Financial (1895) Department.

ORDINARY MS.

G.O., No. 695, 696

Dated 16th Sept. 1895

8/9

[Despatch Abstract.]

SAVINGS, MILITARY SECRETARIAT

Replying to letter from the Government of India regarding the transfer to be made from Provincial to Imperial Revenues in consequence of the abolition of the Military Secretariat of this Government.

BACK PAPERS.

G.O.	No.	Department.	Date.	G.O.	No.	Department.	Date.

FURTHER PAPERS.

G.O.	No.	Department.	Date.	G.O.	No.	Department.	Date.

No. 2983-A.

GOVERNMENT OF INDIA.

FINANCE AND COMMERCE DEPARTMENT.

ACCOUNTS AND FINANCE.
Provincial Finances.

To

THE SECRETARY TO THE GOVERNMENT OF MADRAS,
FINANCIAL DEPARTMENT.

Simla, the 26th June 1895.

SIR,

I am directed to invite attention to the correspondence ending with the letter from the Government of India in the Military Department, No. 2430-C., dated 8th November 1894, and to say that the Governor General in Council has recently had under consideration the question of the financial effect of the abolition of the Military Secretariat of the Government of Madras.

2. That Secretariat has been abolished, as the Government of Madras are aware, in consequence of a general re-organisation of the Army in India, and its duties have, with effect from the 1st April 1895, been transferred to an establishment paid from Imperial revenues. Thus the Government of India have to provide for additional Imperial expenditure in consequence of this change, while the Provincial revenues of Madras have been relieved to the extent of an average annual expenditure of Rs. 58,790, as shewn in the margin.

		Rs.
Actuals, 1892-93	...	56,980
,, 1893-94	...	60,590
Revised, 1894-95	...	58,800
Total	...	1,76,370
Average	...	58,790

3. The Governor General in Council therefore proposes, subject to any observations the Government of Madras may desire to offer, that in the accounts of the two remaining years included in the term of the existing Provincial Contract, a transfer should be made from Provincial to Imperial, through the Land Revenue head, of the sum of Rs. 58,790 mentioned above. In making the adjustment for the current year, allowance will be made for the amounts paid from Provincial revenues in April on account of the salaries, &c., due for March 1895.

I have the honour to be,

SIR,

Your most obedient servant,

Offg. Under-Secy. to the Govt. of India.

933: 6-12:94 a

Financial Dept.

GOVERNMENT OF INDIA.

FINANCE AND COMMERCE DEPARTMENT.

ACCOUNTS AND FINANCE.
Provincial Finances.

To

THE GOVT. OF MADRAS,

No. 2983-A.

Dated Simla, the 26th June 1895.

Recd - 3 - VII - 95
Encs: 7 S.Cs -

CHIEF SECRETARY
3 JUL 1895
GOVERNMENT OF MADRAS

Put up with the papers
& sanction to return
of M.R. and an
acknowledgment
C.S.
3-7-95

Proposed adjustment of Rs. 58,790 from Provincial to Imperial on account of the abolition of the Military Secretariat of the Government of Madras.

G. C. Press, Simla.—No. 402 C. F.—26-6-95.—40.

This is a case in which a change of system has led to an accidental gain which India wants to absorb, against the contract. The proper way of meeting this claim is to point out some case in which a change of system has led to a loss which India, relying on the contract, has put upon Govt. - Can no one think of any case of the kind? The only one I can think of at the moment is that of Govt: Comptr., the whole of which was put on Govt. accepted without a murmur.

How would also to find out if India has made the same claim against Straits, if so, what Straits has said or done.

KH
15/7/95

3

C. No. 1653

ORDER

Vide top of in 80
of 26 March 1894
No. 241

The following reply will be despatched.

LETTER

TO

The Secretary to the Govt. of India,

Finance & Commerce Dept.

SIR,

I am directed to acknowledge the receipt of your letter of the 26th ultimo, No. 2983 A, regarding the transfer to be made from Provincial to Imperial Revenues in consequence of the abolition of the Military Secretariat of this Govt, and in reply to Govt the following remarks.

