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MADRAS RECORD OFFICE.

Government of Madras.

Financial DEPARTMENT.

G.O. No. 73 Press / Mis.

119-120 119-121

Dated 16-1- 18 75.

13/14

Not to be folded or roughly handled

Local Funds—Budget.

No. 119. Read the following Proceedings of the Board of Revenue, dated 11th December 1874, No. 3593:—

Read the following letters :—

From the President of the Local Fund Board, Nilgiri Circle, dated 18th November 1874, No. 25.

ABSTRACT.—Submitting Local Fund Budget Estimate of that Circle for 1875-76.

From the Director of Public Instruction, dated 5th December 1874, No. 2,257.

ABSTRACT.—Remarking on the Budget Estimate of the Nilgiri Circle for 1875-76.

THE Local Fund Budget Estimate of the Nilgiri Circle for the year 1875-76 is submitted for the orders of Government.

2. STATEMENT I.-A., REVENUE AND RECEIPTS.—The assets of the year are made up of—

	RS.
1. Balances	— 680
2. Allotments from General Revenue ...	49,210
3. Rates and Taxes	16,200
4. Contributions	650
5. Endowments...	360
6. Miscellaneous	500
Total...	66,240

3. The first item is the difference between the *minus* balance of Rupees 2,000 against the Road Fund and the *plus* balance of Rupees 1,320 against the General Fund. As regards the Road Fund deficit, the President explains that the transactions of the fund in 1873-74 closed with a deficit of Rupees 3,880, and that the income for the current year, less the deficit, will amount to Rupees 60,210. The President thinks that the expenditure will amount to Rupees 62,198, and that thus there will be a deficit of Rupees 1,988, or 2,000 in round figures, on the 1st April 1875.

4. The attention of the President is called to No. 2 of the Local Fund Rules. It is his duty (and he can only be released from the obligation by Government) to use every endeavour to curtail expenditure so as to neutralize the deficit. The Board have accordingly disallowed the deficit.

5. The cess on land is estimated at Rupees 2,200, against Rupees 2,000 in the current year's budget. The increase is stated to be owing to the numerous sales of land effected during the current year, but further explanation seems to be required. Land is held free for four years after it is sold.

6. The receipts from Tolls are estimated at Rupees 14,000, against Rupees 12,000, the estimate for the current year.

7. Under "5, Contributions, etc.," is entered Rupees 220 as the contribution from the Coimbatore Circle for the maintenance of two miles of the Kotagherry Ghaut Road lying in that Circle. It is stated that the Coimbatore Local Fund Board have allotted the amount, though no corresponding provision is made in the budget of that Circle for 1875-76.

8. The receipts are—

	RS.
Road Fund	64,550
Endowment Fund	360
General Fund...	3,330
Total...	68,240

9. Statement I.-B., Expenditure.—The total proposed expenditure amounts to Rupees 67,750, and is made up of—

	Rs.
Grant I.	64,360
Do. II.	1,040
Do. III.	1,380
Do. IV.	970
Total...	67,750

10. Grant I., Public Works, Statement II., Road Fund Receipts and Expenditure.—Rupees 1,860 is provided for the Petty Establishment against Rupees 1,680 in the current year's budget. The increase is owing to the grant of double horse allowance to the Local Fund Overseer, under the G.O., Financial Department, dated 1st September 1874, No. 1,459.

11. The share of the cost of general management chargeable to the Road Fund should be Rupees 840.

12. The Road Fund Reserve should be Rupees 6,450, but only Rupees 4,590 are available.

13. The Road Fund Expenditure amounts to Rupees 64,550, leaving no balance.

14. Statement II.-A, Part I., New Works.—Part I. contains two items exclusive of a lump provision of Rupees 2,000 for Petty New Works. Of the two items, the second is unsanctioned and is stated to be greatly needed. The President does not say whether the estimate for the work is ready or not. He will expedite the submission of the estimate.

15. Appendix to Part I.—The lump allotment of Rupees 2,000 for Petty New Works is simply repeated in the appendix, without any particulars. If no details can be given now, the appendix should have been altogether omitted from the budget.

16. Part II., Repairs.—Rupees 31,950 are provided for Road Repairs, against Rupees 31,650 in the current year's budget, showing an increase of Rupees 300.

