



# BACK PAPERS.

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# FURTHER PAPERS.

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LOCAL FUND DEPARTMENT.

Fort St. George,  
Accountant-General's Office  
5<sup>th</sup> June

No. *A-7-D*

102 Cal & Municipal

CURRENT No. *1801*

From

*F. C. Harrison, Esquire, C. S.,*

Off. ACCOUNTANT-GENERAL

TO THE GOVERNMENT OF MADRAS,

To

THE *Chief Secretary to Government,*  
*Local and Municipal Department,*  
*Fort Saint George.*

SIR,

In reply to Government Memorandum No. 660, dated the 13<sup>th</sup> May 1895, requesting me to state whether there is any objection to such Municipal deposits as are not returnable, being used to meet Current expenditure, and if there is none, to give a list of the deposits which may be so used, I have the honour to state that there is no objection, provided the deposits used for this purpose are received in cash, are under no circumstances returnable, and are finally credited as revenue directly they are received. The only deposits which may be made to fulfil these conditions appear to be "Deposits by Renters" and "Deposits for the execution of work for which private parties are liable." Vide the list of deposits given in my letter to Government No. *A-7-D* dated the 24<sup>th</sup> January 1895. I append a description of the nature and present method of treating these two kinds of deposits.

Deposits by Renters. These are security deposits made by individuals to whom the right of collecting Municipal tolls, rents for market stalls, &c. &c., is sold. Such rights are sold, generally for year at a time, for a lump sum which the Renter undertakes to pay to the Municipality in twelve equal monthly instalments, and as security for the due fulfilment of this undertaking and of the other terms of the agreement, the Renter deposits with the Municipality

*Supd 8154127  
9-5-95*

*50 223A  
12-2-95*

at the commencement of the year a sum equal (generally) to two or three monthly instalments. These deposits are received in different forms in different Municipalities and the method of dealing with them also varies. Thus they are received in cash, in the form of Bank deposits whether the Renter hypothecates with the Municipality, or in the form of Government Promissory Notes which he endorses to and deposits with the Municipality. It is clear that I need only discuss Renters' Cash Deposits, since in their other forms they are not immediately realizable to meet expenditure. In this form they are in some Municipalities returned to the Renter at the end of the year, on the completion by him of the twelve monthly payments, in others they are towards the close of the year credited to the Renters' lists.

In some Municipalities then these deposits are at present received in Cash and are not returnable, i.e. they are eventually credited to the depositor's list. In these, to make them properly available to meet current expenditure, it is only necessary that they should in future be credited as revenue as soon as they are received, instead of being held in deposit until towards the close of the year. In other Municipalities the alteration in the present procedure will have to be greater, but it seems probable that in all arrangements might be made to receive these deposits in Cash & to credit them to the depositor's list.

Deposits for the execution of work for which private parties are liable. These are sums paid by private individuals for private work

work undertaken for them by Municipalities. An estimate of the cost of the work is prepared by the Municipality and approved by the private party, who then pays in advance the amount of the estimate. In some Municipalities, e.g. in Cotacacumund these receipts are immediately credited as revenue, and if the actual cost of the work is less than the estimated cost, the difference goes to the Municipality as profit. In others they are treated as deposits, and on the actual cost of the work being ascertained, the difference more or less is recovered from or refunded to the individuals concerned, and the deposit account balanced and closed. In so far then as the method of dealing with these deposits can be assimilated to that which obtains in Cotacacumund, they too will become available to meet current expenditure.

I may observe in conclusion that if these deposits are treated in the manner set forth above, they will cease to be deposits in the sense in which the term is used in the Government Accounts i.e. sums of money which are liable to be refunded and which are shown in the Debt section of the Accounts. All the other Municipal deposits enumerated in my letter to Government No.  $\frac{A.7.H.}{611}$ , dated the 24<sup>th</sup> January 1895 appear to be deposits in this sense, and to the use of them to meet expenditure there is I think positive objection.

I have the honour to be,  
Sir,

Your Obedient Servant,

H. Harrison

Off. Accountant-General.

Accountant (1895) Department  
Local & Municipal Dept.  
From  
No. 1801 M.  
The Accountant-General,  
Madras

To The Chief Secretary to Government,  
Local and Municipal Dept.  
Fort St. George.

No. L.F.D.  
102

Dated 5<sup>th</sup> June 1895.  
Received 6 July 95

Subject

Stating that "Deposits by Renters" and  
"Deposits for the execution of works for  
which private parties are liable," being  
deposits that are not returnable, may  
be used by Municipalities to meet  
their current expenditure, and explaining  
that these deposits will cease to be deposits  
in the sense in which the term is used  
in the Government Accounts.