The average of past actuals does not appear to H.E. the Governor in Council to be a fair standard for determining future liabilities in this case for the following reasons:-

(1) the Accounts of 1892-93 do not include Exchange Compensation Allow-

a

Abolition of Military Secretariat

Nil:

Nil: India will probably object to this deduction but there seems no harm in trying
C.S.

(ii) [illegible] portion of the [illegible] costing Rs. [illegible], [illegible] retained in the record [illegible] sent under the sanction conveyed [illegible] Govt. of India, Military Dept., No. [illegible] dated 26th April 1894;

and (iii) no allowance is made for the supercession and other charges imposed upon Provincial revenues by the abolition of the Secretariat.

5. The savings that will probably accrue to this Govt. in the last two years of the present contract are approximately as follows:-

	1895-96	1896-97
Normal cost of Military Secretariat - Budget estimate of 1894-95.....	60,930 ✓	60,930 ✓
Deduct: Payments in April 1895-96...	4,160 ✓	
Establishment retained(208).	2,388 *	3,496
Pensions (390).....	4,090 *	4,440
Gratuities (1,077).....	1,077	11
	11,595	6,936
Balance to be adjusted...	49,335	53,994

* For 11 months

Nil: Small amounts have been paid to one or two clerks
C.S.

Accounts from A.G. M[illegible]

The figures for 1895-96 will receive some further slight reductions owing to charges incurred after the 1st April in breaking up the office.

I am to suggest that the adjustments to be made under I Lend revenues may be calculated on the above.

4

C.S.
11.7.95

12/7/95

India will probably have made up their mind as well by then as we can get out of them by

C.S.
19/7

Dear Sir,

D.O. No. 303 C/

Ootacamund
22nd July 1895

Will you be so kind as to inform me whether the Government of India has made any claim for a transfer from Provincial to Imperial funds, during the two remaining years of the present contract, in consequence of the abolition of the Military Secretariat and if so, whether your Government intends to admit it without objection.

Yours truly.

C.S.
19.7.95

(From orders)

To

The Chief Secretary to the Government of Bombay

Nil: The other point in the letter will be being looked up.

C.S.

CHIEF SECRETARIAT,

D. O.

No. 303

Dated, 22nd July 1895

Relative to SA affair

D.O. to Govt of N. W. P. & Oudh

22/7.

Refer by D.O.

CHIEF SECRETARIAT,

D. O.

No. 303

Dated, 22nd July 1895

20[illegible]421

7 Dom Pmk

CHIEF SE[illegible]
30 JUL 95
GOVERN[illegible]

SECRETARIAT
30 JUL 95
SIMLA

Poona, 27th July

My dear Liz

The answer to your query in your demi-official of the 22nd July is in the affirmative. The Government of India have made a claim for a transfer from Provincial to Imperial funds on account of the abolition of the Military Secretariat but this Government have not yet

8

decided whether it should be
accepted at all and if so, to what
extent.

Yours truly

To

The Secretary to the
Government of Madras
Financial Department.

[G/9]
2,000—2-4-95.

D-C

Current No. 421

DEPARTMENT.

From

Name to write here.

The Secretary to the
Government of Bombay
Poona

No.

Dated 27th July 1895

Received 30th —o—o

Enclosures

SUBJECT.

Re claim by the G of I.
for a transfer from Provincial
to Imperial funds on account
of the abolition of the Military
Secretariat.

The papers are believed to be with the SA.

JS.

Does not suit a question of making
a counter-claim — What doubt of that
if true, are [illegible] cases in which counter
claims have not been made, or at least
have not been allowed. I don't find any
which seem to be in point. The only
grounds we have to go on are (1) the fact that
we gave up 3 lakhs last year (2) the fact that
we have had thrown upon us the total un-
disputed burden of Rs: Comptr: allcy;
that as a debt off we might be allowed
the benefit of the equally undisputed wind-
ing up of the Military Secretariat
pleasantly enough a decent case.
As to the actual amt which the Govt
deducted from Provl: if India insists
on making the deduction, the arguments
in the draft letter already prepared
seem suitable

JM
29/7/95.