17. Under "Sanitary and Miscellaneous," the following provision is made :—

	Rs.
Repairs to Pykara Bungalow	150
Do. to Neddiwuttum Bungalow ...	150
Do. to Kulhutty Bungalow	150
Do. to nine Chuttrums	900
Total...	1,350

In the current year's budget, a similar grant is provided for the repair of the three bungalows, and Rupees 100 for each of the nine Chuttrums. For want of funds, the Board have been obliged to reduce the above allotments by one half.

18. Grant I. is—

	Rs.
Road Fund	63,710
General Fund	860
Total...	64,570

19. Grant II., Education.—Grant II. consists of—

	Rs.
1. Payment for Inspection	680
2. Salary Grants	360
Total...	1,040

The second item (Rupees 360) is Rupees 60 less than the current year's estimate. This is the result of the Wellington Bazaar School having ceased to exist. The Director of Public Instruction thinks a larger provision should be made for Elementary Education, but, if so, the money must be supplied from Provincial Funds. One-third of the land cess amounts to only Rupees 730.

Proceedings of the Madras Government, Financial Department,
16th January 1875.

20. Grant III., Sanitation, etc.—Grant III. comprises the following charges :—

	Rs.
Vaccine Establishment	600
Choultries	360
Bungalows	420

The first two are mere repetitions of the current year's allotments, and the third is Rupees 120 more than in 1874-75. The increase is intended to meet the salary of a peon proposed to be employed at the Neddiwuttum Bungalow, as the contractors who had for some years past been in charge of it failed to give satisfaction so as to induce the Local Fund Board to inaugurate a change of system.

21. Grant III. is—

	Rs.
Endowment Fund	360
General Fund...	1,020
Total...	1,380

22. Grant IV., Miscellaneous.—The contribution for the Controlling Establishments at the Presidency should be Rupees 210.

23. The provision for the Local Fund Board's establishment includes Rupees 100 for contingencies, which should be shown separately :—

24. Grant IV. is—

	Rs.
Road Fund	840
General Fund...	50
Total...	890

25. The General Reserve should be Rupees 200.

26. The following is an abstract of the budget as revised by the Board of Revenue :—

Receipts.			Expenditure.				
		Rs.				Rs.	Rs.
Road Fund...		64,550	Grant I. ...	Road Fund		63,710	
Endowment Fund ...		360		General Fund ...		860	
General Fund		3,330					64,570
			Grant II....	General Fund ...		...	1,040
			Grant III...	Endowment Fund ...		360	
				General Fund ...		1,020	
							1,380
			Grant IV...	Road Fund		840	
				General Fund ...		50	
							890
							67,880
			General Reserve			...	200
			Balances.				
			Road Fund			...	
			General Fund			160	
							160
Total...		68,240		Total...		...	68,240

(True Extract.)

(Signed) J. GROSE,
Secretary.

No. 120. ORDER THEREON, 16th January 1875, No. 73.

The subjoined abstract shows the estimates of the Nilgiri Local Fund Circle, compared with those for the current year :—

RECEIPTS.	1874-75. RS.	1875-76. RS.
Balance brought forward ...	4,810	1,320
Allotments from general revenue—		
Provincial Funds	49,210	49,210
Special Funds	...	...
Cess on Land	2,000	2,200
Tolls	12,000	14,000
Contributions from other Circles	430	650
Endowment receipts	360	360
Miscellaneous	1,440	500
Total ...	70,250	68,240

CHARGES.	1874-75. RS.	1875-76. RS.
Grant I.—		
New Works—		
Communications	12,000	12,000
Repairs—		
Communications	31,650	31,950
Sanitary and Miscellaneous...	2,500	680
Cost of General Establishment, Public Works Department	11,540	11,160
Petty Establishment ...	1,680	1,860
Road Fund Reserve ...	3,530	4,590
Other items	2,590	2,330
Grant II.—		
Inspection	680	680
Grants-in-aid	420	360
Grant III.—		
Hospitals	...	...
Vaccination	600	600
Other items	660	780
Grant IV.—		
Supervision and Management	970	890
General Reserve	190	200
Balance General Fund ...	1,240	160
Endowment Fund	...	...
Total ...	70,250	68,240

2. The Budget, as submitted by the Board of Revenue, calls for no remark in detail, and is passed, subject to the omission of the provision for the Local Fund Petty Establishment, by which the Road Fund Reserve will be raised to Rupees 6,450.

