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MADRAS RECORD OFFICE.

Government of Madras.

Public Works DEPARTMENT.

G.O. No. 1683	Press ~~Mrs.~~
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Dated 26-6-	1883.

Not to be folded or roughly handled

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*Proceedings of the Madras Government, Public Works Department,
26th June 1863.*

No. 609. Read the following letter from Lieutenant-Colonel R. STRACHEY, R. E., Secretary to the Government of India, Public Works Department, with the Governor General, to the Secretary to the Government of Madras, in the Public Works Department, dated Simla, 28th May 1863, No. 872:—

Sir,

Referring to paragraph 36 of the orders of the Government of India on the Madras Public Works Budget for 1863-64, directing that the Imperial Budget should be relieved of a portion of the charge for Establishments to the extent of 1½ lakhs, which should be defrayed from Local Funds, I am directed by His Excellency the Governor General to point out that by this transfer, it is not meant that any alteration should be made in the constitution of the Establishments, or in the mode of charging and accounting for them, but simply that the account of Public Works Establishments should be credited with 1½ lakhs at the end of the year, and the Local Funds debited. This in fact amounts to a grant being made from Local to Imperial Funds to that extent, and the transaction should accordingly be dealt with in the manner explained in Circular No. 35* of 1862 of the Inspector General of Public Works Accounts.

* Copy annexed.

—
No. 872 A.

Copy forwarded to the Public Works Department at the Presidency for information.

—

No. 35, dated 26th September 1862.

[No. 9.] Circular.—From Major G. Chesney, Inspector General of Public Works Accounts, to Controllers and Examiners Public Works Accounts, Bengal, North Western Provinces, Punjab, and Central Provinces, and Deputy Controllers Oudh, British Burmah, and Hyderabad, and Chief Engineers Mysore and Straits Settlements.

I have the honor to inform you, under instructions received in letter No. 2,572 of the 5th July 1862, from the Secretary to the Government of India, that it has been decided the 1 per cent. income tax is to be considered as a local fund, and distinguished accordingly from imperial funds in your accounts, both for the future, and in closing the accounts of 1861-62, if they are still open.

2. It frequently happens that a work is constructed partly with imperial and partly with local funds. In such case it is of course impossible to say what portion has been constructed with one and what with the other, but when the whole of each allotment has been spent during the year, there is no difficulty in comparing the expenditure with the allotments. It however frequently happens that a portion only of the allotment on a work is expended during the year. In this case it has been decided by Government that the balance remaining should be considered as belonging to the local fund. Thus, suppose 2 lakhs to be allotted to a work, 1 lakh from imperial and 1 from local funds, then if only 1½ lakhs were spent during the year, the ½ lakh remaining would be held to belong to local funds. This view of the case has been taken, because in the first place a grant from a local fund to an imperial work is usually made late in the season, when it becomes known that more than the original imperial allotment can be profitably spent; secondly, because a balance remaining from a local fund at the end of a year continues to be available for expenditure in the next.

3. In dealing with local fund expenditure upon imperial works, the sum allotted should be considered just as if it were imperial money, so far as the issue of letters of credit and the audit of the original accounts of expenditure is concerned. In this respect the allotment is to all intents and purposes so much additional imperial budget grant; but in exhibiting the accounts of expenditure of the province which will now go to the Board of Audit, it is necessary to distinguish between imperial and local fund expenditure, because the Board has to deal with the former only.

*Proceedings of the Madras Government, Public Works Department,
26th June 1863.*

4. For this purpose the progress report should exhibit together the imperial and local fund expenditure on imperial works, compared with the budget grants or credits; but the local fund credit and expenditure should be distinguished in each case, and should be deducted at foot of the report from the total credit and expenditure.

5. Further, the local fund grant or credit should be calculated on the amount actually expended, the surplus having been written back as available for next year's expenditure. Thus in the illustration given above the local fund allotment would be held to be $\frac{1}{2}$ and not 1 lakh. In this way the imperial budget allotment and expenditure will be exhibited in the progress report as being both increased by the same increment, and means of comparison between the two will not be affected.

6. An illustration of this procedure is attached; the subject will be further dwelt on in connection with the forms of budget register which will shortly be circulated.

NOTE.

Suppose the Imperial Budget of a province to be 10 lakhs, divided as follows:—

New works...	...	...	5½ Lakhs.
Repairs...	...	...	2 „
Establishments...	...	...	1½ „
Reserve...	...	...	1 „
			10 Lakhs.

