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MADRAS RECORD OFFICE.

Government of Madras.

Financial **DEPARTMENT.**

G.O. No. 127 Press
67-68 ~~Mis.~~

Dated 24 2 1863.

67-68 6/7

Not to be folded or roughly handled

Proceedings of the Madras Government, Financial Department,
24th February 1863.

No. 67. Read the following Proceedings of Government in the Military Department, dated 21st February 1863, No. 580.

Reviewing the Budget Estimate of the Military expenditure of this Presidency for 1863-64. } (Vide Proceedings Military Department, dated 21st February 1863, Nos. 355 & 356.)

No. 68. ORDER THEREON, 24th February 1863, No. 127.

Copy forwarded to the Government of India.

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

Exd. T. O'Connor.

2 c 1/2

MILITARY DEPARTMENT.

PROCEEDINGS OF THE MADRAS GOVERNMENT.

Read the following letter:—

From the Controller of Military Finance, Fort Saint George, 5th February 1863, *A; to the Secretary to Government, Military Department.*

Titles I, II, III and IV and Memorandum and Abstract of objections to Commissariat Budget Nos. 1 *and* 2.

I have the honor to forward herewith, for submission to His Excellency the Governor in Council, the Budget Estimate of the Military Expenditure of this Presidency for the official year 1863-64.

2. It has been prepared under new forms furnished by the Military Finance Department, and I regret to state that the forms, although simple and complete in themselves, have not been understood by some of the Military Departments; which has led to delay in the submission of some of the Departmental Estimates, and considerable inconvenience. The 15th December 1862 was fixed as the latest date for their submission, but the greater portion of the Medical Department Estimate has not yet been received. It became unavoidably necessary under these circumstances, to take the previous year's Estimate as an approximate requirement for the ensuing year.

Title I, Chap. I. *Section Articles* 1 *and* 2. *Artillery.*

3. The cost of the Artillery, European and Native, has been estimated for under the existing organization. The Establishment under the new organization is not yet practically in force, as it is understood to be still under the consideration of the Government of India, but in the Column headed "Estimate as revised by the Controller," will be found an approximate Estimate of the cost under that organization; it will be seen that it is considerably in excess of the cost under the former organization.

G. O. C. C. by His Excellency the Commander-in-Chief in India of 1*st September* 1862.

Title I, Section I, Articles 5 *&* 7. *Native Cavalry and Infantry.*

4. An alteration has taken place in this year's Budget as regards the mode of estimating the cost of the Native Army: heretofore, the Regiments were estimated for with their full Establishments, European and Native, but the present Estimate includes those only (European and Native) who are actually present and doing Regimental duty. This change has caused a considerable decrease under the heads respectively of "Native Cavalry" and "Native Infantry," but has, at the same time, added to the cost of the Departments with which the Officers so excluded are now serving.

5. The Regimental pay and allowances of the Army being fixed charges, they do not call for any special remarks: they amount to Rupees 1,45,32,410, against Rupees 1,56,28,928 for 1862-63, and Rupees 1,73,66,141 for 1861-62.

Title I, Section I, Article 13. *"Officers on leave in Europe whose Pay will not be disbursed in India."*

6. It will be observed that the Cash requirement in India is relieved by the absence of Officers in England to the amount of Rupees 27,10,591. The Pay of the Officers so absent at English rates is Rupees 13,35,811, the difference being a direct saving of Rupees 13,74,780.

Title I, Chapter I, Section 2. *Army General Staff.*

7. Section 2 of Title I represents the estimated cost of the General Staff of the Army; no material change has taken place since last year's Budget: as pointed out in my Report on the previous year's Budget, these charges require revision to meet the altered organization of the Army, but as it is understood, the question of Staff salaries is now under the consideration of the Home Government, it is not necessary to allude to the subject further. The other heads "Office Establishments of General Staff," "Garrison and Cantonment Staff," "Bazar Department," "Barrack Department," "Camp Equipage" and "Clothing Departments" do not call for remark: the changes are established ones, and no alteration has taken place in them since the previous year's Budget.

Title I, Chapter	*I,*	*Section*	3.	
,,	,,	*I*	,,	4.
,,	,,	*II*	,,	1.
,,	,,	*III*	,,	1.
,,	,,	*IV*	,,	1.
,,	,,	*V*	,,	1.

