M.R.O. 1—77,006—8-6-37.

(1) Number of pages 2

(2) Date of repair 10 12 38

(3) Initials of the Referencer

MADRAS RECORD OFFICE.

Government of Madras.

Financial DEPARTMENT.

G.O. No. 1614	Press / Mis.
38-39.	38-39
Dated 6-8-	1875.

5/6

Not to be folded or roughly handled

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Loans.

No. 38. Read the following Proceedings of the Government of India in the Financial Department, dated Simla, 28th July 1875, No. 2085:—

Accounts.

Read again—

Financial Resolution, No. 2021, dated 31st March 1875, declining to grant from the imperial revenues a loan of Rupees 60,000 to the Tellicherry Local Fund Board for the completion of the Peria Ghât Road on the ground that it is inconsistent with the principle which the Government of India has laid down for its own action that District Committees should borrow money from the imperial chest for ordinary and unremunerative works.

Read—

A letter from the Government of Madras, No. 1249, dated 9th June 1875, requesting, for reasons stated, a reconsideration of the above orders.

Resolution.—The Governor-General in Council considers it to be objectionable on principle that bodies in the position of District Committees should receive loans for the construction of such public works as would not be classed as extraordinary if they were constructed by the Supreme Government, because the funds administered by these bodies are partly provincial and such as, prior to the decentralisation scheme, were provided from imperial services. A loan under these circumstances is anomalous; and unless the work be on its own merits a reproductive one, and as such able to repay the loan, it is irregular to make an advance, or, in other words, an increased grant for the year, to be repaid from the fixed revenues and assignments of coming years.

2. The Order of 31st March last was governed by these considerations, which are hardly affected by Rule II. of the Notification of October 1873, because Government, in granting loans, is at liberty to limit the scope of its own action, and there is need of strict limitations in the case of District Committees whose functions extend collectively over large areas. By lending these Committees money to construct ordinary roads, the Government might drift into a system of carrying on public works generally with borrowed money. Accordingly the Government of Madras should not give any provisional sanction to such loans in future, and they should warn the District Boards to incur no expenditure relying on loans without the previous sanction of the Government of India.

3. In the case, however, of the Peria Ghât Road, as the work was carried forward under the expectation that a loan would be granted, the Governor-General sanctions, *as a special case*, the loan of Rupees 60,000 previously asked for.

4. The foregoing observations do not apply to "Municipalities," which properly signify corporations for the administration of cities, towns, or townships, the revenues of which are distinct from provincial and are supplemented by imperial grants.

Order.—Ordered that the foregoing Resolution be communicated to the Public Works Department and to the Government and Accountant-General,

Madras ; to other Local Governments and Administrations for information ; and to the Comptroller-General for information and guidance.

(Signed) R. H. HOLLINGBERY,
Asst. Secy. to the Govt. of India.

No. 39. ORDER THEREON, 6th August 1875, No. 1614.

Communicated to the Board of Revenue with reference to G.O., dated 6th March 1874, No. 371, and to the President of the Local Fund Board, Tellicherry, with reference to the Order quoted and to his letters, dated 24th September 1874, No. 255, and 14th May 1875, No. 140.

(True Extract.)

D. F. CARMICHAEL,
Officiating Chief Secretary.

To the Board of Revenue.
,, President of the Local Fund Board, Tellicherry.
,, Accountant-General.

Exd. J. W. Fischer.

Govt. of {1875} Madras.

FINANCIAL.

To THE BOARD OF REVENUE,
&c., &c., &c.

Dated August, 6th.

Issued

Read.

G.O., 6th August, 1875, No. 1614.

AUGUST.
Nos. 38-39.

Loans.—Resolution of Government of India sanctioning with remarks, and as a special case, the loan of Rupees 60,000 applied for the construction of the Peria Ghât Road, Tellicherry Circle, communicated to the President and Board of Revenue.

No. 2085.

GOVERNMENT OF INDIA.

FINANCIAL DEPARTMENT.

ACCOUNTS.

SIMLA, THE 28th JULY 1875.

READ again—

Financial Resolution No. 2021, dated 31st March 1875, declining to grant, from the imperial revenues, a loan of Rs. 60,000 to the Tellicherry Local Fund Board for the completion of the Paria Ghât road, on the ground that, it is inconsistent with the principle which the Government of India has laid down for its own action that District Committees should borrow money from the imperial chest for ordinary and unremunerative works.

Read—

A letter from the Government of Madras, No. 1249, dated 9th June 1875, requesting for reasons stated a reconsideration of the above orders.

RESOLUTION.—The Governor General in Council considers it to be objectionable on principle that bodies in the position of District Committees should receive loans for the construction of such public works as would not be classed as extraordinary if they were constructed by the Supreme Government, because the funds administered by these bodies are partly provincial and such as prior to the decentralisation scheme were provided from imperial services. A loan under these circumstances is anomalous; and unless the work be on its own merits a reproductive one, and as such able to repay the loan, it is irregular to make an advance, or in other words an increased grant for the year, to be repaid from the fixed revenues and assignments of coming years.

2. The order of 31st March last was governed by these considerations, which are hardly affected by Rule II of the Notification of October 1873, because Government in granting loans is at liberty to limit the scope of its own action; and there is need of strict limitations in the case of District Committees whose functions extend collectively over large areas. By lending these Committees money to construct ordinary roads, the Government might drift into a system of carrying on public works generally with borrowed money. Accordingly the Government of Madras should not give any provisional sanction to such loans in future, and they should warn the District Boards to incur no expenditure, relying on loans, without the previous sanction of the Government of India.

3. In the case, however, of the Peria Ghât road, as the work was carried forward under the expectation that a loan would be granted, the Governor General sanctions, *as a special case*, the loan of Rs. 60,000 previously asked for.

4. The foregoing observations do not apply to "Municipalities," which properly signify corporations for the administration of cities, towns, or townships, the revenues of which are distinct from provincial and are supplemented by imperial grants.

ORDER.—Ordered that the foregoing Resolution be communicated to the Public Works Department and to the Government Accountant General, Madras; to other Local Governments and Administrations for information; and to the Comptroller General for information and guidance.

Asst. Secy. to the Govt. of India.

Ord. 6th Augt. 1875. No. 1614

Communicated to the Board of Revenue with reference to G. O. of 6th March 74. No. 371. and to the President of the Local Fund Road Committee with reference to the orders noted in the letter of 24th Septr. 74. No. 255. & 16th May 75. No. 140

To the Board of Revenue
" " Pres. of the Local Fund Road Committee

Ord. 6/8/75

(30 to 40)

Dated 6/8/75

From the Secretary (1875) Public Department
Madras

To the Government
of India
Home Department

Memorandum dated 28th July 1875
Received 6th August 1875
No. 2085.

No. 1839

Memorandum on the application for a loan for the Perur Pallam Road & communication, as called for, the Govt. of India's order dated 6th August 1875 No. 1614.

Tick over

Govt. of {1875} Madras.

Financial

G.O., 6 August, 1875, No. 1614

Nos. 38-9

Loans. Resolution of Government of India sanctioning with remarks and as a special case the loan of Rs 60,000 applied for for the construction of the Peria Pillaichery road, Tellicherry Circle, Communicated to the Board of Revenue.