Local & Munl. (1896) Department.

PRINTED.

G.O., No. 1074 L

DATED 11th June 1896

[Despatch Abstract.]

Budget Estimates.

Ordering that, in future, Presidents of local boards should make no provision in their --- 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.

BACK PAPERS.

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

FURTHER PAPERS.

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

T.

Govt. of {1896} Madras.

LOCAL AND MUNICIPAL.

For A.S

Proof for approval.

22/6

Issued

Recd.

Encl.

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

Press

Please strike off after carrying out the correction indicated therein.

25-6-96

JUNE.

Budget Estimates.

Ordering that in future Presidents of Local Boards should make no provision in their — 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.

4 70

Proof

No. 1074 L., 11th June 1896.

GOVERNMENT OF MADRAS.

LOCAL AND MUNICIPAL DEPARTMENT.

Read—the following paper :—

From F. C. HARRISON, Esq., Officiating Accountant-General, to the Chief Secretary to Government, dated Fort St. George, 22nd April 1896, No. 1192.

With reference to G.O., No. 575 L., dated the 23rd of March 1896, I have the honour to state that, prior to the Government of India ruling against the provision of "Reserves" in the budget estimates, I find that rule 27 of the "Rules under Madras Local Boards Act V of 1884," circulated with G.O., No. 421 L.F., dated 26th June 1886, provided for "Reserves" in the budget estimates of district funds. /7

2. The intention of this rule is apparently that the expenditure side of the budget estimate is to be so framed as to leave a balance of 15 per cent. of the estimated receipts. If this be so, the provision on account of "Reserves" may be omitted therefrom, and under paragraph 1 (4) of G.O., No. 287 L., dated 12th February 1891, district boards can allot funds for unforeseen expenditure from the balances without reference to Government.

Order—No. 1074 L., dated 11th June 1896.

As the Accountant-General has apparently no objection to allotments being made from "balances," his proposal to omit the provision of "Reserves" is approved.

2. In future Presidents of Local Boards should make no provision in their budget estimates under the head of "Reserve," but should leave, if possible, a balance of 15 per cent. of the estimated receipts, from which allotments for unforeseen expenditure can be made. District boards will be authorized to sanction all allotments, and taluk boards allotments not exceeding Rs. 500, from this balance, if it exceeds 5 per cent. of the estimated receipts, but the sanction of Government should be obtained for all allotments when the balance is less than 5 per cent. /5

3. The alteration in the Local Fund Rules rendered necessary by the orders passed above will be made when the rules are next revised. Meanwhile these orders should be carried out as departmental instructions.

Note
This paragraph has been inserted by the office. Please see G.O. 896 / 17-5-94 & 287 L / 12-2-91 [illegible]

(True Extract.)

Under Secretary, P.W.D.,
for Chief Secretary.

To the Accountant-General.
„ all Presidents of District Boards.
„ the Financial Department.

Exd. C. M. Thumbuswamy.

Local and Municipal Department.

Again G.O., dated 189 , No.

Current No. of 189 , dated from the

Current No. 1170 L of 1896, dated 22nd April 1896 from the Accountant General

FOR ORDERS.

× in G.O 144 Finl. / 23-2-91

In its letter× No. 5852, dated 18th December 1890, the Government of India took exception to the expenditure incurred in excess of the budget grants under Imperial, Provincial and Local in this Presidency during the year 1889-90. Upon this the following remarks were made in regard to Local Funds under Act V of 1884:—

"The figures in the Civil estimates under this section do not include the reserve of 10 per. cent on the estimated receipts and the unappropriated balance of 5 per. cent, which under the rules are usually provided for in the detailed budgets and from which expenditure is freely sanctioned during the course of the year. District Boards have now been authorized to sanction, without reference to Government, expenditure from the reserve and the surplus

over

over estimated balances× up to a limit of Rs 2000 for each item. In future, therefore, not only will the Accountant-General's estimates under each head be fixed at a reasonable amount higher than the latest known actuals, but a reserve to meet unforeseen expenditure equivalent to the total of the ordinary reserve and balance in the detailed budgets will be provided under 32, Miscellaneous-Local. The amount so provided by the Local and Municipal Department for 1890-91 aggregates 5.31 lakhs, and a similar figure will be repeated by the Accountant-General in each succeeding year."

The Government of India thereupon pointed out in its letter× No 2005, dated 13th May 1891, that the proposed provision of reserves was opposed to one of the fundamental principles of the budget system and requested that the orders directing its insertion might be reconsidered. This Government stated in reply that the necessity in this respect arose from the fact that the estimates were prepared by the Accountant-General with reference solely to past actuals and were framed long before the numerous detailed budgets of which they were supposed to be a

Summary

× G.O No 2872. dated 12th February 1891.