...ion of Mily. Sect:

11

H. M.

Order. 8 16th September
The following letter

C
2.

Note The delay in submitting these two
draft is due to the fact that a
further search was made in the
Madras Office for cases of the kind
referred to by the Hon'ble Member
two of which have been traced &
are set out in para 3. The Budget
Clerk was ~~leaving~~ at the High
on Jury duty for a ~~week~~ nearly
a week thus delayed matters. The
papers were recd. from Madras on
the 20th ultimo

C.S.
2/8/95

KW
6/9/95

8
16
Sep
95

Vide papers in File A

Fin. & Com. Dept. letter No. 4384,
dated 23rd October 1891.
[In G.O. dated 1st December 1891, No. 1262, Fin]

+ G.O. 181 / 26.2.92 Rev. in File A

++ Page 2 of G.O. 1178 Rev. / 9.12.91 in File A

VIII

Para. 6 of Bd's Pros. in G.O. dated
9th December 1891, No. 1178, Rev.
(page 8)

+	pies.	
Cost of paper to Govt.	4	or 1/6 Rs.
Remuneration to copyists and examiners.....	20	or 5/6 Rs.
	24	

VIII Perhaps in

Years.	Stamped paper for copie Number	Value at 1/8 Rs.	Cost of at 1/6 Value in
1	2	3	4
Actuals 1893-93	658,210	·82	·14
Actuals 1893-94	850,853	1·06	·18
Actuals 1894-95	950,288	1·19	·20
Estimates 1895-96	1000,000	1·25	·21
Estimates 1896-97	1000,000	1·25	·21
		5·57	
		4·18	

Provincial share = 3/4 Loss during the quinquenni

qui

VIII

G.O. dated 2nd November 1888,
No. 808, Finl.

		Lakhs.
Actuals	1890-91...	·21 ✓
	1891-92...	1·19 ✓
	1892-93...	1·12 ✓
	1893-94...	·08 ✓
	1894-95...	·05 ✓
Estimate	1895-96...	·06 ✓
	1896-97...	·06
		2·77

rd a credit of those searches passed in 1888 – before the present contract. But the scarcity was an accident which C.S. C. hardly can be supposed to benefit by it as it did – [illegible]

Note There is nothing on record to substantiate this statement but it may fairly be assumed that had the Govt. been aware that India would pocket all gains it would have bought for the losses

C.S.

(A)

8.0 24/20/3.94 Fwd

1893-94	3·21 ✓
1894-95	6·09
1895-96 (Estimate)	7·35 ✓
1896-97 (Say)	7·50 ✓
	24·15

1886-87	6·00
1890-1	17·50
1894-95	3·00
	26·50

Bd S.O. 971 28.9.91
Vide page 1 of Indian letter no S.D. 1262 1.12.91

8.0 205/6 10.4.94

Note + Post

1882-83	6.50
1883-84	2.50
1884-85	5.00
1885-86	5.00
1886-87	5.00
	24.00

G.O. dy 9-2-83 No 251 Fwd
16-2-83 No 369

Para: 6 of letter dy 30th Jany: 1885, No: 537.

G.O. dy 16th Feb: 1883, No 251

Note + Medical schemes
Taluk Statistics
Railway Police

Here comes (A)

The

FROM CIRCULA
WITH REMARK

Note for the CS

The State has initialled the draft and caution a note by the side of the paper at this point

79.12.31 No. 1178 (Russia)

...d the Hill to
... the letter signed
... that the misprint
... printed in the note should be
separately corrected. Orders are
solicited

C.S.
6/9/95

Normal cost of Mi
Budget est

Deduct Payments
Establish.
Pensions
Gratuitie

Ba

MILITARY SECRETARIAT

HM
7/9/95

The Secy. Rev. Dept. for
comments initials with reference
to para 3 of the draft.

