M.R.O. 1—27,000—3-6-37.

(1) Number of pages 1 - 14p

(2) Date of repair

(3) Initials of the Referencer

MADRAS RECORD OFFICE.

Government of Madras.

Financial DEPARTMENT.

G.O. No. 777		Press / Mis.
68-69		
Dated 13 12	1871.	

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68-69

Not to be folded or roughly handled

No. 68. Read the following Proceedings of the Government of India in the Financial Department, dated Fort William, 27th November 1871, No. 4911 (Accounts):—

Read again—

Financial Resolution, No. 3224, dated 31st August 1871, issued in furtherance of a requisition by the Select Committee of the House of Commons on Indian Finance, and calling, in respect of various special enterprises therein enumerated, for, 1*stly*, a revenue account of the enterprises for the past two years at least; and 2*ndly*, a capital and profit and loss account for a suitable series of years.

Read—

Copy of a Memorandum, No. 14, dated 13th October 1871, from the Marine Department, to the Secretary to the Government of India, Public Works Department, stating, in reply to an enquiry as to the kind of Public Works expenditure which should be included in the returns for harbours, that it is believed in the Marine Department that "information is "required on the actual Public Works Department expenditure during the past two years "on such works as those at Kurrachee, at Carwar, at Madras (in constructing the "piers, &c.), and at Bombay in reclamations, the construction of quays, &c., on all of "which works it is supposed a rate or toll is levied on persons using them."

Resolution.—The Governor-General in Council confirms the views held in the memorandum of the Marine Department, and observes that the cost of construction, including interest for the period occupied in construction, should be made up for the capital account on the principles defined in the Financial Resolution, No. 4064, dated 3rd October 1871, for reproductive public works; and that the revenue account should show Public Works expenditure for repairs, interest, &c., on the principles defined for such accounts in the same Resolution.

2. The partial accounts thus prepared in the Public Works Department should be incorporated in a complete account by the Civil Accountant-General, who will be careful to ascertain that the charges returned by the Public Works Department are not already included in the civil portion of the accounts. This caution will be necessary more particularly for any special enterprises which, during a portion of the period embraced in the capital and profit and loss accounts, may be on the footing of a local fund. The account will be made up irrespectively of the consideration whether the enterprise appertains to general revenue or to a local fund; but as the figures will be given for each year, it should be indicated on the accounts for which years the enterprise was imperial and local respectively, and with regard to annual losses under the head of Local or Port Funds, the amount of consequent debt which may have been excused or written off by the Government of India in each year should be shown, together with the annual amount of debt.

Ordered that a copy of this Resolution, and of the one dated 3rd October 1871, No. 4064, and its enclosure, be sent to the Marine Department, the Governments of Madras, Bombay, Bengal, and the Chief Commissioner of British Burmah, the Comptroller-General, the several Accountants-General, and Deputy Accountants-

General in independent charge; also that a copy of this Resolution be sent to the Public Works Department.

(Signed) R. B. CHAPMAN,
Secy. to the Govt. of India.

Resolution by the Government of India, Financial Department, dated 3rd October 1871, No. 4064.

Read Office Memorandum from the Secretary to the Government of India, Public Works Department, to the Secretary to the Government of India, Financial Department, dated 19th August 1871, No. 161-AI.

With reference to this Office No. 154-AI, dated the 11th instant, forwarding a copy of an order requesting that no action should be taken upon Public Works Department Circular, No. 40 of 1871, until further orders, the undersigned is directed to forward, herewith, a proof of the forms of account and the explanatory note referred to in paragraph 5 of the above circular, duly modified with reference to the objection raised in the Financial Department to the transfer of any portion of the land revenue to the accounts of the Irrigation Branch of the Public Works Department, together with a draft circular which it is proposed to issue on the subject, and to enquire whether they may not, in their present form, be issued for immediate adoption.

2. There can be no doubt of the necessity of placing the capital and revenue accounts of irrigation works on a proper footing at an early date, and this Department is, therefore, unwilling to defer all action in the matter of these accounts until the question of the exhibition of a portion of the land revenue in the Public Works Accounts is finally settled. It will be observed that the modified forms and rules now sent forward do not in any way touch upon the particular point to which exception has been taken by the Financial Department, and which can be disposed of hereafter.

3. An early reply to this reference is requested.

DRAFT—

CIRCULAR.