Title I, Chapter VI, Section I. Commissariat Establishment.

8. A considerable decrease has taken place in the Commissariat Establishments under the term "Personnel" from the transfer of a considerable number of Followers from this head

to that of "Materiel" under Title II: for instance, in previous Budgets, Cattle, Attendants and other Followers of the like kind were included in the "Personnel" of the Department, but now, they are estimated for with the "Materiel" to which they specially belong; this change has been made under directions from the Military Finance Department.

Title I, Chapter VII, Sections 1 and 2.
Medical Department, British and Indian.

9. The Estimates of the Medical Department both "British" and "Indian" have not yet been received in a complete form: the items given are those of the previous year's Budget with such modifications and alterations as have taken place during the year. It is not necessary now to dwell on the inconvenience which the delay in the submission of the Medical Estimate has caused. Forms and Blank Forms were printed in large numbers and forwarded to the Department as far back as October last, while every means were, at the same time, taken to ensure the early submission of the Departmental Budget. The cause of failure under these circumstances, will have to be explained by those who were responsible for its submission within the prescribed period.

Title I, Chapter VIII, Sections 1 & 2.
Military Finance Department.

10. This Chapter contains the whole of the estimated cost of the Military Finance Department, who are employed in paying, auditing and accounting for the Military Expenditure of the Presidency. The organization of the Department is not yet complete: it is entirely a new Department and its requirements necessitate the test of experience before the Establishments are permanently fixed. This will be undertaken as soon as leisure can be obtained from other equally pressing duties.

Title I, Chap. X, Section I.
Pension Dept.

11. There has been a large increase of late years to the Pension Department, especially as regards the Native portion of the Army. Including Heirs, the Pensions under this head amount to the large sum of Rupees 24,83,175. This increase has been caused by the reductions in the Native Army during the last few years; the expenditure may now however be considered to have reached its maximum, for there will be few additions for some years to come.

Chapters XII, XIII, XIV, XV, XVI and XVII.

12. The other Chapters which constitute the remainder of Title I do not call for remark,—with the exception of Chapter XVII which provides for the "Contingencies of the Army" and which it will be observed amount to the large sum of Rupees 23,06,625. This Estimate is arrived at from the actual payments for the first six months of the current year's expenditure. In this year's Budget, the item of "Contingencies" is increased by its being necessary to make provision for the return to, and arrival from England of three Regiments of Infantry in addition to the usual number of Time-expired men, discharged men and Invalids; with Recruits to replace them. The cost of transport charges for this service has been closely estimated at (12) twelve lacs: it is difficult however to frame an Estimate under this head with any degree of certainty, as much depends on the number of men who return with their Regiments; I have deemed it advisable to estimate for the full amount, as of late there has been a greater disposition among the men to return with their Regiments than was shewn in former years.

13. Another heavy item of charge under this head (Contingencies) is the compensation for the dearness of Provisions to the Native Army, and in fact to all others on the receipt of Government pay, inclusive of Pensioners and even the holders of Family Certificates. This item of charge has been gradually increasing of late years and now amounts to 5 lacs of Rupees per annum; it is a charge which requires revision. These two items, it will be observed, absorb a large portion of the estimated charge under the head "Contingencies," it is not necessary to notice the other items, as they are usual and ordinary.

14. It will be seen from this brief and imperfect review that Title I, which embraces all the charges connected with the "Personnel" of the Army, amounts to Rupees 250,42,687, against Rupees 2,51,49,168 for 1862-63, and Rupees 2,69,73,048 for 1861-62.

Title II.

15. I shall now proceed to the consideration of Title II,—under this head, provision is made for the purchase of Army Materiel, and supplies including Stock and Stores from England.

16. The Clothing Department does not call for any remark in this Report, although there are subjects connected with it which will require to be noticed elsewhere, as they belong more to organization than to expenditure. I have added 4 lacs as the probable sum which the Clothing for Her Majesty's British Regiments will cost for 1864-65, to be received in 1863-64. The price of the Clothing has not been received and the Estimate of the value is only an approximation. The defect in not sending out the cost of the Clothing has been brought to the notice of the Home Authorities.