Offr Des CS
7/9/95

BC
Check all figures and
statements in letter & draft
before issue and compare this
file copy mc immediate
& let me know if there is
CS
7/9/95

Financial Department.

13

2 numbers

NP

1895, No. 695, C. No. 1553.
will be despatched to the G. of I.
8
9.95
No. 696.

LETTER

Copied
10/9

Despatched
10/9

TO

The Secretary to the Govt. of India,

Typed
10/9

Finance and Commerce Deptt.

SIR,

I am directed to acknowledge the receipt of your letter dated 26th June 1895, No. 2983 A, regarding the transfer to be made from Provincial to Imperial revenues in consequences of the abolition of Military Secretariat of this Govt, and in reply to offer the following remarks:-

2. The present is, I am to observe, a case in which a change of system has led to an accidental gain to Provincial revenues and this gain the Govt. of India considers should be appropriated to Imperial funds by an adjustment outside the terms of the existing contract, on the ground that a corresponding increase of experditure has been imposed on those funds. I am however, to point out that during the currency of a contract losses as well as

gains must arise in consequence of ordinary administrative changes and ~~it appears to be questionable whether~~ and to urge that in equity not reimbursement of the latter should be claimed ~~without a corresponding provision for~~ in the absence of adequate compensation on account of the former.

3. As examples of losses of the above nature sustained by this Govt. during the last few years, the following, which arose from changes of system not contemplated when the contract assignment was fixed, may be cited:-

(i) Copy-stamped papers were introduced into all revenue offices with effect from the 1st April 1892. The object of this step was to secure the use of good paper of an uniform size, the flimsiness and varying size of papers on which copies of documents were presented to the Board of Revenue and to other Revenue authorities having been found to cause considerable inconvenience. Prior to the above date, copying fees were levied in cash and were distributed then and there to the copyists and examiners. On the introduction of ~~this~~ stamped papers, ~~charged at~~ which were stamped with 2 annas per sheet, the remuneration to copyists became a charge on Govt. and was debited to 3 Land Revenue.- Provincial, whilst the receipts were credited to IV Stamps,

a

10. Financial Department.

Note

With reference to the Hon. Member's note on C.No.1553(within) it is submitted that the general rules on the subject are embodied in paras. 11 to 18 of India's Resolution in G.O. dated 21st February 1887, No. 339 A, where India agrees to make good such losses as are referred to by the Hon'ble Member. ~~such~~ But such claims are liable to the restriction laid down in Article 1369 of the C.A.C.

Consequently then, whatever counter-claims of the kind the Govt. may be able to quote will be subject to this limitation.

Financial Dept. letter, dated 1st December 1891, No. 1362 contains several cases of the kind alluded to by the Hon'ble Member, especially under Superannuations, High Court Judges &c. But India's reply in G.O. dated 30th March 1892, No. 392 Finl., declining to give details for the Contract assignment of 82.54 put an end to all chances of discussion.

gains must arise in consequence

The office has not been able to trace (nor has the Accountant-General's office been able to help in the matter) any cases, where India has forced this Govt. to accept liabilities of the character referred to by the Hon'ble Member.

Cases of increased expenditure undertaken by this Govt. on its own responsibility exist; but India has made good increased charges ordered by it - e.g. Customs charges.

There is of course the contribution of 8 lakhs to Imperial Revenue in 1894 which, if the Govt. of India were generously inclined, might be set against the present claim.

The D.O. reference to the Govt. of Bombay has not elicited a definite reply (D.O.No.431).

C.S. 7.8.95

18/8/95.

exclusive of charges on account of additional establishments maintained for the purpose.

4. The adjustment of these losses has not, I am to say, been hitherto pressed upon the Govt. of India as H.E. the Governor - in - Council considered that they would be in the long run counter-balanced by other accidental savings. It was not, however, contemplated that claims would be advanced against this Govt. on account of such savings.

5. His Excellency the Governor in Council recognises the fact that the exigencies of the Govt. of India in regard to Military establishments impose considerable burdens on the public exchequer, but at the same time trusts that the Supreme Govt. will on reconsideration of the matter, withdraw its demand for assistance in the manner now proposed contrary to the terms of the contract.