As it is very desirable that early measures should be taken to place the capital and revenue accounts of irrigation works on a proper footing, I am directed to forward, herewith, a set of forms (accompanied by an explanatory note) showing the detail in which the annual accounts of irrigation works will be required in future, and to request that no time may be lost in making such arrangements as may be necessary to meet the requirements of the Government of India.

The Accountant-General, Public Works Department, will issue supplementary instructions explaining the precise modifications to be made in the books and accounts kept in Controllers' Offices under these orders.

Read also letter from the Comptroller-General, to the Secretary to the Government of India, Financial Department, dated 13th September 1871, No. 651.

I have the honour to submit the following remarks on the papers forwarded to me demi-officially on the 25th ultimo respecting the irrigation works. The points requiring notice in these papers appear to be the following, viz., (1) the relation of the accounts to the ordinary finance accounts of the Government, (2) the commencement of the accounts, (3) their preparation, and (4) their form.

2. On the first point, I would observe that the proposed accounts should be supplementary to the finance accounts, and should be checked with them, all differences being thoroughly examined and explained. They should, however, be quite distinct from the finance accounts, entries from one into the other not being permitted.

3. Regarding the commencement of the accounts, it is stated in the note prepared in the Public Works Department, paragraphs 5 to 8, that the cost of some works is known, while of

others the information is not obtainable. With rega
recorded cost, less any sums that may have been erron
on works that have since been abandoned or replaced b
be omitted, but I do not consider that the other items
as well as the expense of all experiments, extensions,
surveys, the interest of money during the construction
works were in progress. As regards the works of w
open the account arbitrarily, but this is not satisfa
intended to fix the arbitrary cost. I would also obse
be made before it is allowed that the cost of modern w

4. The preparation of the accounts. The def
not sufficiently explicit, as, for instance, ordinary cap
the whole capital account represents extraordinary ex
is liable are the generic headings describing the class
terial whether the money spent on capital expendit
revenue. It is understood that the accounts will be
being carried forward as the opening balances of the

5. The forms proposed for the accounts are num
to consider whether they are susceptible of simplificati
to the public. As now prepared they are in three
account, capital account, and revenue account, the firs
of three parts, and the last of two parts, or a total of
the same facts, with this difference, that each succe
predecessor. It would be advisable to adopt a more d
results required.

6. The papers under review are herewith return

Resolution.—With the following reservations, the draft circular and of the forms of account, viz. :—

1*st*.—It is presumed that the entries in the forms the forms, the accounts will record distinctly the inco have been separately sanctioned, several such works n The Comptroller-General, a copy of whose letter will b takes exception to the number and the complex charact ment will judge as to the degree of detail necessary that which might suffice for exhibiting the financial ou

2*nd*.—The proposed accounts will be outside t distinct from the latter, so that entries from the one to in the capital and revenue accounts of irrigation works understood, the new accounts will be supplementary t by them, all differences being thoroughly examined and

3*rd*.—In starting the account it is proposed, with to take the recorded cost less any sums which may h have been spent on works that have since been ab charges should of course be omitted. But the cost o been replaced by others should be shown, the cost of n of construction, though such cost may be shown as a d

4*th*.—With respect to works of which the cost is arbitrarily, but it should be explained how it is int enquiry and report should be made before it is allowed ascertained.

rd to the former, it is proposed to take the
eously charged, and that may have been spent
y others. Erroneous charges should of course
should be excluded. I would include them
and improvements, the cost of preliminary
, and the charge for establishment while the
hich the cost is not known, it is proposed to
tory, and it should be explained how it is
rve that very full enquiry and report should
ork cannot be found.

inition in paragraphs 12 to 15 of the note is
ital and extraordinary capital. Apparently
penditure, and the only divisions to which it
of expenditure comprised in it. It is imma-
ure is obtained from loans or from surplus
continuous, the closing balances of one year
next.

erous and complicated, and it is worth while
on, so as to make them more readily intelligible
livisions, named, respectively, appropriation
t division consisting of nine parts, the second
fourteen accounts. All these accounts recite
ding account is in greater detail than its
irect and simple method of working out the

ed.

the Governor-General in Council approves of

are merely specimens, and that in following
me and expenditure of each work which may
ot being grouped or classed in one aggregate.
e forwarded to the Public Works Department,
er of the forms; but the Public Works Depart-
for administrative check and control beyond
itturn of each separate work.

he finance and revenue accounts, and quite
the other will not be permitted, and writes-off
will not affect the finance account. This being
o the finance accounts and should be checked
explained.

respect to works of which the cost is known,
ve been erroneously charged, or which may
ndoned or replaced by others. Erroneous
f works which may have been abandoned or
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not known, it is desired to open the account
ended to fix the arbitrary cost. Very full
l that the cost of any modern work cannot be

Proceedings of the Madras G

overnment, Financial Department,

13*th De*

cember 1871.