/ with order

Mem  
Order.  
No. 28/6/95

No. 10402. The Accountant-General's  
letter read above will be communicated  
to all Municipal Councils, which will,  
in future be authorized to meet current  
expenditure out of amounts deposited with  
them by renters or by private parties for the  
execution of work for which they are liable.  
Such deposits not being returnable to the  
parties concerned should in future be always  
received in cash & credited to the Municipal  
revenues as soon as they are received.

All deposits other than those specified  
above will continue to be governed by the  
ruling contained in No. 12 of Feb. 1895.

No. 223 M.

13/15/95  
21/11/95

24/6/95

To,

All Chairmen of Municipal Councils.  
" Collectors.

The Accountant-General. 11

Dated 12/7/95

12/10/95

28TH JUNE 1895, No. 1040 M., LOCAL AND MUNICIPAL.

GOVERNMENT OF MADRAS.

LOCAL AND MUNICIPAL DEPARTMENT.

READ—the following paper:—

From F. C. HARRISON, Esq., C.S., Officiating Accountant-General, to the  
Chief Secretary to Government, dated Fort St. George, 5th June 1895,  
No. L.F.D.—102.

In reply to Government Memorandum, No. 660, dated the 13th May 1895,  
requesting me to state whether there is any objection to such municipal deposits as  
are not returnable being used to meet current expenditure, and, if there is none, to  
give a list of the deposits which may be so used, I have the honour to state that there  
is no objection, provided the deposits used for this purpose are received in cash, are  
under no circumstances returnable, and are finally credited as revenue directly they  
are received. The only deposits which may be made to fulfil these conditions appear  
to be "Deposits by renters" and "Deposits for the execution of work for which  
private parties are liable." (Vide the list of deposits given in my letter to Government,  
No. L.F.D.—611, dated the 24th January 1895). I append a description of the nature  
and present method of treating these two kinds of deposits:—

Deposits by Renters.—These are security deposits made by individuals to  
whom the right of collecting municipal tolls, rents for market-stalls, &c., is sold.  
Such rights are sold, generally for a year at a time, for a lump sum which the renter  
undertakes to pay to the municipality in twelve equal monthly instalments, and as  
security for the due fulfilment of this undertaking and of the other terms of the agree-  
ment the renter deposits with the municipality at the commencement of the year a  
sum equal (generally) to two or three monthly instalments. These deposits are  
received in different forms in different municipalities and the method of dealing with  
them also varies. Thus they are received in cash, or in the form of Bank deposits  
which the renter hypothecates with the municipality, or in the form of Government  
promissory notes which he endorses to, and deposits with, the municipality. It is clear  
that I need only discuss renters' cash deposits, since in their other forms they are  
not immediately realizable to meet expenditure. In this form they are in some muni-  
cipalities returned to the renter at the end of the year on the completion by him of  
the twelve monthly payments, in others they are towards the close of the year credited  
to the renters' kists.

In some municipalities then these deposits are not at present received in cash  
and are not returnable, i.e., they are eventually credited to the depositor's kist. In  
these, to make them properly available to meet current expenditure, it is only neces-  
sary that they should in future be credited as revenue as soon as they are received,  
instead of being held in deposit until towards the close of the year. In other muni-  
cipalities the alteration in the present procedure will have to be greater, but it seems  
probable that in all arrangements might be made to receive these deposits in cash and  
to credit them to the depositors' kist.

Deposits for the execution of Work for which private Parties are liable.—These  
are sums paid by private individuals for private work undertaken for them by muni-  
cipalities. An estimate of the cost of the work is prepared by the municipality and  
approved by the private party, who then pays in advance the amount of the estimate.

Gobt. of {1895} Madras.  
LOCAL AND MUNICIPAL.

Issued

Recd.

Encl.

G.O., 28th June 1895, No. 1040 M.

JUNE.

Deposits.

Authorising municipal councils to meet current expenditure out of amounts deposited with them by renters and by private parties for the execution of work for which they are liable, and directing that such deposits, not being returnable to the parties concerned, should in future be always received in cash and credited to the municipal revenues as soon as they are received.

First copy sent to Press.

Returned for signature.

Despatched in print.

READ AGAIN G.O. No.  
189

DATED

CURRENT No.

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BY GOVERNMENT

BY GOVERNMENT

WITH DITTO.

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