

Financial (1897) Department.

ORDINARY MS.

G.O., No. 657

Dated 19.8.97.

INDEXED.

3/3

[Despatch Abstract.]

Recording Proceedings, Local and
Municipal Department modifying
the order regarding the provision for
unforeseen expenditure in the local
fund Budget Estimates & ordering
that in future the Presidents of D.S.
Boards should estimate for a
minimum balance of 5% of the
estimated receipts of the year.

1897

BACK PAPERS.

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

FURTHER PAPERS.

G.O.	No.	Department.	Date.	G.O.	No.	Department.	Date.
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Financial Dept

410 Fmt 8 6-7-98 mi

CURRENT NO 2125

Government {1897} of Madras.

LOCAL AND MUNICIPAL.

By

Ask to copy of this

Cms

17/7/97

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Recd.

Regd.

1897.

Enclosures

Spare copies 5

G. O., No. 1235-A, L., 30th June 1897.

[ORDER No. 657219 dated 97

This

in continuation of

Recorded with reference to

JUNE.

H. No. 410. Fmt 8 6. July 1896.

on Ltm
order 1074L
8/11/96

Cms
19/8/97

Budget Estimates.

Modifying paragraph 2 of G. O. No. 1074, L., dated 11th June 1896, with regard to the provision for unforeseen expenditure in Local Fund—and ordering that in future the Presidents of District Boards should estimate for a minimum balance of 5 per cent. of the estimated receipts of the year.

410
5776

WITH ORDER

GOVERNMENT OF MADRAS.

LOCAL AND MUNICIPAL DEPARTMENT.

READ—again the following paper:—

G.O., No. 1074 L., dated 11th June 1896.

ABSTRACT.—Ordering that, in future, Presidents of Local Boards should make no provision in their Budget Estimates under the head of “Reserve,” but that they should leave, if possible, a balance of 15 per cent. of the estimated receipts, from which allotments for unforeseen expenditure can be made without the sanction of Government, so long as the balance exceeds 5 per cent. of the estimated receipts.

READ—also the following papers:—

Letter from the Secretary to the Government of India, Finance and Commerce Department, to the Secretary to the Government of Madras, Local and Municipal Department, dated Simla, 2nd July 1896, No. 2877-A.

The Government of India have noticed from the Volume of Proceedings of the Government of Madras in the Local and Municipal Department (Local) for the month of February 1896, that a reserve has been provided in the budget estimates for the current year of the Local Funds of several districts as shown in the margin.* I am directed to invite the attention of the Government of Madras to the marginally noted† letters from this Department in which it was pointed out that the provision of such reserves in the estimates is open to objection.

	Rupees.
* Salem	35,030
Tinnevely	31,000
Chingleput	10,350
Trichinopoly	26,900
Nellore	27,270
South Canara	22,610
Kistna	57,270

† No. 2005, dated the 13th May 1891.
No. 3331, dated the 7th August 1891.
No. 4945, dated the 11th Decr. 1891.

2. I am further to observe that there is no objection to providing in the budget estimates, under their proper major heads, for such items as establishments not yet sanctioned but likely, as found by past experience, to come under course of sanction in the course of the year; or for public works not yet specifically sanctioned, and perhaps not even exactly known, but likely to be required and to be sanctioned in the course of the year in time for expenditure to be incurred on them. But as was pointed out in the correspondence of 1891, the provision of a general reserve for the purpose of meeting expenditure in excess of the budget estimate has the effect of impairing the budget control over expenditure and therefore of leading to extravagance, either by the incurring of expenditure that might be avoided or postponed, or by removing the inducement to carefully consider at the time of the preparation of the budget estimate the plans of expenditure for the year.

Memorandum of the Accountant-General with the Government of Madras, dated 24th February 1897.

ORDER—No. 1235-A, L., dated 30th June 1897.

The omission of the provision of an allotment under the special head of “reserve” in Local Fund Budgets has already been approved in paragraph 1 of G.O., No. 1074-L, dated 11th June 1896; but in paragraph 2 of that order the Local Boards were requested to provide a “balance” of 15 per cent. of the estimated receipts from which allotments for expenditure not foreseen or not formally sanctioned when the budget estimates were prepared might be made. This paragraph will now be modified with reference to the observations of the Government of India in paragraph 2 of their letter read above, and the existing Local Fund rules will be relaxed so as to permit Local Boards to include in their annual estimates, under the appropriate major heads, provision for works, establishments, or other charges which although not specifically sanctioned at the time the budget estimates are prepared, will yet in all probability come under sanction in the course of the year. Such probable expenditure must be of a character sufficiently definite for at least a rough forecast of it to be formulated and explained in the report submitting the estimates.

Provision may also be entered under each grant as “unforeseen charges” to meet expenditure which may usually be expected to arise in connection with inundations, epidemics, and the like emergencies, but which cannot be precisely anticipated or foreseen; the allotments being fixed in the light of past experience, and fully explained in the budget report. Provision under this new head should however be restricted to the narrowest limits, since, under the modification of the rules explained above, it will ordinarily be practicable and easy to assign the bulk of such expenditure to the definite budget heads already recognized.

2. The foregoing modifications of the existing rules are not to be taken as dispensing Local Boards from the necessity of obtaining the specific sanction of the Government or other prescribed authority, where sanction is required and has not been specifically accorded, before the establishments or the works, for which the Boards will now be permitted to enter provision in the estimates, are entertained or commenced; budget sanction not being in itself an executive permission for the incurring of the expenditure.

3. Finally, District Boards will, for the future, estimate for a minimum balance of 5 per cent. of the estimated receipts of the year (exclusive of the receipts relating to endowed institutions). No allotments from this general budget balance will ordinarily be sanctioned as the provision is intended to serve strictly as a working balance for the year. It should therefore be the endeavour of every Local Board to forecast, as accurately and carefully as possible, the demands of the year. In extraordinary circumstances, such as the occurrence of famine or the like, the budgets may be recast and revised with the approval of Government.

4. The alterations in the Local Fund rules rendered necessary by these orders will be made when the rules are next revised. Meanwhile they should be carried out as departmental instructions.

(True Extract).

Secretary to Government.

To

The Accountant-General.
All Presidents of District Boards.
The Financial Department.

When given for copying _____
 When copied _____
 When examined _____
 When signed _____

189 .

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

. DATED

CURRENT No.

ENCLOSURES TO C. No.

ORDER OF GOVERNMENT

A A A A A A A

LETTER OF GOVERNMENT

STATEMENT WITH DUTY

PAPERS NOT FILED UP, BEING MEANT FOR DESPATCH
 IN ORIGINAL.

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