(True Extract.)

D. F. CARMICHAEL,
Acting Chief Secretary.

To the Board of Revenue, with the Budget Estimate and Plan.
" Public Works Department.
" Revenue Department.
" Accountant-General.
" Sanitary Commissioner.
" Surgeon-General, Indian Medical Department.
" Director of Public Instruction.
" President of the Municipal Commissions, Nilgiris.

Exd. J. H. Burns.

Govt. of {1875} Madras.

FINANCIAL.

To

THE BOARD OF REVENUE,

&c., &c.,

Dated January, 16th.

Recd.

G.O., 16th January 1875, No. 73.

JANUARY.

Nos. 119-120.

Nilgiri Circle.—The Budget Estimate of this Circle for 1875-76 reviewed and passed.

GOVERNMENT OF MADRAS.

FINANCIAL DEPARTMENT.

3rd January 1877, No. 28.

Local Funds—Tolls.

Read the following :—

No. 25. *Proceedings of the Board of Revenue, dated 14th December* 1876.

Read the following Proceedings of the Madras Government, dated 27th November 1876, No. 2,126, Financial Department :—

ABSTRACT.—*Municipal—Budgets.*—Detailed instructions issued regarding the preparation of Municipal Budgets.

With reference to paragraph 6 prescribing a certain way of showing the payments to Local Funds on account of tolls, the Board submit that it is desirable that the gross tolls should be shown on the receipt side and the payment to Local Funds entered as a contribution.

2. This course will make the Budget and Municipal accounts accord with the actual facts of the transaction. The tolls are collected by the Municipalities and the gross sums must appear at least in their accounts. A portion is paid over and this transaction also should be shown in the Budget as inducing a direct charge. Under the course proposed, the total taxation from tolls will be understated.

3. There can be no objection in point of principle to the payment being shown as contribution. In many cases it has been sanctioned and adjusted strictly with reference to the use made of Local Fund roads, and the benefit which the Municipality derives from their existence. Even where the share has been settled, with reference to the amount of through traffic, this reasoning applies.

4. In the Local Fund Budgets, the payments are entered under Contributions and not under Tolls. It would be incorrect to enter them under the latter head, as the tolls are not levied under the Local Funds Act, nor collected by the Local Fund Boards. It is necessary, however, that a similar course should be adopted in Municipal and in local Budgets, else the total taxation in the country in the shape of tolls will be understated.

5. The Board respectfully request further consideration of the matter with reference to the above remarks, and further orders for their guidance in dealing with the Local Fund Budgets.

(True Extract.)

(Signed) H. E. STOKES,
Acting Secretary.

No. 26. ORDER THEREON, 3rd January 1877, No. 28.

In G.O., dated 27th November 1876, No. 2126, the Government directed that in the case of Municipal tolls the proceeds of which are shared with a Local Fund Board the entry should be made as shown in the margin and the net proceeds only brought to account as a Municipal receipt.

Tolls:—	
Gross Receipts	
Deduct Local Fund Share ...	
Municipal Income ...	

2. The Board of Revenue consider that the gross proceeds should be shown on the receipt side and the payment to Local Funds entered as a contribution.

3. The main argument of the Board is that the course recommended by them accords with the actual facts of the transaction and they further urge that it is unobjectionable in point of principle as in many cases the contribution was sanctioned and adjusted strictly with reference to the use made of Local Fund roads and the benefit which the Municipality derives from their existence.

4. The Government are of opinion that while the course recommended by the Board is technically more in accordance with the actual facts of the transaction, it is at the same time calculated to give a totally false idea of the policy of Government, as it would make it appear that large sums were actually handed over *from Municipal funds* to Local Fund Boards for the upkeep of roads beyond Municipal limits.