5*th*.—The charges of construction shou
establishments while the works were in pr
construction of the work, that is to say, simpl
was in progress, should on its completion be a
6*th*.—The new account should be contin
being carried forward as the opening balance
7*th*.—The inclusion of any work in the
heeding whether the money spent on the work
8*th*.—The Public Works accounts *with*
charge against the revenue of the year all o
accounts outside the finance and revenue acc
to the note imply this, but it should be distin
In consequence of the decision to omit l
not one of the canals may fall into the categ
interest on the capital borrowed, and in that
The entry in form of interest account at

Vide paragraph 29, Section 2, Public Works Department office note.

revenue due
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ligible.

ld include the cost of preliminary surveys and of
gress, and also the interest of money during the
interest on the outlay, for the period that each work
dded to the cost of the work.
ous, the closing balance of one year for each work
of the next.
account will be determined by its character without
was borrowed or was obtained from surplus revenue.
ain the finance and revenue accounts will show as
ordinary Public Works charges which in the special
unts may be charged to capital. The forms appended
tly affirmed.
nd revenue for the present from the special accounts,
ory of canals which pay considerably more than the
case the form may require alteration.
foot of page 18 of the forms, viz., "Proportion of
o loan expenditure, *vide* columns of Revenue Account,
ges Canal and Eastern Jumna Canal," is not intel-

Ordered that a copy of this Resolution, a
to the Public Works Department, with the or
a copy be sent to the Comptroller-General.

nd of the letter from the Comptroller-General, be sent
ginal papers received from that Department, and that

No. 69. ORDER THEREON, 13
th December 1871, No. 777.

Communicated to the Revenu
Accountant-General, and Master Atte
(Tru

e and Public Works Departments, to the
dant, Madras.
e Extract.)

R. S. ELLIS,
Chief Secretary.

To the Revenue Department.
" Public Works
" Accountant-General.
" Master Attendant, Madras.

Exd. J. Wright.

regards the works of which the cost is not known, it is proposed to open the account arbitrarily, but this is not satisfactory, and it should be explained how it is intended to fix the arbitrary cost. I would also observe that very full enquiry and report should be made before it is allowed that the cost of modern work cannot be found.

4. The preparation of the accounts. The definition in paragraphs 12 to 15 of the note is not sufficiently explicit, as, for instance, ordinary capital and extraordinary capital. Apparently the whole capital account represents extraordinary expenditure, and the only divisions to which it is liable are the generic headings describing the class of expenditure comprised in it. It is immaterial whether the money spent on capital expenditure is obtained from loans or from surplus revenue. It is understood that the accounts will be continuous, the closing balances of one year being carried forward as the opening balances of the next.

5. The forms proposed for the accounts are numerous and complicated, and it is worth while to consider whether they are susceptible of simplification, so as to make them more readily intelligible to the public. As now prepared they are in three divisions, named, respectively, appropriation account, capital account, and revenue account, the first division consisting of 9 parts, the second of 3 parts and the last of 2 parts, or a total of 14 accounts. All these accounts recite the same facts, with this difference, that each succeeding account is in greater detail than its predecessor. It would be advisable to adopt a more direct and simple method of working out the results required.

6. The papers under review are herewith returned.

No. 4064, dated 3rd October, 1871.

RESOLUTION—By the Government of India, FINANCIAL DEPT.

Read—

Office memorandum from the Public Works Department, No. 161AI, dated the 19th August 1871, forwarding for opinion a draft circular which it is proposed to issue regarding the capital and revenue accounts of irrigation works, together with a memorandum thereon and certain forms of accounts.

Read also—

Letter from the Comptroller General, No. 651, dated the 13th September 1871.

RESOLUTION.—With the following reservations, the Governor General in Council approves of the draft circular and of the forms of account, *viz.*:—

1*st.*—It is presumed that the entries in the forms are merely specimens, and that in following the forms, the accounts will record distinctly the income and expenditure of each work which may have been separately sanctioned, several such works not being grouped or classed in one aggregate. The Comptroller General, a copy of whose letter will be forwarded to the Public Works Department, takes exception to the number and the complex character of the forms: but the Public Works Department will judge as to the degree of detail necessary for administrative check and control beyond that which might suffice for exhibiting the financial out-turn of each separate work.