× in G.O 524 Finl / 1-7-91

× in G.O 1231 Finl / 24-11-91

Summary, could be reviewed and settled. (Vide G.O No 524 Financial, dated 1st July 1891)

The Government of India, however, remarked in its letter× No 3331, dated 7th August 1891, that this necessity would be obviated by the adoption of a system under which the budget estimates of the Local Bodies could be fixed with reference to the programme of expenditure approved by the Local Government instead of with reference to past actuals and that such a system would be possible if the detailed budgets were reviewed at about the same time as the Imperial and Provincial estimates. The Government of India also suggested that the date for the submission of the District Board estimates should be altered from 15th December to 1st October or to such other date as would enable Government to review and pass them on to the Accountant-General in time for incorporation in the General estimates. This Government, however, strongly deprecated any alteration in the arrangements now in force as regards the date for the submission and the review of these budgets, and added that as the

Accountant-Genl.

Accountant-General had to frame his estimates on the actuals of past years, the actual expenditure exceeded the budget allotments, and that in view therefore to effect as close a reconciliation as possible between his estimates and the actuals he was directed to provide a reserve to fill up a gap (vide G. O No. 1232 Financial, dated 24th November 1891). On receipt of this, the Government of India in its letter No. 4945 dated 11th December 1891 stated that, while accepting the view of the Government of Madras that no alteration should be made in the date for the submission of the Local Fund estimates, it was still unwilling to sanction the provision of considerable sums as "Reserves" in the budget estimates.

× in G.O $\frac{183 L}{25-1-92}$

2. In forwarding the statement showing the results of the consolidation of the District Boards' Estimates for 1896-97 to the Financial Department, the Accountant-General brought to notice that considerable sums of money were still provided for in the estimates received from District Boards contrary to the instructions contained in the

vide G.O $\frac{575 L}{23-3-96}$

Government

Government of India's letter just alluded to above. Upon this, the Govt. observed that the Government of India objected only to the provision of "Reserves" in the Civil estimates submitted to that Government by the Financial Department and not to the inclusion of such a provision in the Local Fund budget estimate submitted to this Department by District Boards. In the current read above the Accountant-General states that prior to the Government of India ruling against the provision of "Reserves" in the budget estimates, No. 27 of the Local Fund Rules, sanctioned in G. O No. 721 L. F dated 26th June 1886, provided for reserves in those budgets and that the intention of this rule is apparently that the expenditure side of the budget is to be so framed as to leave a balance of 15 per cent of the estimated receipts. If this be so, he suggests that the provision on account of reserves may be omitted therefrom and that under para. 1 (4) of G. O No. 287 L, dated 12th February 1891, District Boards can allot funds for unforeseen expenditure from the balances without reference to Government. The Accountant-General's letter does not seem

to

Accountant-General had to frame his estimates on the actuals of past years, the actual expenditure exceeded the budget allotments, and that in view therefore to effect as close a reconciliation as possible between his estimates and the actuals he was directed to provide a reserve to fill up a gap (vide G.O No. 1232 Financial, dated 24th November 1891). On receipt of this, the Government of India in its letter No. 4,945 dated 11th December 1891 stated that, while accepting the view of the Government of Madras that no alteration should be made in the date for the submission of the Local Fund estimates, it was still unwilling to sanction the provision of considerable sums as "Reserves" in the budget estimates.

× in G.O 183 L / 25-1-92

2. In forwarding the statement showing the results of the consolidation of the District Boards' Estimates for 1896-97 to the Financial Department, the Accountant-General brought to notice that considerable sums of money were still provided for in the estimates received from District Boards contrary to the instructions contained in the

vide G.O 575 L / 23-3-96

Government

Government of India's letter just alluded to above. Upon this, the Govt. observed that the Government of India objected only to the provision of "Reserves" in the Civil estimates submitted to that Government by the Financial Department and not to the inclusion of such a provision in the Local Fund budget estimates submitted to this Department by District Boards. In the current read above the Accountant-General states that prior to the Government of India ruling against the provision of "Reserves" in the budget estimates, No. 27 of the Local Fund Rules, sanctioned in G.O No. 721 L.F dated 26th June 1886, provided for reserves in those budgets and that the intention of this rule is apparently that the expenditure side of the budget is to be so framed as to leave a balance of 15 per cent of the estimated receipts. If this be so, he suggests that the provision on account of reserves may be omitted therefrom and that under para. 1(4) of G.O No. 287 L, dated 12th February 1891, District Boards can allot funds for unforeseen expenditure from the balances without reference to Government. The Accountant-General's letter does not seem

to

to be very clear.