Also suppose 1½ lakhs to be added from the local funds, the distribution being as under:—

			Allotted.	Actually spent during year.
Original Works, Communications, Metalled Roads—				
Work A	...	From Imperial Funds 1 Lakh	1 „	1,80,000
	...	„ Local „		
Work B	...	From Imperial Funds ½ Lakh	½ „	1½ Lakhs.
	...	„ Local „		

Then it would be held that the saving on work A of Rupees 20,000 was local fund money and consequently that the total local fund money expended was Rupees 1,30,000, and therefore the progress report would show that sum to have been both allowed and spent, and we may suppose it to take this form.

			Allotted.	Expended.
			RS.	RS.
Original Works—Military	...	...	3,00,000	3,75,000
Communications	...	...	3,80,000	4,05,000
Repairs	...	...	2,00,000	2,05,000
Establishments	...	...	1,50,000	1,45,000
Reserve	...	...	1,00,000	...
Total			11,30,000	11,30,000
Deduct Local Funds allotted to Imperial Works	...	...	1,30,000	1,30,000
Imperial Budget			10,00,000	10,00,000

The details of credit and expenditure under the head Communications may be supposed to be as under:—

as under:—			Credit, i. e. amount allotted.		Spent during year.	
			RS.	RS.	RS.	RS.
Work A	...	Imperial	1,00,000	...	1,00,000	1,80,000
		Local	80,000	...	80,000	
				1,80,000		
Work B	...	Imperial	75,000	...	75,000	1,25,000
		Local	50,000	...	50,000	
				1,25,000		
Work C	...	Imperial	...	50,000	...	50,000
" D	...	"	...	30,000	...	35,000
" E	...	"	...	...	...	15,000
				3,85,000	...	4,05,000

*Proceedings of the Madras Government, Public Works Department,
26th June 1863.*

No. 610.

ORDER THEREON, 26th June 1863, No. 1,683.

1. Communicated to the Superintending Engineers and the Controller and Auditor of Public Works Accounts for information and guidance.

2. Detailed orders regarding the deductions to be made in the allotments for works entered in the Local Fund Budget to meet the charges for Establishments will be passed on the receipt of a reply to paragraph 12 of the Proceedings of Government No. 1,492, dated 10th June 1863.

(Signed) W. I. BIRDWOOD, Colonel, R. E.,
Secretary to Government.

~~4. What I would beg to suggest, as apparently the simplest procedure, is that all expenditure of this kind should be treated just as Imperial expenditure and shown in the Progress Report, which will go to the Board of Audit, the works on which Local Funds have been spent being distinguished.~~

~~5. I attach a statement illustrating my meaning. In this way I think there should be no sort of difficulty in dealing with the audit of the Imperial accounts, while the inconvenience of attempting to separate accounts what cannot be accurately divided, would be avoided.~~

~~6. I attach also a Draft Circular for issue after approval.~~

No. 35, dated 26th September 1862.

[No. 9.] Circular,—From Major G. Chesney, Inspr. Genl. of P. W. Accounts, to Contrs. and Exmrs. P. W. Accounts, Bengal, N. W. P., Punjab, and Central Provinces, and Depy. Contrs., Oudh, British Burmah, and Hyderabad, and Chief Engrs., Mysore and Straits Settlements.

I have the honour to inform you, under instructions received in letter No. 2572 of the 5th July 1862, from the Secretary to the Government of India, that it has been decided the 1 per. cent. income tax is to be considered as a local fund, and distinguished accordingly from imperial funds in your accounts, both for the future, and in closing the accounts of 1861-62, if they are still open.

2. It frequently happens that a work is constructed partly with imperial and partly with local funds. In such case it is of course impossible to say what portion has been constructed with one and what with the other, but when the whole of each allotment has been spent during the year, there is no difficulty in comparing the expenditure with the allotments. It however frequently happens that a portion only of the allotment on a work is expended during the year. In this case it has been decided by Government that the balance remaining should be considered as belonging to the local fund. Thus, suppose 2 lakhs to be allotted to a work, 1 lakh from imperial and 1 from local funds, then if only $1\frac{1}{4}$ lakhs were spent during the year, the $\frac{1}{4}$ lakh remaining would be held to belong to local funds. This view of the case has been taken, because in the first place a grant from a local fund to an imperial work is usually made late in the season, when it becomes known that more than the original imperial allotment can be profitably spent; secondly, because a balance remaining from a local fund at the end of a year continues to be available for expenditure in the next.