5. The actual origin of the present arrangements is explained in detail in G.O., dated 11th January 1875, No. 40, and previous Orders. Briefly, it was found that a large number of Municipalities were levying large sums in the shape of tolls on the through traffic of the country—sums far in excess of what was required for the upkeep of the Municipal roads—and spending a great portion of the money thus raised on miscellaneous Municipal objects. Various remedies for this abuse were taken into consideration and it was eventually decided that the money thus raised on the through traffic, roughly calculated, formed a legitimate part of the income of the Local Fund Boards, and it was directed accordingly that a share of the proceeds of a number of the tolls under Municipal management should be made over to the Local Fund Boards. As pointed out in the Order above quoted, the Local Boards had full legal power to raise the tolls themselves, but it was decided to adopt the plan of dividing the proceeds of existing tolls as being far more simple than any other arrangement.

6. Only one case can be traced in which the amount of the Local Fund share was adjusted strictly with reference to the use made of Local Fund roads and the benefit which the Municipality derived from their existence, but useful as that consideration may have been as a guide for adjustment it is not *per se* a ground which Government would have recognized as sufficient for directing a contribution to the Local Boards from *bonâ fide* Municipal funds.

7. Uniformity of practice is of course to be desired in the case of Municipal and Local Fund accounts, but the Board of Revenue urge that the Local Fund share of these tolls cannot be entered under the head of "Tolls" as they are not levied under the Local Fund Act nor collected by the Local Fund Board.

8. The Government would remark that the customary tolls in Malabar which have always been credited to "Tolls" without question are not levied under the Local Fund Act. The agency by which the collection is made is a mere matter of administrative convenience.

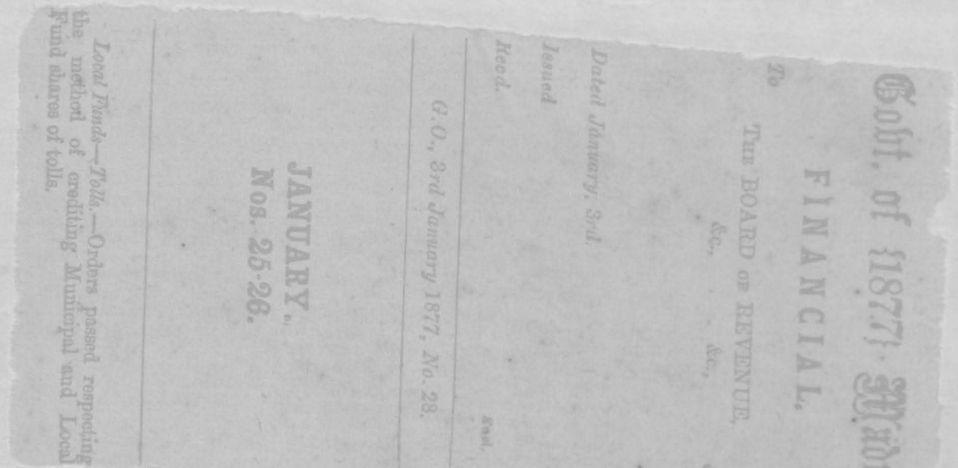
9. The Government resolve to adhere to the course directed in the Order above referred to. It does not put on record every step in the transaction, but it simplifies accounts and represents with substantial accuracy the true facts of the case.

(True Extract.)

Chief Secretary.

To the Board of Revenue.
" Presidents of all Local Fund Boards.
" " of all Municipal Boards.
" Accountant-General.
" Public Works Department.

Exd. A. S. Rodgers.


Govt. of [1877] Madras.

FINANCIAL.

To

THE BOARD OF REVENUE,

&c., &c., &c.

Dated January, 3rd

Issued

Recd.

G.O., 3rd January 1877, No. 28.

JANUARY.
Nos. 25-28.

Local Funds—Tolls.—Orders passed respecting the method of crediting Municipal and Local Fund shares of tolls.

Revenue Department.

Proceedings of the Board of Revenue

Dated 14th December 1876.

Read Proceedings of the

Madras Government, Financial Deptt.

dated 27th November 1876 No. 2126 issuing

instructions regarding the preparation of

Municipal Budgets.

With reference to para 6 prescribing

a certain way of showing the payments

to local funds on account of tolls, the

Board submit that it is desirable that

the gross tolls should be shown on the

receipt side and the payments to local

funds entered as a contribution.

2. This course will make the budget

& Municipal accounts accord with the

actual

actual facts of the transaction. The tolls are collected by the Municipalities and the gross sums must appear at least in their accounts. A portion is paid over, and this transaction also should be shown in the budgets as inducing a direct charge. under the course proposed the total taxation from tolls will be understated.

