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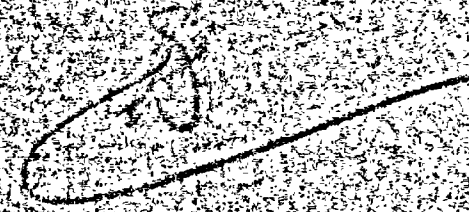
MADRAS RECORD OFFICE.

Government of Madras.

Public Works DEPARTMENT.

G.O. No.	2770	Press
		Mis.
182-183		
Dated	8-8-	1864

Not to be folded or roughly handled



*Proceedings of the Madras Government, Public Works Department,
8th August 1864.*

No. 2. Read the following letter from Lieutenant-Colonel R. KENNEDY, R. E., Secretary to the Government of Bombay, to Colonel C. A. ORR, R. E., Secretary to Government, Public Works Department, dated Bombay Castle, 21st July 1864, No. 1,217:—

SIR,

I am directed to forward for the information of the Government of Madras, three copies of a letter* addressed by this Government to the Government of

* No. 1,315 of 1864.

India on the subject of the new system of accounts recommended by the late Commission of Public Works Accounts, and commented on in Government Resolution by the Government of India No. 4A/1,408, dated the 24th of March last, and I am desired to express a hope that the Government of Madras will furnish this Government with a copy of any report they have made, or may make, on the same subject.

From the Secretary to the Government of Bombay, to the Secretary to the Government of India, dated Public Works Department, 19th July 1864, No. 1,315.

SIR,

1. I am directed to acknowledge the receipt of your No. 51A/1,733, of the 12th April last, forwarding a copy of Circular No. 14, by the Government of India, of the same date, and inviting the opinion of the Bombay Government on the different points referred to in Resolution by the Government of India No. 4A/1,408, dated the 24th March 1864, on the Report of the Commission on Public Works Accounts.

2. I am desired to explain that this communication would have been earlier replied to, but that it was necessary to await the arrival of the detailed Forms proposed to give effect to the Commission's recommendations, for in the absence of these Forms, which have only lately been received, no safe judgment could be arrived at in respect to the precise manner in which the accounts of the disbursing officers of the Public Works Department in this Presidency would be affected by the adoption of the system proposed.

3. I am now directed to notice the main conclusions of the Commissioners' report, in the order in which they are reviewed in the Resolution above quoted:—

1st.—3. *The formation of a Principal Public Works Accounts Office under the Government of India to deal with the whole of the accounts of Public Works expenditure throughout India, and the appointment of an Accountant General in the Public Works Department.*

4. This proposal, which the Government of India have already taken steps to carry out, requires no remark, as it in no way appears directly to concern this Government, for it is of course understood that the functions of the new Accountant General of Public Works Accounts will, as far at least as this Presidency is concerned, be identical with those of the Inspector General of Public Works Accounts whom he is to replace, and that in this respect there will be no practical change.

2nd.—6. *The introduction throughout India of a complete monthly audit of the whole expenditure on original accounts.*

5. This Government concurs in the propriety of a system of monthly audit provided it be a cash audit only, and not a piecemeal audit of the cash value of items of works performed during the month. Presuming that nothing more is required than is exhibited in the monthly account current (Form 12 of the Appendix), this Government, I am desired to say, will gladly accept the modification proposed, which is calculated not only to afford useful information as regards the progress of cash expenditure, but also admits of a prompt and speedy adjustment of the accounts of the Executive Engineer.

6. As regards the period and mode of introducing this modification, this Government will, I am desired to say, lose no time in taking steps to effect the change, but they deprecate any sudden alteration in the form of account now rendered by Executive Officers who are not all provided with good accountants; and this Government, therefore, cannot undertake to finally establish the arrangement now under notice, till the commencement of the next official year, by which the new system of monthly cash audits may be safely introduced.

7. His Excellency in Council, I am desired to say, bearing in mind the great arrears and confusion that were occasioned by the sudden introduction into the Public Works Accounts of the different Administrations under the Government of India, of the system commonly called the Bengal system, which is now in its turn in process of being superseded by a better system, does not consider it prudent to be precipitate in changing the plan which has hitherto been found to work sufficiently well in Bombay, and in this view he does not propose to order the new Forms to be adopted here, as above stated, till the 1st of May next, but in the meantime they will be circulated to all disbursing Officers, who will make themselves acquainted with their full scope and meaning, and who for the last few months of the year will keep their accounts both on the present and the proposed plans, and who will thus be in a position to adopt the former and to discontinue the latter on the commencement of 1865-66 without any dread of confusion from a too sudden transition.

