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MADRAS RECORD OFFICE.

Government of Madras.

Financial DEPARTMENT.

G.O. No. 1441 Press Mis.

48-49.

Dated 8-10- 1893.

617

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12

Public Works Department

Proceedings of the Madras Government
dated 1st October 1873 No 2945

Read the following

No. 469-78 A—G.

GOVERNMENT OF INDIA.

PUBLIC WORKS DEPARTMENT.

ACCOUNT.
General.

SIMLA, AUGUST 23, 1873.

Budget-Estimates and Accounts of Provincial and Local Funds.

Read again—

Public Works Department Resolution Nos. 53-61 A—G, dated 12th January 1872.

Read also the following:—

No. 2452, dated Fort William, the 17th April 1873.

RESOLUTION.—By the Government of India, Financial Department.

Read again—

Financial Resolution No. 4803, dated 10th [illegible], respecting the forms of estimates and accounts for Provincial Funds.

Read—

Circulars by the Comptroller General (deposited) issued in February 1873, forwarding to the several Accountants General for remark, before authoritative issue, revised forms of estimates and accounts of Provincial and Local Funds.

RESOLUTION.—The Governor General observes, from the experience of the past few months, that it is absolutely necessary to keep distinct from Local Funds the record of the receipts and charges which, from 1871-72 inclusive, have from time to time been transferred from Imperial to Provincial Funds.

2. A discretion on this point was allowed to Local Governments in the first instance, and some of them have exercised it, more or less, in absorbing several heads of Local Funds in their estimates and accounts of Provincial Funds.

3. This arrangement having proved inconvenient, what has been done to this end must be undone; and by the aid of any requisite temporary establishment, chargeable to Imperial Funds, all the receipts and charges for 1871-72 and 1872-73 must be re-cast under the division of Provincial Funds as defined in paragraph 1 of this Resolution, and under the old division of Local Funds. In this re-cast, any new cesses or taxes which may have been imposed since the introduction of the scheme of Provincial Services must be incorporated in Local Funds. The re-cast for 1871-72 should be completed within four months.

4. The Public Works expenditure from Provincial Funds must equally be kept distinct from that for Local Funds.

5. In the forms issued by the Comptroller General with the circulars recited at the head of this Resolution, certain local cesses and other receipts, with the corresponding expenditure, have been entered in the Provincial Funds' section of the forms. Under the present orders, these will be transferred to the Local Funds' section. With this exception, the general arrangement of major heads, minor heads, and sub-heads in those forms is approved, subject to any minor modifications which the replies to the Comptroller General's Circular may suggest.

6. In some Provinces it may be necessary to introduce new sub-heads to suit local peculiarities, or to meet the wish of a Local Government for greater detail than the forms of the Comptroller General provide. In such cases the new sub-heads will be necessarily arranged under an existing minor head; but the arrangement should be settled in communication with the Comptroller General who is responsible for maintaining a real uniformity in the major and minor heads of the accounts of Provincial and Local Funds of the several Governments.

7. The Comptroller General's forms provide for the record of the receipts and charges of municipalities on the Government books, and (in the opening or abstract statements of revenues and expenditure respectively) for the exhibition of the receipts and charges of municipalities, not on the Government books.

8. In some provinces the detailed record of the receipts and charges of municipalities on the Government books is kept by the local Accountant General, or is furnished to him monthly by the Treasury Officers. In such cases, the means of detailing the transactions of the municipalities under the prescribed major, minor, and sub-heads will be available to the Accountant General.

9. In other provinces, however, as in Bengal, the account of the municipalities on the Government books is a mere banking account; the detailed record of receipts and charges being kept by the municipalities and being rendered to the supervising officers, whether Commissioners or others appointed by the Local Government. As it is of essential importance to have accounts of municipal taxation and expenditure in an uniform classification, the Local Governments will be requested to instruct municipalities which come within the scope of this paragraph to observe, in their accounts, the major, minor, and sub-heads prescribed in circulars issued by the Comptroller General, and to furnish to the local Accountant General, monthly or quarterly, detailed returns in this classification, of their receipts and expenditure, for consolidation in the Account Office. To avoid inconvenience to the municipalities, the Comptroller General, on representation, will adapt his requirements to local peculiarities so far as may be compatible with the essential object of a real uniformity in the record of municipal taxation and expenditure throughout British India.