3 There can be no objection in point of principle to the payment being shown as contribution. In many cases it has been sanctioned and adjusted strictly with reference to the use made of local fund roads, & the benefit which the Municipality derives from their existence. Even where the share has been settled with reference to the amount of through traffic, this reasoning applies.

4. In the local fund budgets the payments are entered under contributions & not under tolls. It would be incorrect to enter them under the latter head, as the tolls are not levied under the local fund Act, nor collected by the Local Fund Boards. It is necessary however that a similar course should be adopted in Municipal & in local budgets, else the total taxation in the country in the shape of tolls will be understated.

5 The Board respectfully request further consideration of the matter with reference to the above remarks & further orders for their guidance ~~in~~ in dealing with the local fund budgets

True Extract

H Stevens

A.S. Secretary

To The Chief Secretary to Government F. D.

27 March 1876
28 October 1876
28-10-76

Proceedings (1876) Board of Revenue
28 Oct 1876
Board of Revenue

Read 14-9
Read 18-10-76
Transmitting Standing Orders
on G.O.D. 927 dated 26th Sept 1876, regarding the
Explanation of Municipal
- Opinal Receipts.

No 25

In G.O.d/29th January 1874
No 154 the Govt agreed to
the Madura Municipality
retaining their tolls "in
the event of their agreeing
to construct and maintain
from Municipal funds a
Loop line skirting the town
which the through traffic
may remain untolled"
and referred for the opinion
of the Bd of Revenue on
the general question of
Municipalities tolling
through traffic.

In their reply the Board
approve of the principle of
directing the construction
and maintenance of
loop lines.

It is submitted that
the reply of the Madura

Municipalities may be
awaited before the question
is finally disposed of and
that the accompanying
draft order & the resulting
Municipality may be passed
with the view of getting an
expression of opinion on a
similar question from that
Municipality also.

The ground on which
this proposal is submitted
is that the opening of the
Corporation will cause
~~the~~ a very considerable
reduction in the receipts
and at the same time
necessitate a new item
of annual expenditure
~~in~~ under which circum-
stances the Municipality
may not improbably
prefer to share the
existing tolls with the

Yes. I think
the line enclosing
Except in the case
of small towns

D.O.S

Toad Fund Boards which
& the recent orders dis-
allowing the levies - Cess
are now obliged to look
more than before to tolls
as a source of revenue
for the upkeep of roads.
In the case of roads passing mainly through districts [illegible] discouraged. It is also submitted that
the cutting on a system of Corporation
~~Tolls~~ the sole raison d'être
of which is to permit
Municipalities to retain
tolls, really forms an item
of the cost of collection
of the taxes in question,
and ought therefore to
be avoided wherever possible.

Of course the above
proposals are submitted
for consideration only on
the assumption that
the objection to levying
tolls on through traffic
applies to Municipalities

only and not to local fund boards who keep the through communications in repair.

H

Municipal Tolls

Dock Tolls 1/4

C 14/3

C

Read Proceedings of the Board of Revenue 9/14 Dec 1876

Order 3 Leny 77. No 28.

In G.O. 9/27 Nov. 1876 No 2126 the Govt directed that in the case of Municipal tolls the proceeds of which are shared with a local fund Board the entry should be made as shown in the margin and the net proceeds only brought to account as a Municipal receipt.

Tolls:-
Gross Receipts ——
Deduct Local Fund Share ——
Municipal Income ——

The Board of Revenue consider that the gross proceeds should be shown on the receipt side and the payment to Local Funds entered as a contra section.-

The main argument of the Board is that the cess recommended by them accords with the actual facts of the transaction and they further urge that it is unobjectionable in point of principle as in many cases the contribution was sanctioned and adjusted strictly with reference to the use made of Local Fund Roads and the benefit which the Municipality derives from their existence.

The Govt are of opinion ~~It is submitted~~ that while

the course recommended by the Board is technically more in accordance with the actual facts of the transaction - it is at the same time calculated to give a totally false idea of the policy of Govt, as it would make it appear that large sums were actually handed over from Municipal funds to Local Fund Boards for the upkeep of roads beyond Municipal limits.