3rd.—7. *Formation of the Public Works Controllers into one body for the purpose of appointment and promotion.*

8. On this point I am desired to say, that His Excellency in Council entirely concurs with the dissent recorded by the Bombay Commissioner, His Excellency in Council agrees in the opinion expressed by the Government of India, that the widest field of selection should be available from which to select so important an officer as the Controller, or Auditor, but considers that, by throwing all the Controllers and their Assistants into one body, from which alone selection be made to fill vacancies, the field would be narrowed not widened.

9. This Government consider that to fill properly the post of Auditor in this Presidency, the officer appointed should be one of rank and standing, who has practical knowledge of all the workings of an Executive Engineer's office from the duties of the lowest disbursing subordinate to that of the Executive Engineer himself; and that while having a full knowledge of Accounts he should not be a mere accountant. This would not be secured by the plan proposed by the Government of India, which would eventually place in the position of Controllers men who would be mere accountants, and who would not have the practical knowledge of the Executive branch of the departmental duties which His Excellency in Council considers it desirable, if not essential, that they should have; and it might thus happen that the same difficulties which have led to the proposed change in the administration of the present system of Public Works Accounts in Bengal would again arise.

10. These difficulties His Excellency in Council is inclined to attribute to a very considerable extent to the entire separation of the accounts from the Executive branches, to too great a rigidity on the one hand, and to indifference induced by a vexatious and impracticable system on the other; and he would desire therefore not to abandon a plan by which the Controller or Auditor can now be selected from the entire establishment of the Department, and may therefore be an officer of standing and experience whom all would respect, and who would have a thorough practical knowledge of the many petty difficulties which beset Executive Officers charged with the onerous and responsible task of undertaking numerous, and varied public works, in a country like this where every operation presents merely a choice of difficulties, and when therefore assistance and support are as necessary in some cases, as rigid control is in others; and when the arithmetical vigilance of a mere clerk is not all that is needed.

4th.—9. *Modification in the mode of dealing with the reserve or unappropriated sum allowed to be entered in the Budget Estimate.*

11. The view taken by the Commission of the subject of the Reserve, is precisely that which might have been expected of a body so constituted. It is an accountant's view; but I am desired to state, that His Excellency the Governor in Council is of opinion, that the question involved is one of administration, not of account; and that he must therefore distinctly record his dissent to the proposed alteration in the Budget Rules, which are already in his opinion sufficiently restrictive.

12. The Bombay Commissioner has attached his unqualified dissent to the conclusions arrived at by the majority of the Commission on this point, and in Colonel Kendall's reasoning, as far as it goes, His Excellency in Council, I am desired to state, entirely concurs.

12. The powers of different Governments and Administrations to sanction original works will in future be regulated by the following rules:—

The Governments of Madras and Bombay may of their own authority, sanction works, the estimated cost of which does not exceed	Rs. 2,00,000
The Lieutenant-Governors of Bengal, the North-West Provinces and the Punjab, works not exceeding	50,000
The Heads of the Administrations of Oudh, Pegu, Sind, and Mysore	10,000
The Heads of the Administrations of Nagpore, the Tenasserim Provinces, Hyderabad Districts, and Straits Settlements	5,000

13. The Budget Rules, paragraph 12, quoted in the margin, give power to this Government to sanction absolutely original works, the estimated cost of which does not exceed 2 lakhs of Rupees; of course with the understanding that all works should, as far as possible, be foreseen and budgetted for.

14. As, however, it is not possible in all cases to foresee nearly a year beforehand, what

21. The nature of the case renders it impossible that the programme of expenditure laid down in the Budgets of the Public Works Department should be as rigidly adhered to as it may be in most other Departments of public expenditure. But the Reserve or Unappropriated Fund, provided for in the rules which follow, affords a margin for unforeseen requirements, and so facilitates a reasonably close adherence to the programme. This adherence will be expected.

