

McCrine
Public Works (1898) Department.

G.O., No.

684 Mar

DATED

16 July 98

Local Fund ^[Despatch Abstract.] Balances. Nos: Local Dept
receiving letter from the Govt of India forwarding
Copy of a letter to the Accountant Genl, Bengal,
containing instructions regarding the extent
to which overdrawals of — are permissible
of the funds of Local Govts: to sanction such
overdrawals, communicated to the
Dist. Pat. Officer.

Dr

[illegible]

Regd.

Spare copies

1898.

G.O., No. 564, 29th June 1898.

No. 614 marine of 16-july 1898

Communicated to
the Presidency Pub. officer

Ack

18-7-98

JUNE.

C.S.
The P.P.O.

ette en bois

20/7/96

Local Fund Balances.

Recording letter from the Government of India forwarding copy of a letter to the Accountant-General, Bengal, containing instructions regarding the extent to which overdrawals of — are permissible and the powers of Local Governments to sanction such overdrawals.

GOVERNMENT OF MADRAS.

FINANCIAL DEPARTMENT.

READ—the following paper :—

From J. B. BRUNYATE, Esq., Under Secretary to the Government of India, Finance and Commerce Department, to the Chief Secretary to the Government of Madras, dated Simla, the 7th June 1898, No. 2551-A.

I am directed to forward, for the information of His Excellency the Governor in Council, copy of a letter to the Accountant-General, Bengal, No. 1928-A, dated the 29th April 1898, containing instructions regarding the extent to which overdrawals of Local Fund balances are permissible and the powers of Local Governments to sanction such overdrawals.

ENCLOSURE.

From J. B. BRUNYATE, Esq., Under Secretary to the Government of India, Finance and Commerce Department (Accounts and Finance—Local Funds), to the Accountant-General, Bengal, dated Simla, the 29th April 1898, No. 1928-A.

I am directed to acknowledge the receipt of your letter No. T.M.C.-493, dated the 28th December 1897, in which you ask for instructions regarding the extent to which overdrawals of Local Fund balances can be permitted and the powers of Local Governments to sanction such overdrawals.

2. In reply, I am to observe that the balances of Excluded Local Funds (including Municipal Funds) are mere deposits upon the accounts of the Government, and the bills and charges of such funds should not be met unless there is a balance at their credit out of which to meet them. An overdrawal by an Excluded Local Fund must therefore necessarily imply that a special advance to the fund has been permitted, and the existing powers of Local Governments to make advances do not cover cases of this kind. The Local Government can, however, subject to budget limitations, sanction a contribution to meet absolutely unavoidable overdrafts. This contribution will be adjusted as Provincial expenditure under the proper head of account, and the recovery, if made in a later year, will similarly be treated as a Provincial item of revenue. If a Local Government is not prepared to make a contribution, it should report the matter to the Government of India, which can sanction the overdraft for such period as they may think proper.

3. Similarly, overdrawal against debt and deposit accounts of Incorporated Local Funds must, as before, imply the grant of a special advance not covered by the rules for the grant of advances by Local Governments. But the Revenue and Expenditure of Incorporated Local Funds are dealt with as part of the Government Account of Revenue and Expenditure; and though the authorities in charge of the funds are expected to keep such balances at their credit as will enable them to carry on their transactions without a debit balance, a temporary overdrawal may in cases of necessity be permitted by a Local Government during the course of the year, provided there is no likelihood of any failure of revenue or excess of expenditure as compared with the budget estimate of the year. As the account of an Incorporated Local Fund may not in any year be closed with a debit balance, any debit must be made up by a contribution from Provincial Revenues, in accordance with the procedure laid down in article 1373 of the Civil Account Code, the authority of the Local Governments to make such contributions being exercised within Budget limitations. Recoveries when made will similarly be credited to Provincial Revenues as "contributions from Local to Provincial."

4. With reference to the question whether overdrawals of Local Fund accounts can be treated as loans, I am to say that loans can be made to Incorporated and Excluded Local Funds only under conditions prescribed by law and in accordance with rules of procedure having the force of law, and, as far as Local Governments are concerned, within the limitations described in paragraphs *7 and 8 of the Resolution in this department, No. 3531-A, dated the 11th August 1897. Overdrafts could not, therefore, as you suggest, be dealt with as loans, for it would not be possible in such cases to comply with the rules and conditions mentioned above.

5. I am also to explain that article 1373 of the Civil Account Code does not, as appears to have been assumed, permit a Local Fund to deliberately overdraw its account, and the wording of the article will be altered so as to make this point clear. The overdrawals in regard to which the orders contained in this letter are issued should usually therefore be of inconsiderable amount, and account officers should watch for and prevent them as far as possible, and bring them to notice when they occur in the manner described in article 1545 of the Civil Account Code.

* Proceedings of the Madras Government, No. 824, Financial, dated 5th October 1897, pages 18 and 19.

† Except Accountant-General, Bengal.

Copy forwarded to the Comptroller and Auditor General and to all Accountants-General † and Comptrollers.

(By order.)

(Signed) J. B. BRUNYATE,
Under Secy. to the Govt. of India.

ORDER—No. 564, Financial, dated 29th June 1898.

Recorded.

(True Extract.)

Askinell
J. B. Chief Secretary.

To the departments of the Secretariat. (M. arnie)
" Accountant-General.