3. No. 27 of the Local Fund Rules sanctioned in G.O No. 721 L. F., dated 26th June 1886 lays down that Local Fund Budgets should be so framed as to leave, besides a reserve of 10 per cent of the estimated receipts excluding those of the endowed institutions, a further balance of 5 per cent to meet any deficiency in the year's receipts and to serve as a working balance for the next year; No. 34 of the same rules empowered District and Taluk Boards to sanction allotments from the aforesaid reserve to the extent of Rs 1,000 and Rs 500, respectively, for each work or purpose. It has been subsequently ruled in G.O No. 287 L, dated 12th February 1891, that, whenever the actual opening balance communicated by the Accountant-General exceeded the estimated opening balance taken credit for in the budgets, the excess thus resulting in the estimated closing balance over and above the prescribed limit of 5 per cent of the receipts should be added to the reserve, and District Boards have been authorized in the same G.O to sanction from the reserve to —

modified

× G.O 1301 L
11-10-86

modified, allotments up to a limit of Rs 2,000, the powers of Taluk Board remaining unaltered. In a later orde G.O No. 889 L, dated 17th May 1894, District Boards have been authorize to sanction without reference to Government allotments from the reserve without any limit, the powers of Taluk Boards in this respect remaining as before unchanged. District Boards have also been authorized to sanction allotments from the balances relating to endowments without reference to Government, the Taluk Boards sanctioning up to a limit of Rs 500. From the above it will be seen that District Boards can sanction without reference to Government allotments to any extent from reserve and from the balance relating to endowments, and the Taluk Boards allotments up to Rs 500 each from reserve and the balance relating to endowments, so that the sanction of Government is necessary for all allotments from the balance× appertaining to General Funds. If as suggested by the Accountant-General the provision under reserve is transferred to balance, the powers of the Local Boards will become restricted in as much as they cannot, as the

rules

× Please see also G.O 80 L
11-1-88

to be very clear.

3. No 27 of the Local Fund Rules sanctioned in G.O No 721 L.F., dated 26th June 1886 lays down that Local Fund Budgets should be so framed as to leave, besides a reserve of 10 per cent of the estimated receipts excluding those of the endowed institutions, a further balance of 5 per cent to meet any deficiency in the year's receipts and to serve as a working balance for the next year. No 34 of the same rules empowered District and Taluk Boards to sanction allotments from the aforesaid reserve to the extent of Rs 1000 and Rs 500, respectively, for each work or purpose. It has been subsequently ruled in G.O No 287 L, dated 12th February 1891, that, whenever the actual opening balance communicated by the Accountant-General exceeded the estimated opening balance taken credit for in the budgets, the excess thus resulting in the estimated closing balance over and above the prescribed limit of 5 per cent of the receipts should be added to the reserve, and District Boards have been authorized in the same G.O to sanction from the reserve so modified

× G.O 1301 L / 11-10-86

modified, allotments up to a limit of Rs 2,000, the powers of Taluk Boards remaining unaltered. In a later order G.O No 889 L, dated 17th May 1894, District Boards have been authorized to sanction without reference to Government allotments from the reserve without any limit, the powers of Taluk Boards in this respect remaining as before unchanged. District Boards have also been authorized to sanction allotment from the balances relating to endowments without reference to Government, the Taluk Boards sanctioning up to a limit of Rs 500.

From the above it will be seen that District Boards can sanction without reference to Government allotments to any extent from reserve and from the balance relating to endowments, and the Taluk Boards allotments up to Rs 500 each from reserve and the balance relating to endowments, so that the sanction of Government is necessary for all allotments from the ×balance appertaining to General Funds. If as suggested by the Accountant-General the provision under reserve is transferred to balance, the powers of the Local Boards will become restricted in as much as they cannot, as the rules

× Please see also G.O 80 L / 11-1-88

rules stand at present, sanction any allotments from the general balance. Moreover the proposed transfer will not in any way remove the original objection raised by the Government of India, viz. the actual expenditure exceeding the budget grants, unless the Accountant-General treats as budget grants all the subsequent allotments sanctioned by the Local Boards from the balance. If the Accountant-General can do this, he might have also included under the head budget grants the allotments sanctioned from the reserve and ~~thus~~ avoided the objection raised by the Government of India. As however, that Government is stated to object to the provision of the head "reserve" only, it is submitted that this may be abolished and the Local Boards authorized to sanction all allotments from balance, when it is in excess of 5 per cent of the estimated receipts and required to obtain the sanction of Government for allotments made from it, when it falls below that limit, their powers as regards money limits in the former case remaining unaffected.