22. But with this clearly understood, the Local Government will have the power, on good grounds, to alter the apportionment of funds to original works sanctioned by themselves, or to suspend sanction of such works, and to undertake others, or to devote the funds saved to the more vigorous prosecution of works sanctioned by higher authority, provided such changes of appropriation are not in contravention of any positive instructions from the Government of India, and are distinctly brought under its notice in the Weekly Abstract of Proceedings.

by permitting those Governments to transfer appropriations when by the force of circumstances, of which they alone can be the proper judges, they find themselves unable to adhere rigidly to their first intentions, the rules being coupled with the proviso that a reasonably close adherence to the sanctioned programme shall be preserved.

15. Under all ordinary circumstances there is, and must be the reasonable adherence that is contemplated by these rules. A budget consumes much labour and thought in preparation, and once determined on, is not likely to be altered on light grounds. As far as the Government of Bombay is concerned, as is stated by Colonel Kendall, the Bombay Commissioner, there has been no violent or marked departure from the different programmes that have been submitted, and when any new works have been undertaken from savings on sanctioned appropriations, the course adopted has been defensible on its own merits, and it is capable of being shown that in following it, this Government has done the best that could be done for the benefit of the country, and for the proper progress of useful and important public works.

16. If even it had happened in Bombay, as it is stated to have happened elsewhere, that no complete comparison could be instituted between actual expenditure and original appropriations, His Excellency in Council (always supposing that the discrepancy did not occur in works beyond the power of the local Government itself to sanction, that is in the case of works of such magnitude that they ought clearly to have been foreseen) would ask, is this so very great an evil? And if it be an evil, whether it would not be a worse one, that in order to preserve uniformity grateful to the eye of an Accountant, but really of no service to the progress and prosperity of the country some re-productive work, some necessary road, or some indispensable barrack had been deferred for a whole year, not because there was no money to construct it with, but because, had it been undertaken at the end of the year, there would have appeared an excess of expenditure under one head of appropriation, and a corresponding deficiency under some other.

17. His Excellency in Council cannot think that on re-consideration the Government of India will uphold the recommendation of the Commissioners on this most important point, for to do so is to reverse the order of things, to reduce all to figures, to ignore facts, to make works subservient to accounts, not accounts merely the record of works.

18. The Budget Rules which are now in force, were published in 1861, in supersession of others of a more restrictive character, and shortly before the change was made, the late Lord Canning in the 38th paragraph of his Despatch to the Secretary of State, dated — August 1860, wrote as follows :—

“Some of the objections to the working of the Department, I may also observe are based upon a rigidity of system in relation to the budget rules which has already been modified in practice, and which you are aware from late correspondence, I desire to see formally re-placed by a system of larger discretion.”

19. These remarks, which inculcated the necessity of re-centralization in matters of this nature, were followed by the more liberal rules which it is now sought to set aside by a return to as rigid, if not more rigid a system than formerly existed, and though His Excellency in Council must of course abide by any decision which the Government of India comes to on this point, he feels it to be his duty to protest, in as strong terms as may be permitted, against any change, such as the Accounts Commissioners have recommended in a matter which hardly falls within the province of Accounts, but which is nevertheless intimately connected with the proper administration of the Government of this Presidency.

20. If it be objected that these rules are not intended to preclude the Local Government from undertaking necessary works not provided for in the programme, but merely necessitate, in the case of a proposed transfer of savings on sanctioned appropriations to new works, a reference to the Government of India before a commencement is made, it may be at once replied that this is equivalent to indefinite postponement, and therefore to probable loss of the means available for the work by the lapse of the Imperial grant on the termination of the year.

21. If the budget rule 12 quoted above, means, as it must be presumed, that it does, that local Governments have power to sanction absolutely works within certain prescribed limits. His Excellency in Council, I am desired to say, can conceive no reason beyond a mere Accountant's one, that should not be permitted to weigh on so important a matter as this, why if he finds himself from force of circumstances compelled to suspend operations on some particular work which he had originally proposed to execute and had budgetted for, and to expend the sum which remains available on some other work perhaps as much needed as that suspended, but which for want of funds could not be provided for from the year's grant, he should be restrained from adopting so obviously beneficial a course.