10. In the account on the Government books, the sums paid at treasuries to the municipalities mentioned in the preceding paragraph will appear as final payments, and similarly as to the receipts from the municipalities. The accounts will differ from the detailed record of receipts and charges for the same period kept by municipalities; and, in incorporating the latter in the annual detailed account to be furnished to Government under the present orders, the differences between it and the amounts of the Government books must be shown by distinct adjusting entries, so as to work up to the Government books. To this end explanations of differences should be timed by the local Accountants General, and furnished to the Comptroller General.

11. The abstract statement and the details of receipts and disbursements of municipalities not on the Government books, which are to be incorporated in the prescribed form, in the annual returns to be rendered to the Government of India, will be obtained by the local Accountant General, under the orders of the Local Government, from the municipalities concerned.

12. The Comptroller General's forms do not provide for a detail of the receipts and charges of the municipalities in Presidency towns. This omission should be supplied. The instructions in paragraph 11 will apply to these municipalities.

ORDER.—Ordered, that a copy of this Resolution be sent to the Comptroller General, and the several Accountants General, and Deputy Accountants General in independent charge.

Also, that a copy be sent to the several Local Governments and Administrations, with a request that the instructions sketched in paragraph 9 of the Resolution may be issued to the municipalities concerned.

RESOLUTION.—The orders passed in the foregoing Resolution render necessary some modification in the rules issued for the preparation of the Budget-Estimates and Accounts of expenditure on Public Works from Provincial and Local Funds.

2. In Public Works Department Resolution Nos. 53—61 A.—G, dated 12th January 1872, it was stated that the Provincial and Local Funds are classed under four heads, *viz.* :—

I.—Provincial Funds, including under this category Local Funds which are at the disposal of Local Governments for expenditure in the Province generally.

II.—Local Funds, limited to funds which by law must be spent within a district or station, or must be appropriated to a specific object distinct from Provincial Services.

III.—Municipal Funds, the accounts of which are kept within the Government books.

IV.—Municipal Funds, which are kept outside the Governments books.

3. Separate Budget-Estimates of expenditure on Public Works were required for each of these descriptions of funds, but the necessity that has arisen for keeping the outlay from *Provincial Funds formed by a grant from the Imperial Revenue* quite distinct from the outlay from Local Funds, renders it essential that the provision for outlay from purely Local Funds should be eliminated from class I and transferred to class II. The definitions and instructions contained in paragraphs 1 and 2 of the Public Works Department Resolution, dated 12th January 1872, above referred to, are therefore cancelled, and the following substituted in lieu.

Provincial and Local Funds are classed as follows:—

I.—Provincial Funds formed by a grant from the Imperial Revenue.

II.—Local Funds raised by local cesses and taxes, and which are of two classes, *viz.*, those which are at the disposal of Local Governments and Administrations for expenditure in the province generally, and funds which by law must be spent within a district or station, or must be appropriated to a specific object distinct from general local funds.

III.—Municipal Funds, the accounts of which are kept within the Government books.

IV.—Municipal Funds, which are kept outside the Government books.

4. In furtherance of the orders issued by the Financial Department on the subject, the following rules are laid down for guidance so far as the Public Works Department is concerned:—

I.—In addition to the Imperial Budget-Estimates now rendered to the Government of India, the following will have to be submitted in future:—

I A.—Provincial Public Works Budget-Estimates. The amount of this Budget should correspond with the provision made under Public Works in the general Provincial Budget-Estimate of the Province, and the portions to be supervised by Imperial Officers and by Civil or non-Imperial (hereafter called Provincial) Officers, respectively, shall be shown distinct. The amount of the budget should be framed for the grant that may be assigned for the purpose by the Local Government or Administration in its financial capacity. The unspent balance of the Provincial Public Works grant lapses to the general Provincial Funds, and is not available for expenditure on public works, unless specially so assigned by the Government or Administration in its Revenue or Financial Department.

II A.—Local Fund Public Works Budget-Estimate to show the expenditure to be incurred by Public Works Disbursers, by Provincial Officers, and by Civil Officers not [illegible] accounts to the Controller, separately. The amount of this Budget should correspond with the provision in the Civil Budget-Estimate, and it should be so arranged as to show distinctly the provision to be debited against each fund required by law to be kept distinct. This may be done in the manner shown in the accompanying form, or a separate abstract may be submitted appropriating the provision to the several funds as shown in Forms B and C.