6. I am further to draw attention to the fact that this Govt. has accepted without demur the charge on account of Exchange Compensation Allowance which was imposed upon it without any previous notice and which represents an additional expenditure

off against the recent contribution of 3 lakhs made by this Province to Imperial Funds which it was understood would be repaid at an early opportunity.

9. Should however H.E. the Governor General in Council be of opinion that the foregoing arguments cannot be accepted as invalidating the claim, I am to submit the following observations as regards the exact amount of contribution payable to Imperial revenues.

The average of past actuals does not appear to be to be a fair standard for determining future liabilities in this case for the following reasons.-

(i) the accounts of 1892-93 do not include Exchange Compensation Allowance;

(ii) a portion of the establishment, costing Rs. 2,496 per annum, has been retained in the record department under the sanction conveyed in Govt. of India, Military Dept., No. 136 M.D., dated 25th April 1894,

and (iii) no allowance is made for the superannuation and other charges imposed upon Provincial revenues by the abolition of the Military Secretariat.

The

a head under which the Provincial share is three-fourths. The loss to this Govt. during the quinquennium, which may be approximately estimated as follows, amounts, it will be seen, to more than the ~~sum Govt~~ sum ~~is~~ now demanded by the Govt. of India:-

	Provincial expenditure.		
	Cost of paper & Stamps ~~3/4~~ Provincial	Remuneration to copyists & Land Rev.	Total of cols. 5 & 6
	5	6	7
	·10	·67	·77
	·12	·99	1·11
	·15	1·08	1·23
	·16	1·08	1·24
	·16	1·08	1·24
			5·59

um = 1·41 lakh

ii) Fees for searches made in Registration offices, in order to ascertain whether ~~the~~ English encumbrances on properties pledged as security for loans under the Land Improvement Loans Act, are paid by Govt. During the scarcity of 1891-92, numerous applications for loans under the Act were received. The payments on account of the search fees were debited to 3 Land Revenue Provincial, but the fees themselves were credited to X Registration, half of which ~~was~~ Imperial. The loss to Provincial funds under this head will amount to about 1·38 ~~ch~~ up to the end of the present contract

exclusi

expenditure of upwards of 24 lakhs. Contributions to the extent of 26½ lakhs have moreover been made to Imperial revenues in recent years without any hopes of reimbursement in the near future.

7. The practical result of ~~com-~~ ~~pliance with~~ these demands has been to more than twice over absorb the Imperial grants specially sanctioned for administrative improvements during the ~~previous~~ period 1882-86. In making these grants, the Govt. of India admitted that the claims of the Madras Presidency upon the Imperial exchequer had not in previous years met with that full consideration to which they were intrinsically entitled. Schemes for the improvement of the Administration in various departments are now engaging the attention of this Govt. and H.E. the Governor in Council feels that he is not in a position to acquiesce in the relinquishment of any accidental gains, which may assist us ~~help to~~ carry out some of these ~~schemes~~ in the immediate future.

8. ~~I am to express the hope that under the circumstances set out above the Govt. of India will not press for any~~ reimbursement on account of the saving in the cost of the Military Secretariat ~~this~~ in any case constitutes a fair set

1892-93

3. Land Rev: Remuneration to Cosgrave & Co.

1894-95

3 Land Rev:

Remuneration to Cosgrave & Co. 10674-4.

Fees for searches &c. registration Offices 5402-136

29/8.

67465-11-5

[illegible] for copying _____
[illegible] _____
[illegible] examined _____ } 189 .
[illegible]-tun signed _____

[illegible]

READ AGAIN G.O., No. DATED
189 ,

CURRENT No.

ENCLOSURES TO C. No.

ORDER OF GOVERNMENT	A	A	A	A	A	A	A	
LETTER OF GOVERNMENT.								
STATEMENT WITH DITTO.								
PAPERS NOT FILED UP, BEING MEANT FOR DESPATCH IN ORIGINAL.								

N.B.—
A = Copy in full.
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