22. Any arguments on this subject derived from Home practice are, in His Excellency in Council's opinion, fallacious. The analogy between the two cases is imperfect. On the one hand there exists a long series of years' experience; a developed country in which all but very special Public Works are the results of private enterprise; means sufficient to do all that is needed; and an organization so perfectly and minutely applied, that the few well defined wants of the Government can always be foreseen and provided for. On the other hand the Budget system is here new; the country is not developed; it has a thousand urgent wants, some known, many not known, but coming daily as fresh matter under the notice of Government, by whom alone all that is needed for improving communications, constructing re-productive agricultural works, Harbours, Ports as well as works for Military purposes, must be considered and executed; a restricted budget grant, which will not admit of half the works that are necessary or desirable being undertaken, and which therefore renders the Budget merely a selection from a great number of nearly equally pressing wants, and an organized establishment of administrative Officers numerically far too weak to exercise a very minute scrutiny as to the comparative wants, and comparative claims of different districts and works, or to determine absolutely beforehand the facilities for executing them.

23. The matter is further complicated by the fluctuations of the labour market, always very uncertain, but now more so than ever, the risk of outbreak of epidemics, the non or tardy arrival of necessary plant or machinery, and by other causes which render the progress of Public Works uncertain, and which demand that they should be considered as great facts, and not as mere pegs on which to hang Budget Appropriation Returns, or voluminous account papers of this description, which after all are useless to anybody and are read or understood but by a very few.

24. His Excellency in Council, I am desired to say, will endeavour, as he has always done, to adhere to his programmes for the simple reason that those programmes are arrived at with much care and trouble, and exhibit what he desires to do; but if driven by the force of circumstances from his first intentions, he must beg that he may not be compelled to defer the appropriation of the sum placed at his disposal on some other equally useful work till he can make clear to the Government of India his views in full detail, and has incurred the loss of valuable time, which this course would inevitably involve, and the risk that, as he was driven from his first plan by the force of circumstances, so his second plan after all this delay may share the same fate. His Excellency in Council will of course take care in accordance with the existing Budget rules that all alterations of sanctioned appropriations shall be brought duly under the notice of the Government of India.

25. As regards the Commission's proposal to abolish the Reserve Fund altogether, His Excellency in Council is sincerely thankful that their proposition has not been endorsed by the Government of India, for he considers that course would have been entirely retrograde, and very obstructive to the proper administration of this country.

26. His Excellency in Council, however, does not consider that power to sanction from the Reserve should be limited to works not exceeding Rupees 10,000, and can see no sufficient reason for such a restriction. Circular No. 14 of the 12th April last, by the Government of India, intimates that this arrangement is not to have effect at present, and His Excellency in Council hopes that the proposed change will never be introduced. If every petty work in excess of Rupees 10,000, which is not provided for in the Budget, has to be referred to the Government of India, it would be better at once to complete the system of centralization in regard to Public Works' expenditure and leave no discretion at all to the Local Government.

27. The plan of having five small reserves, instead of one large one, is also, in His Excellency in Council's opinion, open to objection, as an unnecessary complication. His Excellency in Council approves of works calculated to cost less than Rupees 2,500 being lumped in the Budget estimate, but does not consider that their aggregate amount should be a deduction from the Reserve; such an arrangement does in fact reduce the Reserve, and might, under some circumstances, entirely absorb it. Indeed coupled with the views that have been put forward in regard to the abolition of the Reserve, it appears almost as if the plan suggested was intended as a commencement of a system by which there would be no such fund, and as the first step towards its abolition. In this respect His Excellency in Council, I am desired to say, is strongly opposed to the proposal, and trusts that it may not be finally sanctioned. As an amendment he would suggest that all works that are foreseen, and are calculated to cost less than Rupees 10,000 should be lumped under each head of service, and that in addition to this there should be one Reserve of 10 per cent. on the gross assignment for unforeseen works without restriction as to estimated cost.

5th.—12. *Store Accounts.*

28. The system laid down will certainly simplify accounts very much, but whether it will tend to economy is, I am desired to say extremely doubtful. His Excellency in Council is, however, quite willing to adopt it, for he entirely approves of its tendency which is to reduce detail. The change, however, cannot be fully made in Bombay till the ensuing official year.

6th.—13. *The substitution of cash payments for liabilities as charges in the accounts.*

29. The alteration has no practical bearing on the transactions of this Presidency, but its advisability is fully concurred in by His Excellency in Council as a matter of theory.