III A.—Municipal Public Works Budget-Estimate to correspond with the provision in General Budget of the Civil Department, and to be divided into two heads, *viz.*, municipalities on Government books, and municipalities not on Government books. Funds to meet expenditure against the grant for the latter class of Municipal Works to be incurred by Public Works Officers will have to be supplied in advance by the municipality concerned, and adjusted through the deposit account as prescribed in Chapter XX, Section ii, paragraph 52A of Code. Expenditure from Municipal Funds on the Government books by Public Works Officers should be adjusted in the same way as Local Fund expenditure. The Budget-Estimate of municipal expenditure should be prepared according to the instructions issued in Public Works Department Circular No. 54, dated 8th July 1869.

These several Budget-Estimates should reach the Government of India not later than the 15th February of each year.

II.—The heads of service of the Budget-Estimates to be as at present,* but in the case of expenditure on Civil Buildings debitable to Provincial Funds, the form of Account No. IX laid down by the Financial Department will require the following further sub-division, *viz.* :—

* Original Works, divided into Military, if any; Civil Buildings; Agricultural, if any; Communications, and Miscellaneous Public Improvement.
Repairs as above.
Establishment.
Tools and Plant.
And in the final account—
Profit and Loss.
Fluctuations in stock.

Imperial Services, which, in respect of Public Works expenditure, are provided from Provincial Funds, but in other respects are Imperial Services, *viz.* :—

Land Revenue buildings, including original works and repairs.		
Customs,	ditto	ditto.
Salt,	ditto	ditto.
General	ditto	ditto.
Provincial Services, viz. :—		
Jails,	ditto	ditto.
Police,	ditto	ditto.
Education,	ditto	ditto.
Medical (hospitals and dispensaries),	ditto	ditto.
General,	ditto	ditto.

Under the last head will be included under distinct sub-heads Government Houses and Residencies, Ecclesiastical Buildings, Charitable Institutions, Scientific Institutions, Public Works Buildings, and other miscellaneous expenditure.

It is left to Local Governments and Administrations to determine whether any further sub-division should be made, but in order to simplify accounts, the actual outlay under each sub-head need not be brought out month by month, but it will suffice to give the information annually, and to so arrange the Sub-Journals in the Controller's Office as to admit of the expenditure under any sub-head being ascertained up to end of any month whenever required, in which view Local Governments should make arrangements for having their estimates for repairs prepared by classes, and the expenditure against each class distinctly recorded. In the case of petty works and repairs not exceeding Rs. 200 for each work, the like arrangement should be followed, both in rendering the accounts and recording the expenditure in the Controller's books.

IV.—Under Communications, the outlay should, as regards the larger works, be recorded by main lines of road, and by district roads as regards the smaller works. Under Miscellaneous Public Improvement, the sub-division of outlay should be arranged according to classes, such as (I) Inland Improvements, (II) Aids to Marine Navigation. "Improvements to Towns" would be a

sub-head of No. (I), having among others "Water-supply" as a minor head. "Harbours" and "Light-houses" would be a sub-head of No. (II), "Water-supply" would in some cases form a minor head of Harbours.

V.—Outlay on Establishment and Tools and Plant should be shown under the same heads as in the Imperial Budget-Estimate.

VI.—It is also left to Local Governments and Administrations to determine whether the outlay on petty construction and repairs by *Civil* Officers should be shown as a *Civil* charge, or as a Public Works charge. If the latter, the charge, if from Provincial Funds, should be brought on the books of the Controller of Public Works Accounts. In respect to these charges, attention is invited to paragraph 8 of the Resolution of the Government of India in the Financial Department, last read, which is as follows :—

8. "On the subject of the classification of charges, the Comptroller General takes exception to the order passed in accordance with a desire of the Chief Commissioner, Central Provinces, that charges for petty construction and repair of police buildings may be shown under Police. The Comptroller General urges the policy of collecting all such charges for petty construction and repairs under one head subordinate to "Public Works," thus excluding them from the civil part of the accounts. Even when these charges were in the Imperial estimates, the Local Governments did not unanimously acquiesce in the principle of their transfer to the Public Works allotment, and the Governor General in Council would not now fetter their discretion in the matter. Nay, it was ruled in the Home Department in June 1871 that, for the sake of uniformity, certain kinds of expenditure for Educational and Police buildings should be shown under Education and Police. Should a Local Government elect to keep similar charges for other Civil Departments, in the Civil accounts, apart from its allotment for Public Works, it must not be hindered; only in that case the charge would form a minor head under each Department concerned, for it would be unsuitable to have a major head of Public Works in the civil accounts in addition to the departmental head of Public Works for the Public Works allotments from Provincial Services. Appreciating this advantage the Local Governments will doubtless be averse from ordering the exhibition of such charges (otherwise than for [illegible] and prescribed in the Form No. IX Home Department) in their civil accounts, especially as provision is made in the forms attached to this Resolution for showing Public Works expenditure for Civil buildings in sub-divisions for Departments."