Title II, Chap. III, Sec I.

17. Under Title II, the most important Chapter is that which provides for the Commissariat Expenditure: the Budget for 1863-64 is open to the same objections which were taken to the Budgets of 1861-62 and 1862-63; that the present one has not been prepared with the care and attention which the Budget system so imperatively requires, is sufficiently shewn in the numerous errors pointed out in the Memorandum from this Department which accompanies the Budget Estimate: errors involving over-charges and over-estimates to the amount of Rupees 10,68,861 or about one-fifth of the estimated expenditure for the Department: in some Ranges, *viz.*, Nagpore, Wellington, Bangalore and Bellary, the Estimates were carefully and correctly prepared, clearly shewing that the defect was not in the forms, but in the general want of care and attention bestowed on them.

18. I shall now proceed to offer a few observations on the Commissariat Budget, in addition to those contained in the Memorandum above adverted to.

19. The charge for "Victualling Europeans" has considerably increased of late, and this year it amounts to the large sum of Rupees 16,31,026, or as reduced in this Department to Rupees 14,80,959. The increase is greatly owing to the dearth of Provisions in most Districts, and to a general rise in the price of all articles of consumption throughout the country: a favorable monsoon may have the effect of reducing the prices in a slight degree, but it is believed that they will never return to the former rates. In addition to these unavoidable causes for enhanced prices under the head of "Victualling Europeans," there is a tendency to add to the cost of the Soldier's Ration in what may be considered minor points, but which in the aggregate amounts to a large sum, and when these additions are urged on alleged "Sanitary" grounds, it is difficult to exercise any financial control over them. The cost of the Ration to the European Troops at Secunderabad, has been largely increased during the past year from such causes. Under the head "Victualling Natives" is included Rupees 1,13,364 for storing Grain at Cannanore for issue to the Native Troops; attention is again solicited to this provision and to the remarks in the Memorandum accompanying on the subject: Compensation being admissible for the dearness of grain, it is again submitted for consideration that the practice of storing grain, in addition for issue to the Troops, might be discontinued without any individual injury; the recently held Committees for verifying Stock, report that the grain in Store at Cannanore is much injured from insects and must necessarily lead to considerable loss to the State.

20. The large sum estimated for "Malt Liquor" is simply an error: the article is obtained on Indent from England, and paid on receipt at Madras: the supply for 1863-64 is now on its voyage, or about leaving England, and the sum to be paid for it is Rupees 5,87,968; this quantity constitutes a year's consumption: there will be about four months' Stock on hand on the 1st May 1863, which will be ample Reserve Stock for so perishable and so expensive an article of Military Supply.

21. The article of Rum or Arrack is also greatly over-estimated at Rupees 4,00,400; great difficulty has been experienced in obtaining even an approximate estimate of the quantity actually in Store, but assuming that there will be Gallons 2,46,896 on the 1st May 1863, as estimated by the Commissariat Department, it will be sufficient to purchase a quantity equal to a year's consumption, *viz.*, Gallons 1,65,601, the cash requirement is therefore limited to Rupees 1,80,021 instead of Rupees 4,00,400; or Rupees 2,20,379 less than the Commissary General's Estimate.

22. The Estimate under the head "Transport Charges" is high, being a large portion of the estimated expenditure under this head for the keep and the pay of the Attendants of Public Cattle retained in the different divisions of the Army. In some localities, as for instance, Nag-

pore, Secunderabad, &c., &c., such a provision is absolutely necessary, but in the Southern part of India where the Railway extends from Sea to Sea and good roads generally prevail, the necessity for such means of transport no longer exist, and it is submitted with deference and respect for the opinion of the Military Authorities that the cost under this head might be greatly reduced without impairing the efficiency of the Troops for the purposes for which they are likely to be required.

23. It was my intention to have submitted a Report on the Hoonsoor Establishment and to have suggested alterations in its constitution, but circumstances have rendered it desirable that the consideration of the question should be deferred for a time.

24. The estimated cost of the Supplies for the "Barrack" and "Medical" Departments comprehends articles so numerous, so varied and so minute, that it is very difficult to scrutinize them with the care which it is necessary should be observed: but the expenditure will be carefully watched over by the Examiners and they will be specially called upon to report on these Estimates for future remedial measures if necessary. This course would have been observed before the Estimates were accepted, had time permitted.