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8th August 1864.*

7th.—14. *Abolition of an intermediate Suspense Account in the Central Offices; all audited expenditure being charged direct against the Government.*

30. His Excellency in Council fully and entirely concurs with the Government of India on this point.

8th.—15. *Inclusion of all Public Works in the same Budget.*

31. Under the system pursued in this Presidency, and consequent on the arrangement by which Local Committees are formed for the administration of Local Funds, the Budget of Local expenditure must be kept entirely separate from that which relates to Imperial Grants. Of course in the after stages these Budgets may be amalgamated, but they must be submitted and sanctioned separately, and the plan proposed of considering Local Funds administered by the Imperial establishments, as contributions to Imperial Grants, would be likely to be productive of misunderstanding, and to be distasteful to those who contribute, and desire to administer under certain rules and restrictions, the various funds.

32. Instead of the maxim, that the agency should determine the character of the charge, which is not based on truth, it is better to rule that the source from which the funds are raised should determine the charge; and as to accounts there need be no difficulty; it is only requisite to open a second set of books similar to those which relate to Imperial Grants, for Local expenditure, to bring out the results annually in precisely the same manner that the results of Imperial expenditure are brought out, and ultimately if it is considered necessary to draw both classes of outlay into one general return.

33. His Excellency in Council prefers to deal in this way with the Local Funds' revenues in this Presidency, and as his main object in so doing accords with that laid down by the Government of India as so desirable, i. e., to cherish the germ of self-government in the administration of Local Funds, by allowing each Local Committee to see that the funds it contributes are really and in *bona fide* appropriated to Local purposes, and not mixed up with Imperial Grants; he hopes that the Government of India will concur with him in considering that no interference with this arrangement is either called for or desirable.

9th.—16. *Stores from England.*

34. His Excellency in Council concurs, I am desired to say, in the view taken by the Government of India.

10th.—17. *Reduction of Stock.*

35. The stock kept up in this Presidency is, and has always been, comparatively very small. The system now advocated by the Commissioners, and approved by the Government of India, of charging materials at once to works, has always been the rule in Bombay; His Excellency in Council therefore has only to record his full concurrence on this point.

11th.—18. *Transfer of the compilation of accounts from Controller's Office to those of Executive Engineers.*

36. As the Government of India are aware, this Government has always laid great stress on the necessity that Executive Engineers should be entrusted with the duty of compiling their own accounts, and has more than once urged this point, not only when resisting the introduction of the so-called Bengal system, but also when bringing the necessity of providing the Executive Engineers with proper Accountants, who would relieve their principals of the drudgery of preparing, but not of the responsibility of rendering their detailed accounts. His Excellency in Council therefore very cordially concurs in the advisability of the change it is now proposed to make elsewhere, according as it does with the system that has hitherto prevailed here. It will, however, be essential to give full effect to this Plan, that Executive Officers should be furnished with really efficient Accountants, so that they may be really and not nominally, relieved of account drudgery.

37. His Excellency in Council, I am desired to say, cordially agrees with the Government of India, that a code for all India would not be practicable or desirable if practicable. He

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*Proceedings of the Madras Government, Public Works Department, 7
8th August 1864.*

accepts the conclusion as indisputable that the accounts which go up to the Government of India should be absolutely uniform in form, but will avail himself of the permission accorded (which in his opinion is quite indispensable to the proper working of the system) to make such deviations in the system of detailed arrangements of works, of the actual disbursements of money, and of the original accounts of such disbursements as seem to him to be requisite.

38. In the principles of the detailed accounts, as exhibited in the forms which have been furnished, His Excellency in Council, I am desired to say, concurs, and no great alteration will be needed to apply them to the system of accounts already in force in this Presidency.

39. I am now, in conclusion, desired to express the entire concurrence of His Excellency in Council in the commendation bestowed on the labours of the Accounts Commission in the first paragraph of the Resolution under reply.

No. 183.

ORDER THEREON, 8th August 1864, No. 2,270.

Ordered that the following letter be sent:—

(Here enter dated 8th August 1864, No. 2,271.)

(True Extract.)

(Signed) J. H. M. SHAW STEWART, Major, R. E.,
Deputy Secretary to Government.

Exd. S. T. Augustin.

9
PUBLIC WORKS DEPARTMENT.

Public.

FORT SAINT GEORGE,

8th August 1864.