2*nd.*—The proposed accounts will be outside the finance and revenue accounts, and quite distinct from the latter, so that entries from the one to the other will not be permitted, and writes-off in the capital and revenue accounts of irrigation works will not affect the finance account. This being understood, the new accounts will be supplementary to the finance accounts and should be checked by them, all differences being thoroughly examined and explained.

3*rd.*—In starting the account, it is proposed, with respect to works of which the cost is known, to take the recorded cost less any sums which may have been erroneously charged, or which may have been spent on works that have since been abandoned or replaced by others. Erroneous charges should of course be omitted. But the cost of works which may have been abandoned or been replaced by others should be shown, the cost of mistakes being an integral part of the charges of construction, though such cost may be shown as a distinct item.

4*th.*—With respect to works of which the cost is not known, it is desired to open the account arbitrarily, but it should be explained how it is intended to fix the arbitrary cost. Very full enquiry and report should be made before it is allowed that the cost of any modern work cannot be ascertained.

5*th.*—The charges of construction should include the cost of preliminary surveys and of establishments while the works were in progress, and also the interest of money during the construction of the work, that is to say, simple interest on the outlay, for the period that each work was in progress, should on its completion be added to the cost of the work.

6*th.*—The new account should be continuous, the closing balance of one year for each work being carried forward as the opening balance of the next.

7*th.*—The inclusion of any work in the account will be determined by its character without heeding whether the money spent on the work was borrowed or was obtained from surplus revenue.

8*th.*—The Public Works accounts *within* the finance and revenue accounts will show as charge against the revenue of the year all ordinary Public Works charges which in the special accounts outside the finance and revenue accounts may be charged to capital. The forms appended to the note imply this, but it should be distinctly affirmed.

In consequence of the decision to omit land revenue for the present from the special accounts, not one of the canals may fall into the category of canals which pay considerably more than the interest on the capital borrowed, and in that case the form may require alteration.

The entry in form of interest account at foot of page 18 of the forms, *viz.*, "proportion of revenue due to loan expenditure, *vide* columns of Revenue Account No. , Ganges Canal and Eastern Jumna Canal," is not intelligible.

Vide paragraph 29, Section 2, of Public Works Department Office note.

ORDERED, that a copy of this Resolution, and of the letter from the Comptroller General, be sent to the Public Works Department, with the original papers received from that Department, and that a copy be sent to the Comptroller General.

(True Copies)

H. Revaleing
Registrar Finl Deptt.

O. S. G. P.—No. 6647 C. F.—28-11-71. 100.

Govt. of India
19-8-71

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13-12-71

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and that the revenue account should show [the Works ex]
interest, &c., on the principles defined for such accounts in the same Resolution.

2. The partial accounts thus prepared in the Public Works Department should be incorporated in a complete account by the Civil Accountant General, who will be careful to ascertain that the charges returned by the Public Works Department are not already included in the civil portion of the accounts. This caution will be necessary more particularly for any special enterprises which, during a portion of the period embraced in the capital and profit and loss accounts, may be on the footing of a local fund. The account will be made up irrespectively of the consideration whether the enterprise appertains to general revenue or to a local fund, but as the figures will be given for each year, it should be indicated on the accounts for which years the enterprise was imperial and local respectively, and with regard to annual losses under the head of Local or Port Funds, the amount of consequent debt which may have been excused or written off by the Government of India in each year should be shown, together with the annual amount of debt.

ORDERED, that a copy of this Resolution, and of the one dated 3rd October 1871, No. 1064, and its enclosure, be sent to the Marine Department, the Governments of Madras, Bombay, Bengal, and the Chief Commissioner of British Burmah, the Comptroller General, the several Accountants General, and Deputy Accountants General in independent charge; also that a copy of this Resolution be sent to the Public Works Department.

R. B. CHAPMAN,
Secretary to the Government of India.

Assistant Secretary to the Government of India.

11/4

13th Decr 1871 No 4444

Communicated to the Revenue and Public Works Departments, to the Accountant General & Master Attendant Madras

B/F.

To the Revenue Department
" " Public Works D.
" " Accountant General
" " Master Attendant Madras

70/1600
Mar 21/72

Govt. of {1871} Madras.

Financial

from Revenue Dept
Jan

No. 289 of 1872

Dated Decr. 13.
Read

Encl.

G. O. 13 Decr, 1871, No. 777.

Nos. 68. 69.

Forming Res.n of the Govt of India
relative to the preparation of
Revenue and Capital Accounts
of Enterprises in the P. W.
Dept.