limit for stores from London will be efficiently secured.

14. To obviate the great inconvenience now felt from the frequent delay in the shipment of stores, it appears desirable that the Departments should be kept informed by means of periodical reports to be made by the Inspecting Officer in London to the Government of India of the receipts of Indents in London, and the progress of the shipments of stores, as already recommended in the following paragraphs of the report made to Government by the Military Finance Department, No. 6,754a, dated 28th February last:—

"That a Monthly Return for each Presidency be forwarded under the orders of the Secretary of State, of stores sent out, specifying the dates of Invoices and the numbers and dates of the Indents, in compliance with which the stores are supplied. In addition to the Return for each Presidency, which should be forwarded direct to the Presidency concerned, that a copy of the Return be sent to the Government of India for the information of Chiefs of the Civil and Military Finance Departments who form the Audit Board."

"That there be a Monthly Report made by the Government of each Presidency of the Invoices received, with any remarks that circumstances may call for regarding the stores arrived or arriving; and also that there be a general acknowledgment sent monthly by the Audit Board to Government, in reference to the Return required above, to be forwarded by the Secretary of State."

"That the Secretary of State send out monthly copies of all the contracts entered into for the supply of Military and other stores, in the same way as is now done for Railway stores."

15. The Officiating Chief of the Military Finance Department, under date the 29th April 1862, submits the following suggestions:—

"Having regard to the long intervals that usually elapse between the dates of the requisitions from India, and the transmission of the Stores and Packing Accounts, I think it desirable that some earlier intimation should be given of the action taken by the Home authorities on Indents from India. For example, on contracts being entered into for the supply of stores, intimation of the fact should be communicated to the Indenting Department through the Government, or the

*Proceedings of the Madras Government, Financial Department,
23rd December 1862.*

Agent for consignments. There can be no doubt that uncertainty as to the fate of previous requisitions, as well as solicitude for the efficiency of their respective Departments, on the part of Indenting Officers, has contributed hitherto to swell the proportions of the annual Indents on England."

"I would further suggest greater expedition in the transmission of valuation Invoices, and care in ensuring due correspondence between them and the Packing Accounts. Any discrepancies between these documents are most perplexing, as is also any delay in the receipt of valuation Invoices. The Invoices for stores per steam ship *Jason* were received long after arrival of the stores. To this moment the Invoices for a considerable portion of the clothing material received from Pimlico have not come to hand. The consequence is that, although the material has been expended in making up the clothing of British Troops, it is impossible to render an account of the money value of such expenditure. For purposes of accounting as well as to facilitate adjustments of freight in the case of short deliveries, the Home authorities should be requested to apply an approximate value, when unable to fix the exact value, subject of course to correction in subsequent amended Invoices."

16. The Mint Master in a report made to the Auditor General of India, under date 11th April 1862, makes the following suggestions and remarks:—

"I have occasionally had to complain of the delay in the receipt of Invoices, and my consequent inability to adjust certain items of expenditure. As an instance, I may note that the Invoice Statements of the Ships *Canning* and *Holmesdale* have not yet been received, although the stores brought out in those ships have been in the Mint Store Room for upwards of a year." It is understood that the approximate value of the stores referred to has since been received in a Despatch from the Right Honorable the Secretary of State for India, dated 7th March last.

17. The Mint Master also suggests, "that the tonnage of each article should be separately inserted as was formerly the case, for it has frequently been found necessary to apportion the total amount of freight to each article by calculating upon their value instead of upon their weight, because neither the Invoice Statement nor Packing Account has supplied the information required." He further points out that "from the peculiar nature of some stores required by the Mint, it is highly desirable that the Mint Master should be placed in direct communication with the manufacturer when he considers it necessary; as for instance, in the case of Black Lead Melting pots with the Battersea Plumbago Company, so that the best and most suitable articles might be secured, any defects in the articles supplied might be pointed out, and improvements suggested."

18. We beg to recommend that the above suggestions and remarks be communicated to the Right Honorable the Secretary of State for India, for consideration, and for the issue of such orders as he may deem necessary.

FINANCIAL DEPARTMENT, FORT WILLIAM, THE 22ND NOVEMBER 1862.

RESOLUTION.—On reconsideration of the subject, His Excellency the Governor General in Council is pleased to determine that the existing system of adjusting charges for Europe stores must continue, as, upon the whole, the simplest and best. The great causes of complaint as to the supplies from England, viz., delay and want of information, may be obviated by the measures suggested in paragraphs 14 and 15 of the Audit Board's report, and by those suggested by the Mint Master, which are set forth in paragraphs 16 and 17 of the same report. These will be recommended for the consideration of the Right Honorable the Secretary of State for India. It is feared that the checks proposed in paragraphs 3 to 7 to be instituted in this country upon Indents will be found cumbrous, but they may be tried; excepting only that, at the Presidencies of Madras and Bombay, and under the Governments of Bengal, North-Western Provinces, and the Punjab, so far as they now indent on Europe for stores, the Indents should be forwarded direct by the Local Governments, abstracts of those for Military stores being sent to the Military Finance Department, for Public Works stores to the Public Works Department, and of those for Civil through the Home Department to the Financial Department.