VII.—The Appropriation Accounts for Provincial and Local Fund expenditure will follow the order of the Budget-Estimate. For expenditure incurred by Public Works Officers, and by Civil Officers acting as Public Works Disbursers, the account will be prepared by the Controller for submission to the Local Government, who will pass it on with suitable comments to the Government of India by the 15th September of each year at the latest. For Local Fund expenditure by Civil Officers not acting as Public Works Disbursers, the account should be prepared either in the Office of the Local Accountant General, or in that of the Secretary to the Local Government or Administration in the Public Works Department, in communication with the Controller, on details to be furnished either by Civil Officers or by the Local Accountant General; and for Municipal Public Works expenditure, arrangements should be made for getting the details of the outlay for each municipality concerned, which should be worked up into the prescribed form in the Office of the Controller. Every effort should be made to submit these two accounts by the 15th September, but if this cannot be done, measures should be taken to ensure their despatch by the 15th November at the latest. On this point, complete punctuality is expected, so as to admit of the Accountant General in the Public Works Department working up the details of the expenditure on Public Works before the financial statement is delivered.

VIII.—The expenditure accounted for to the Controller will have to be recorded in the Public Works books under the head "Provincial Funds," formed by a grant from the Imperial Revenue, and "Local Funds" or outlay from funds raised by local taxes or cesses, and which may be applied to general purposes, or to special objects. A third head for expenditure by Public Works Officers from Municipal Funds on the Government books may be sometimes necessary, but, if convenient, the necessity for this head may be done away with by requiring municipalities to pay in cash for all expenditure they may wish Public Works Officers to incur, which would admit of the expenditure being adjusted through the Deposit Account.

IX.—In the case of Local Fund outlay to be incurred by Officers of the Public Works Department, the rule which requires the sanctioning authority to specify in each case the fund to which the outlay is to be charged, must be strictly observed. And where sanction is given to expenditure being incurred partly from Provincial Funds, and partly from Local Funds, the amount of sanction in each case should be distinctly specified.

X.—In order to prevent exaggeration of receipts and expenditure, transfers from Provincial to *Local Funds*, or *vice versâ*, should be made by deduction entries, or by exhibiting the charge for which the contribution is made as a portion of the outlay of the fund from which the contribution is given. On this point attention is invited to paragraphs 14 and 15 of the Financial Department Resolution, which is as follows :—

14. "Another fruitful cause of transfers can be avoided by the Local Governments. The form of estimate of expenditure for Provincial Services contains a major head of "Assignments from Provincial Services," so as to provide for the exercise of the power of Local Governments to allot [illegible] these services to Local Funds or Municipalities; but as the Local Government is not restrained from spe[illegible]ng the income of Provincial Services in a district or station, and for a kind of expenditure for which a Local or Municipal Fund is provided, it were better, by pre-arrangement annually with the Local Fund Committee or Municipality, to accept as a direct charge against Provincial Services bills for certain specific actual expenses, whether recurring or casual, of the Local Fund or Municipality, instead of making to it a lump allotment by transfer in account. The bills for such expenditure could be charged in the Civil or Public Works accounts, as the case may be, under a head of "Expenditure in aid of Municipalities and Local Funds" with suitable minor heads.

15. Conversely, it may appear proper to a Local Government that Provincial Services should be relieved of certain kinds of expenditure strictly local in their character, which it is fairly obligatory on the Local Funds of a district or municipality to defray. In such cases, it will be better generally* to remove the charges from the Provincial to the Local Funds Budget, than to require a contribution from the latter to Provincial Services, unless such contribution can be recorded without exaggerating the real income and charge of the finances of the province, in the manner indicated in Form No. III, for the municipal contributions for police, and those for dispensaries."