3. In dealing with local fund expenditure upon imperial works, the sum allotted should be considered just as if it were imperial money, so far as the issue of letters of credit and the audit of the original accounts

~~of expenditure is concerned. In this respect the allotment is to all intents and purposes so much additional imperial budget grant, but in exhibiting the accounts of expenditure of the province which will now go to the Board of Audit, it is necessary to distinguish between imperial and local fund expenditure, because the Board has to deal with the former only.~~

~~4. For this purpose the progress report should exhibit together the imperial and local fund expenditure on imperial works, compared with the budget grants or credits, but the local fund credit and expenditure should be distinguished in each case and should be deducted at foot of the report from the total credit and expenditure.~~

5. Further, the local fund grant or credit should be calculated on the amount actually expended, the surplus having been written back as available for next year's expenditure. Thus in the illustration given above the local fund allotment would be held to be $\frac{3}{4}$ and not 1 lakh. In this way the imperial budget allotment and expenditure will be exhibited in the progress report as being both increased by the same increment, and means of comparison between the two will not be affected.

6. An illustration of this procedure is attached; the subject will be further dwelt on in connection with the forms of budget register which will shortly be circulated.

NOTE.

Suppose the Imperial Budget of a province to be 10 lakhs, divided as follows:—

New works	...	...	5½	Lakhs.
Repairs	...	...	2	"
Establishments	...	...	1½	"
Reserve	...	...	1	"

10 Lakhs.

Also suppose $1\frac{1}{2}$ lakhs to be added from the local funds, the distribution being as under:—

Original Works, Communications, Metalled Roads—		Allotted.	Actually spent during year.
Work A ...	From Imperial Funds	1 Lakh	1,80,000
	“ Local “	1 “	
Work B ...	From Imperial Funds	$\frac{3}{4}$ Lakh	1 $\frac{1}{4}$ Lakhs.
	“ Local “	$\frac{1}{2}$ “	

Then it would be held that the saving on work A of Rs. 20,000 was local fund money, and consequently that the total local fund money expended

was Rs.-1,30,000, and therefore the progress report would show that sum to have been both allowed and spent, and we may suppose it to take this form.

	Allotted—	Expended—
	Rs.	Rs.
Original Works—Military	3,00,000	3,75,000
Communications	3,80,000	4,05,000
Repairs	2,00,000	2,05,000
Establishments	1,50,000	1,45,000
Reserve	1,00,000	
Total	11,30,000	11,30,000
Deduct Local Funds allotted to Imperial Works	1,30,000	1,30,000
Imperial Budget	10,00,000	10,00,000

The details of credit and expenditure under the head Communications may be supposed to be as under:—

			Credit, i. e., amount allotted		Spent during year.	
			Rs.	Rs.	Rs.	Rs.
Work A	...	Imperial	1,00,000	...	1,00,000	
		Local	80,000	...	80,000	
				1,80,000		1,80,000
Work B	...	Imperial	75,000	...	75,000	
		Local	50,000	...	50,000	
				1,25,000		1,25,000
Work C	...	Imperial	...	50,000	...	50,000
" D	...	"	...	30,000	...	35,000
" E	...	"	...	...	...	15,000
				3,85,000	...	4,05,000

No. 872.

FROM

LIEUT. COL. R. STRACHEY, R. E.

SECY. TO THE GOVT. OF INDIA WITH THE GOVR. GENL.,

TO

THE SECY. TO THE GOVT. OF MADRAS,

IN THE PUBLIC WORKS DEPARTMENT.

PUBLIC WORKS DEPARTMENT,

Simla, 28th May 1863.

General.

SIR,

Referring to paragraph 36 of the orders of the Government of India on the Madras Public Works Budget for 1863-64, directing that the Imperial Budget should be relieved of a portion of the charge for Establishments to the extent of 1½ lakhs, which should be defrayed from Local Funds, I am directed by His Excellency the Governor General to point out that by this transfer, it is not meant that any alteration should be made in the constitution of the Establishments, or, in the mode of charging and accounting for them, but simply that the account of Public Works Establishments should be credited with ~~the amount~~ the end of the year, and the Local Funds debited. This in fact amounts to a grant being made from Local to Imperial Funds to that extent, and the transaction should accordingly be dealt with in the manner explained in Circular No. 35* of 1862 of the Inspector General of Public Works Accounts.

I have the honour to be,

SIR,

Your most obedient Servant,

R. Strachey Lieut. Col., R. E.
Secy. to the Govt. of India with the Govr. Genl.

No. 872 A

Copy forwarded to the Public Works Department at the Presidency for information.

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