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MADRAS RECORD OFFICE.

Government of Madras.

DEPARTMENT.

G.O. No.	Press Mis.
Dated	18

58-57

Not to be folded or roughly handled

Revenue Board Office
Madras 20th December 1871

From,

J. Grose Esqre
Secretary to the
Board of Revenue.

To,

The Honorable R. S. Ellis C.B.
Chief Secretary to Government
Financial Department
Fort Saint George

Sir,

I am directed to suggest the expediency of modifying Numbers XXVIII, LXV & LXVI of the Local Fund Rules so far as to make the cost of Establishments of general control depend on Assets instead of Expenditure.

Experience has shown the Board that this change will materially reduce the labour of preparing and reviewing Budgets. The reason may be stated thus: the cost of controlling Establishments is an item of Expenditure and therefore the total Expenditure must consist of that item plus something else: but according to the rules the item itself varies with the total Expenditure: one must therefore be settled before the other can be determined: now Assets are estimated with comparative ease, and when they are once settled sufficient data are available for computing

certainly will.

I will now vary with the total receipts.

computing the cost of controlling establishments.

It may however, be argued that the work of the controlling Establishment depends on the expenditure, and therefore its cost should be regulated with reference to it. In answer to this, it is sufficient to point out that it is one of the vital principles of Local Fund administration that funds shall be expended as they are received and that balances shall not be allowed to accumulate. The expenditure of the budget is limited by many accidental causes which may cease to exist before the actual expenditure of the year commences. The Public Works department may not have all its projects ready for 1872-73 in September 1871, Educational schemes may be near maturity but not quite ready for disposal, Sanitary and Medical improvements may still be under discussion. Under such circumstances as these, the budget expenditure will leave a large balance, a supplemental budget will be framed, and the work of control will depend not alone on the first budget but on the first & second combined. In a word expenditure will always be striving to equal assets, and at the time the Budgets are framed the cost of control can only be measured with tolerable accuracy by them. As matters now stand a premium is offered for bad administration, for the larger the unutilized balance the less the sum to be paid for control.

The modifications proposed by the Board are as follows:-

XXVIII from "and in the ratio" to "Local Fund." "And in the ratio of the assets of the Road Fund to the assets of the whole Local Fund."

LXV. From "when compiling" to "Expenditure", "When compiling the general Budget the Board of Revenue will distribute the whole charge in the ratio of the assets of each Circle."

LXVI may then remain as it is, the word "similarly" referring to Rule LXV.-

I have the honor to be
Sir
Your most obedt. Servant

J Grote
Secretary

No 47 — 17 Jany 72.

The Government have no objection to the change proposed by the Board of Revenue and sanction the ~~modifi~~ alterations if any of the rules suggested by them. The difference in the absolute charge, ~~if any~~ will at most be very slight.

H.C.S.

Board of Revenue 10
Revenue Deptt 11
Public Works Deptt 11
Accountant General 6
Director of Public Instn 9
Insp. Genl. I. M. Deptt 6
Sanitary Commissioner 6

Rules not to be corrected now — as they are under revision

Govt. of {1871} Madras.

Financial

To The Board of Revenue -

ICB

Dated 24 Augt. 71
Read } Encl.

G. O. 17 Augt. 1871 No. 47.

Nos. 53-54.

Sanctioning the modifications suggested by the Board of Revenue in regard to Numbers XXIII, LII and LIV of the Local Fund Rules.