25. I shall communicate fully with the Commissary General on the subject of his Estimate and call for explanation from himself and require it from his Executive Officers on all points on which explanation may seem to be required.

26. Incorrect Estimates involve labor and time to the detriment of other no less important duties.

27. I do not deem it necessary to offer any further remarks on the Commissariat Budget, but would again refer to the Memorandum of corrections which accompanies this communication.

Title II, Chap. VI, Section 1 and Art. 3. Purchase of Cattle.

28. It will be seen under the head "Stud and Remount Departments," that Rupees 3,87,500, is required for the purchase of Horses. The Cavalry and Artillery amount to nearly 5,000 Horses: the casualties per annum are calculated at 10 per cent., which would require a supply of 500 for re-placement; the number estimated for is 700, it being the intention to have a reserve of 200 Horses in addition to the annual demand: the average cost per Horse is Rupees 555; the subject of this Agency has been recently under the consideration of this Government as also of the Government of India, and until a decision has been come to on certain points, it would be premature to offer any opinions or suggestions on the subject; but whatever that decision may be, Rupees 555 is a high average prime cost price: the number to be supplied must necessarily depend on the number of Regiments and Batteries, and the Establishment of each, and if both are to be kept up according to the present strength, I cannot suggest any alteration on the estimated sum for the "Purchase of Horses;" the "Keep" seems moderate: while the "Contingencies," represent the Horse-keepers, Grass-cutters, and other Followers of the kind, and are reasonable.

29. From the Budget Estimate it will be observed, that I have proposed reductions in the Commissariat Estimate to the extent of Rupees 11,87,237. Four lacs have been added to the Clothing Department as already noticed, and thus the Cash requirement under Title II will be Rupees 7,55,557 less than the original Estimates, if the reductions proposed by me are concurred in.

Title III.

30. This Title comprehends the value of Supplies to be issued from Reserve Stock, amounting, it will be seen, to Rupees 19,32,837 and requires no remark.

Title IV.

31. The "Recoveries and Receipts" for the year are estimated at Rupees 14,22,534.

32. The Departmental Estimates were forwarded to me in duplicate. One copy was transmitted to the Military Finance Department (along with the Budget Estimate), by the first Steamer in January 1863, in order that they might have time to look into the details, before the grant was determined on; the other copy has been retained in my Office, but should the Government wish to look into those details, the Appendices can be furnished for that purpose: they are very voluminous.

33. I have delayed sending in the Military Budget for 1863-64 till the last moment, in the hope that the Medical Estimate would have reached me; but it has not yet been received.

P. S.—It will be observed that the Cash requirement (irrespective of the recoveries) is Rupees 3,14,11,160, which is Rupees 5,17,137 more than the Cash requirement for 1862-63: the increase is more than accounted for by the provision which has been made for the transport of three European Regiments to and from England.

1863-64.....	*Rupees*	3,14,11,160
1862-63.....	"	3,08,94,023
Rs.....		5,17,137

(Signed) T. McGOUN, Lieut.-Colonel,
Controller of Military Finance.

ORDER, No. 580, 21*st February* 1863.

With this letter, the Controller of Military Finance submits, with his review, the Budget Estimate of the Military Expenditure in the Madras Presidency, for the year 1863-64.

Paragraphs 2, 9 and 33.

2. His Excellency in Council learns with regret and disapprobation that, notwithstanding the delay that has occurred in the submission of the Budget, occasioned in a great measure by the Medical Department, it has been necessary, even at this late period, to take, in consequence of the non-receipt of the greater portion of the Estimates of that Department, the previous year's Estimate as an approximate requirement for the ensuing year. The Principal Inspector General Medical Department and the Deputy Inspector General Her Majesty's Hospitals will be requested to furnish, for the information of Government, full explanation in regard to the failure of their respective Departments to attend to the order marginally noted, and to report the names of the Officers responsible for the same.

Notification dated 25th October 1861, published in the Fort Saint George Gazette of the same date, page 609.