The actual origin of the present arrangements is explained in detail in G.O. of 11th Jany 1875 No. 40 and previous orders - Briefly it was found that a large number of Municipalities were levying in the shape of tolls on the through traffic of the country - sums far in excess of what was required for the upkeep of the Municipal roads - and spending a great portion of the money thus raised on miscellaneous Municipal objects - various remedies for this abuse were taken into consideration and it was eventually decided that the money thus raised on the through traffic, roughly calculated, formed a legitimate part of the income of the Local Fund Boards and it was directed that a share of the proceeds of a number of tolls under Municipal management should be made over to the Local Fund Boards as pointed out in the order above quoted the Local Boards had full legal power to raise the tolls themselves, but it was decided to adopt the plan of dividing the proceeds of existing tolls as being far more simple than any other arrangement.

Only one case can be traced in which the amount of the Local Fund share was adjusted strictly with reference to the use made of Local Fund Roads and the benefit which the Municipality derived from their existence, but except as that consideration may have been as a guide for adjustment it is not a ground which per se it is not a ground which Govt would have recognized as sufficient for directing a contribution

Rebuke of the Commissioner was ordered in many instances

of the Local Boards from bona fide Municipal funds.

Uniformity of practice is of course to be desired in the case of Municipal and Local Fund accounts but the Board of Revenue urge that the Local Fund share of these tolls cannot be entered under the head of "tolls" as they are not levied under the Local Fund Act nor collected by the Local Fund Boards. The Local Funds remark that the customary tolls in Malabar have always been credited to "tolls" in their accounts but are not levied under the Local Fund Act. The agency by which the collection is made is a mere matter of convenience. The Local Funds Boards have to bear the charges for the collection and the amount is duly credited to them. It does not perhaps on record every step in the transaction - but it simplifies accounts and represents with substantial accuracy the true facts of the case.

It is requested that early orders may be passed on this for guidance in dealing with Municipal and Local Fund Budgets now awaiting review.

Draft for Chief Secy orders

Despatch

Concurred

Financial Department.

PROCEEDINGS of the MADRAS GOVERNMENT.

Read the following letter

Proceedings of the Board of Revenue dated 11 December 1874. No.

Local Fund Budget

Order thereon. 16 Jany 75 to 73

The subjoined Abstract shows the Estimates of the Nilgiri Local Fund Circle compared with those for the Current Year.

	1874-75	1875-76
Receipts		
Balance brought forward	4810	1320
Allotments from Genl Revenue.		
Provincial Funds	49210	49210
Special Funds	"	"
Cess on Land	2000	2200
Tolls	12000	14000
Contributions from other Circle	430	650
Endowment Receipts	360	360
Miscellaneous	1440	500
	70250	68240

Charges.

Charges		
Grant I		
New Works		
Communications	12000	12000
Repairs		
Communications	31650	31950
Sanitary & Miscellaneous	2500	680
est of Genl Estab[t] P. W. D.		
Petty Establishment	11540 1680	11160 1860
Road Fund Reserve	3530	4590
Other items	2590	2330
Grant II		
Inspection	680	680
Grants in aid	420	360
Grant III		
Hospitals		
Vaccination	600	600
Other Items	660	780
Grant IV		
Supervision & Management	970	890
General Reserve	190	200
Balance General Fund	1240	160
Endowment Fund	"	"
	70250	68240.

The budget ~~is framed~~ as submitted by the Board of Revenue calls for no remark in detail and is passed subject to the omission of the provision for the Local Fund Petty establishment by which the

the Road Fund Reserve will be raised to Rs 6450.

4 GL 6/1

7o. The Board of Revenue with the Budget Estc & Plan & other Suppl.
" President of the L[d] Board Nilgiris. 16
" Public Works Depart[t]
" Revenue depart[t]
" Accountant General
" Sanitary Commissioner
" Surgeon-General Insp[r] Med[l] Depart[t]
" Director of Public Instr[n]
" President of the Rural Commrs Nilgiris

Despd 26-1-75

8-2-05
17/4/24.V
10-5-24 MP

Govt. of {187 } Madras.

Fail

To

Dated 15 Jany 1875; No. 73
Recd.

Nos. 19-20

Subject Civil - Fee Budget
Est of the Civil for 75-6,
Returned Signed