The Acct: Genl's suggestion is practically to call the reserve "balance", & allow allotments from it, when it is above 5 per cent. of the estimated receipts. This will leave the practice the same as before, & there does not seem to be any valid reason for making the alteration.

W.W.
15.5

If the A.G. doesn't object to allotments from balance, his proposals will mainly involve a change in name & the arrangement proposed by the A.G. may be sanctioned.

For my part, however, I should have thought allotments from balances much more financially objectionable than allotments from reserves.

B.S.
27/5/96

The Govt. of India has not objected to the provision of reserves in the individual budgets, but only in the consolidated budgets (please see Sir H.S. Stokes note of 5.10.91 in G.O. 1231-32 dt 24.11.91 after the note for orders)

W.W.D.
19.5.96

I do not see why the A.G.'s suggestion should not be carried out. It is practically merely a change of name & the change will stop his mouth and that of the G of I in future: if Govt. does not fall in with the A.G.'s views they will soon be expressed to the Controller and the result will be further remark from India

23/5/96

C.S.
P.S.

Order No. 1074 L. dt 11. 6. 96.

As the Acctt. Genl. has apparently no objection to allotments being made from "balances", his proposal to omit the provision of "Reserves" has approval.

2. In future Revd. Ests. of ~~Dt.~~ Local Bds. should make no provision in their Revd. estimates under the head of

"Reserve", but should leave, if possible, a balance of 15% of the estimated receipts, from which allotments for unforeseen expenditure can be made - District Boards will be authorized to sanction all allotments, or Taluk Boards allotments not exceeding Rs 500, from this balance, if it exceeds 5% of the estimated receipts, but the sanction of Govt should be obtained for all allotments, when the balance is less than 5 per cent %.

3. The alterations in the Local Fund Rules (from orders) rendered necessary by the orders passed above will be made when the rules are next revised. Meanwhile these orders should be carried out as departmental instructions.

W.D.S.
3.6.96

Ind 8/6/96

To the Accountant General
" All Presidents of Dt Bds
" the Financial Dept

Despd 7/7/96

Accountant General's objection to the provision of "Reserves" in the District Boards' Budget Estimates -

Cur No 1170 L

~~From~~

FOR ORDERS.

~~H.M.~~

C S

P S

---

(189) DEPARTMENT.

Municipal Dept

No. 1170 L

From

THE ACCOUNTANT-GENERAL,

MADRAS,

To

THE Chief Secy to Govt
Local & Municipal Depth

No. 1192

Dated 22 } April 96

Received 23 APR. 96

No.

Subject.

Explaining how the provision on account of Reserves may be exhibited in the Budget Estimates.

18

Budget DEPARTMENT.

FORT ST. GEORGE,
Accountant-General's Office,
22d April 1896.

No. 1192

Local & Municipal Dep
1170 L

From

F. C. Harrison Esqre.,
Offg. ACCOUNTANT-GENERAL TO THE
GOVERNMENT OF MADRAS,

To

THE Chief Secretary to Government,
Local and Municipal Department.

SIR,

With reference to Government Order No. 575 L dated the 23d of March 1896, I have the honour to state that prior to the Government of India ruling, against the provision of "Reserves" in the Budget Estimates, I find that rule 27 of the "Rules under Madras Local Boards Act V of 1884" circulated with Government Order No. 721 L.F. dated 26th June 1886 provided for "Reserves" in the Budget Estimates of District Funds.

2. The intention of this rule is apparently that

that the expenditure side of the Budget Estimate is to be so framed as to leave a balance of 15 per cent of the estimated receipts. If this be so the provision on account of "Reserves" may be omitted therefrom, and under para 1(4) of Government Order No: 287 L dated 12th February 1891, District Boards can allot funds for unforeseen expenditure from the balances without reference to Government.

I have the honour to be,
Sir,
Your Most Obedient Servant,

J. Manson

Offg. Accountant General

W 22/4,

---

copy sent to Press.

rned for signature.

atched in print.

Number of copies required
Order complete.
Letter only.
Order complete with Letter.

Again G.O., No.
189
Dated

ent No.

Enclosures to C. No.

Order of Government

Letter of Government

Statement with ditto.

Papers not filed up being meant for despatch in original.

N.B.—

A = Print in full.
B = Not to be printed.
P = Print abstract only.
Q = Print heading only.