*Proceedings of the Madras Government, Financial Department,
23rd December 1862.*

2. The Budget must show the charges for stores as at present, from unfulfilled Indents expected to be received, subject to check in the Financial Department by the Home Estimates when available.

Ordered, that a copy of the foregoing Resolution be communicated to this Government in the Home and Military Departments, to the several Local Governments and Administrations, and to the Board of Audit.

Ordered, also, that a copy be communicated to the Department of Public Works, in continuation of the Resolution in this Department, No. 777 A, dated 23rd ultimo.

(A true Extract.)

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

No. 66.

ORDER THEREON, 23rd December 1862, No. 894.

Ordered to be communicated to the Public, Military and Public Works Departments and the Mint Master for information and guidance.

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

Exd. T. McNootry.

No. 9264

*EXTRACT from the Proceedings of the Government of India, in the Financial
Department, d. 22nd November 1862.*

From the Board of Audit, to the Secretary to the Government of India, Financial Department, No. 111, d. 15th August 1862.

We have the honor to acknowledge the receipt of your predecessor's letter, No. 2067, dated 27th March last, communicating the remarks of the Hon'ble Mr. Laing, with reference to the measures proposed by the Board for securing a more efficient check on the demand and supply of stores from England, by establishing a direct communication between the Officers indenting on London for stores and the Agent for supplies in England by means of Bills of Exchange to accompany the Indents; and on further consideration of the subject, we have come to the conclusion that, on the whole, it will be sufficient to secure the observance of a Budget check in this country over the demand for stores by means of a transfer charge in account for the value of stores indented for, while the supply of stores in England may be regulated by prohibiting the dispatch of stores beyond the quantity covered by the amount shewn in the Indents.

2. The credit which it is proposed shall be raised by means of the transfer charge will be held in a suspense account, from which account the invoice value of the stores consigned to India will subsequently be transferred to credit of "Account Current with London" in adjustment of the Home charges.

3. It is proposed that the Indents for Military stores shall be prepared and submitted by the Heads of Departments not later than the close of the month of December for the requirements of the following official year, Estimates of the probable quantities of stores required being previously dispatched in the month of July to meet the requirements of the dispatches from the Secretary of State, Nos. 90, dated 1st March 1860, and 217, dated 25th May 1861, but the estimated value of the stores included in Indents should alone be provided for in the Budget of the year.

4. The Indents after revision by the Heads of Departments will be submitted for final orders and transmission to England, in the following manner, viz.,—at Calcutta to the Chief of the Military Finance Department, by whom they will be reviewed and forwarded to the Military Department for transfer; should no objection exist on Military grounds, to the Financial Department, where the final orders of Government relative to their transmission to England will be passed.

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6. In this way all Indents will be sent to the Secretary of State for India by the Financial Department.

7. The above course is in accordance with the instructions of the Government of India, No. 4819, dated 20th April 1861.

8. On intimation received from the Financial Department of the dispatch of the Indents, the Military Finance Department will direct the estimated amount of the Indents to be charged to "Military charges" of the year for which the Budget provision is made, and at the same time a corresponding credit will be opened under the suspense head of "Indent Account for stores from London," (Debt Account.)

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FINANCIAL DEPARTMENT, FORT WILLIAM, THE 22ND NOVEMBER 1862.

Resolution.

ON re-consideration of the subject, His Excellency the Governor General in Council is pleased to determine that the existing system of adjusting charges for Europe stores must continue, as, upon the whole, the simplest and best. The great causes of complaint as to supplies from England, viz., delay and want of information, may be obviated by the measures suggested in paragraphs 14 and 15 of the Audit Board's report, and by those suggested by the Mint Master, which are set forth in paragraphs 16 and 17 of the same report. These will be recommended for the consideration of the Right Hon'ble the Secretary of State for India. It is feared that the checks proposed in paragraphs 3 to 7 to be instituted in this country upon Indents will be found cumbrous, but they may be tried; excepting only that, at the Presidencies of Madras and Bombay, and under the Governments of Bengal, North-Western Provinces, and the Punjab, so far as they now indent on Europe for stores, the Indents should be forwarded direct by the Local Governments, abstracts of those for Military stores being sent to the Military Finance Department, for Public Works stores to the Public Works Department, and of those for Civil through the Home Department to the Financial Department.

2. The Budgets must show the charges for stores as at present, from unfulfilled Indents expected to be received, subject to check in the Financial Department by the Home Estimates when available.

ORDERED, that a copy of the foregoing Resolution be communicated to this Government in the Home and Military Departments, to the several Local Governments and Administrations, and to the Board of Audit.

Ordered, also, that a copy be communicated to the Department of Public Works, in continuation of the Resolution in this Department, No. 466 A dated 23-11-62.

(A true Extract)

Emmerson

Secretary to the Government of India.

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