3. The amounts under the several heads of charge are as follow:—

Title I "Charges Personnel".....	Rupees	2,50,42,688
Title II "Charges Materiel".....	"	63,68,472
Title III "Charges Military Materiel," being the expenditure of Stores from Reserve Stock.....	"	19,32,837
Total		3,33,43,997
To this however must be added the sanctioned grant for the Madras Volunteer Guards which appears to have been inadvertently omitted...Rs ..		24,000
Grand Total Rupees...		3,33,67,997

4. The Cash requirements (Titles I and II with grant for the Volunteer Guards) amount to Rupees 3,14,35,160. Owing to the absence of Officers in England, the Cash requirements in India will be reduced by Rupees 27,10,591. The Furlough Pay of such absentees is given at Rupees 13,35,812, being a direct saving of Rupees 13,74,779.

5. The Receipts and Recoveries (Title IV) are calculated at Rupees 14,22,534, which, with the sum of Rupees 27,10,591 referred to above, leave the actual Cash requirements in India for the year at Rupees 2,73,02,035.

6. The attention of the Commissary General will be drawn to the allusions to his Departmental Estimate in paragraphs 17, 20 and 21 of the above letter. His Excellency in Council considers it discreditable to that Department, that a document of so much importance should have been prepared in the loose and careless manner represented, and approves of the Controller having called upon the Commissary General and his Executive Officers for explanation. He

will also require Colonel Hill to state why there should be any difficulty in ascertaining the quantity of Rum in Store, and to adopt immediate measures to take Stock—reporting the result for the information of Government through the Controller.

7. Government have just received a very satiefactory and encouraging Report from Colonel Briggs on the experimental manufacture of Malt Liquor from Grainstone, and are induced to hope therefrom that it will be practicable before long to reduce considerably, by the general introduction of the beverage so obtained, the heavy cost which the supply of Malt Liquor to the Army now entails on the State.

Paragraph 20.

8. It appears to the Governor in Council that Colonel McGoun, in calculating the quantity of Arrack required to be purchased in 1863-64, has lost sight of the necessity for keeping a two years' Stock of Spirits in vats, to allow of its mellowing and thus rendering it less prejudicial to the health of the Soldier. In this view, the reserve Stock should apparently be always equivalent to two years' supply (*viz.*, 3,31,202 Gallons.) The assumed Stock on the 1st May 1863, being Gallons 2,46,896, it will, consequently, be necessary in 1863-64, to make up the deficiency (Gallons 84,306) and to purchase, in lieu of the quantity estimated to be consumed during the year, Gallons 1,65,601, or in all, Gallons 2,50,000 instead of only Gallons 1,65,601 as provided for by the Controller.

Paragraph 21.

Proceedings No. 1152, *dated* 28*th March* 1861.

9. The questions of storing grain at Cannanore and of maintaining transport Establishments in the Southern part of India, referred to in paragraphs 19 and 22, will be considered separately.

Paragraphs 19 *and* 21.

10. Ordered that the Budget* with copies of the Controller's review and of this order be forwarded to the Financial Department, for transmission to the Government of India, with the remark that the question whether the Madras Army Estimate should not be incorporated by "the Local Deputy Accountant General" "in the General Estimate of the Local Government," referred for the orders of that Government in Proceedings No. 133, dated 13th February 1862, Financial Department, does not appear to have been yet replied to.

* *Titles I to IV, 3 documents.*
Accompaniments, Nos. 1 and 2, 2 documents.

Vide paragraph 21, *section III of the Rules for the Military Finance Department.*

(True Extract,)

/Signed/ H. Marshall. Coll.

Secretary to Government.

To the Financial Department, with 5 documents.
„ Controller of Military Finance.
„ Principal Inspr. Genl. Medl. Dept.
„ Commissary General.
„ Adjutant General.

/ True Copies /

L. J. Constantine
Chief Secretary

Exd. A. A. DeMonte.

Finl 1863 Dpt.

Proc. of Govt: in the Mily Dpt. 580

D/21st } Feby 1863
R/24th }

10 Spl. Copies

No 141

Reviewing the Budget Estimate of the Mily Expenditure of this Presidency for 1863/64.

With an Order

No 127-24th February 1863

Copy forwarded to the Govt: of India.

Copy already dispatched