* It is not intended by these remarks that the charge for the civil constabulary should be scattered. As hitherto, in the Imperial estimates and accounts, the charge should be shown in one place, under Provincial Services, the contributions of municipalities being deducted from the gross charge under those services, as shown in Form No. III.

No difficulty will probably be experienced in the application of these orders; but it may be mentioned that, in case of a grant-in-aid to *Local* Funds for Public Works from Provincial Funds, the provision and expenditure should appear in the Provincial Fund Public Works Budget-Estimate, so as to admit of the total outlay on Public Works from Provincial Funds being placed on record. In the Local Fund account the outlay should be shewn in the usual manner, but the amount of the grant in aid should be deducted from the total of the outlay so as to bring out the net charge debitable to Local Funds.

XI.—The receipts on account of Public Works Revenue due to Provincial Funds should be shewn in the Public Works Budget-Estimates and accounts distinct from that due to Local Funds. Under the former

head should be included receipts which, previous to the inauguration of the Provincial Service scheme, were classed as Imperial, and under the latter head the receipts that used to be credited to Local Funds.

5. Paragraph 5 of the Resolution referred to should be modified by striking out the sentence* therein between brackets, and paragraph 7 of the Resolution should be considered cancelled.

* (Including under this head Local Funds classed as Provincial.)

6. The orders of the Financial Department requiring that the receipts and outlay due to Provincial Funds formed by a grant from the Imperial Revenue be recorded separately have effect from 1871-72, and the accounts for that year should be revised accordingly, the accounts of 1872-73 being likewise prepared so as to admit of the necessary distinction being preserved between Provincial and Local Fund outlay. On this point the necessary instructions will be issued by the Accountant General, Public Works Department.

7. The budgets of 1873-74 having been already rendered to the Government of India, a memorandum *in cases where grants for Local Fund outlay has been provided for as a part of the Provincial Fund grant* should now be furnished showing the portion thereof debitable to Provincial Funds. A statement of the items making up the provision should also be prepared and furnished to the Controller for guidance in adjusting the expenditure.

8. The amalgamation of Local with Provincial Funds has been carried out, partly in Bengal, and entirely in the North-Western Provinces and the Punjab, so that the instructions for keeping the outlay from the two funds distinct will affect these three Governments chiefly, while they will cause little or no alteration in the case of the other Governments. Probably some difficulty will be experienced in separating the outlay already incurred between Provincial and Local Funds in the Provinces refered to, but the best possible division of the outlay should now be made.

ORDER.—Ordered, that this Resolution be communicated to the Governments and Administrations noted in the margin, for information and guidance, and to the Financial Department for information.

Governments of Madras, Bombay, Bengal, North-Western Provinces, and Punjab.
Chief Commissioners of Central Provinces, British Burmah, and Oudh.

Ordered also, that a copy be forwarded to the Accountant General, Public Works Department, for the issue of such subsidiary instructions as may be necessary.

Colonel, R. A.,

Secretary to the Government of India.

Order thereon 1st October 1873 No 2415

Communicated to the Controller of Public Works Accounts in continuation of the papers forwarded with the undermentioned Orders.

G.C. 186 of 20th January 1873
" 96 " 14th June —"
/ True Extract /

Murdoch
Acting Under Secretary
for Secretary to Govt N.W. Dept

To
The Financial Department.

Ex Ord P 5 Sp. Cons

GOVERNMENT OF INDIA.

PUBLIC WORKS DEPARTMENT.

ACCOUNT.

General.

To

No. 469-78 A—G.

Dated Simla, August 23, 1873.

Received

Ootacamund. 8 Oct. 1873. No 1461

Communicated to all Presidents of Municipalities with reference to G.O. 28 May 1873. No 743.

To the President of all Municipalities - dup 23/10
-" Secretary Simla -
-" - Revenue Board - } dup 23/10

Budget Estimates and Accounts of Provincial and Local Funds.

1873

Provincial Budget Estimates and Accounts of Public Works Expenditure

Rs 24/15

Govt. of {1873} Madras.

Financial

To, The Presidents of all Municipalities &c.

Dated 8th Octr. 11

Recd. Encl.

G.O. 8th Octr. 1873, No. 1441.

Nos. 48-49.

Provincial & Local Funds.

Proceedings Pub: Works Dept. communicating a Resolution of Govt. of India respecting the Budget ~~Estimates~~ Estimates & accounts of Expenditure on Public works from these funds forwarded to the Presidents of all Municipalities