No. 184.

No. 2,271.

From

MAJOR J. H. M. SHAW STEWART, R. E.,

Deputy Secretary to the Government of Fort Saint George, P.W.D.,

To

The Secretary to the Government of Bombay, Public Works Department.

SIR,

In accordance with the request contained in your letter No. 1,217, dated 21st July 1864,

• No. 1,889, dated 29th June 1864.

I am directed to forward, for the information of the Govern-

ment of Bombay, three copies of a letter* addressed by

the Madras Government to the Government of India, with reference to the new system of accounts

commented on in the Proceedings of the Right Honorable the Governor General in Council,

No. 1118, dated 24th March last.

I have the honor to be,

Sir,

Your most obedient servant,

(Signed) J. H. M. SHAW STEWART, Major, R. E.,

Deputy Secretary to Government.

Exd. S. T. Augustin.

No. 1315 of 1864.

PUBLIC WORKS DEPARTMENT.
19th July 1864.

FROM

THE SECRETARY TO THE GOVERNMENT OF BOMBAY.

TO

THE SECRETARY TO THE GOVERNMENT OF INDIA.

SIR,

I am directed to acknowledge the receipt of your No. ^{51 A}₁₇₃₃, of the 12th April last, forwarding a copy of Circular, No. 14, by the Government of India, of the same date, and inviting the opinion of the Bombay Government on the different points referred to in Resolution by the Government of India No. ^{4 A}₁₄₀₈, dated the 24th March 1864, on the Report of the Commission on Public Works Accounts.

2. I am desired to explain that this communication would have been earlier replied to, but that it was necessary to await the arrival of the detailed Forms proposed to give effect to the Commission's recommendations, for in the absence of these Forms, which have only lately been received, no safe judgment could be arrived at in respect to the precise manner in which the accounts of the disbursing officers of the Public Works Department in this Presidency would be affected by the adoption of the system proposed.

3. I am now directed to notice the main conclusions of the Commissioners' report, in the order in which they are reviewed in the Resolution above quoted:—

1st.—3. *The formation of a Principal Public Works Accounts Office under the Government of India to deal with the whole of the accounts of Public Works expenditure throughout India, and the appointment of an Accountant General in the Public Works Department.*

4. This proposal, which the Government of India have already taken steps to carry out, requires no remark, as it in no way appears directly to concern this Government, for it is of course understood that the functions of the new Accountant General of Public Works Accounts will, as far at least as this Presidency is concerned, be identical with those of the Inspector General of Public Works Accounts whom he is to replace, and that in this respect there will be no practical change.

2nd.—6. *The introduction throughout India of a complete monthly audit of the whole expenditure on original accounts.*

5. This Government concurs in the propriety of a system of monthly audit provided it be a cash audit only, and not a piecemeal audit of the cash value of items of works performed during the month. Presuming that nothing more is required than is exhibited in the monthly account current, (form 12 of the Appendix) this Government, I am desired to say, will gladly accept the modification proposed, which is calculated not only to afford useful information as regards

the progress of cash expenditure, but also admits of a prompt and speedy adjustment of the accounts of the Executive Engineer.

6. As regards the period and mode of introducing this modification, this Government will, I am desired to say, lose no time in taking steps to effect the change, but they deprecate any sudden alteration in the form of account now rendered by Executive officers who are not all provided with good accountants; and this Government, therefore, cannot undertake to finally establish the arrangement now under notice, till the commencement of the next official year, by which the new system of monthly cash audits may be safely introduced.

7. His Excellency in Council, I am desired to say, bearing in mind the great arrears and confusion that were occasioned by the sudden introduction into the Public Works Accounts of the different Administrations under the Government of India, of the system commonly called the Bengal system, which is now in its turn in process of being superseded by a better system, does not consider it prudent to be precipitate in changing the plan which has hitherto been found to work sufficiently well in Bombay, and in this view he does not propose to order the new Forms to be adopted here, as above stated, till the 1st of May next, but in the mean time they will be circulated to all disbursing officers, who will make themselves acquainted with their full scope and meaning, and who for the last few months of the year will keep their accounts both on the present and the proposed plans, and who will thus be in a position to adopt the former and to discontinue the latter on the commencement of 1865-66 without any dread of confusion from a too sudden transition.

3rd.—7. *Formation of the Public Works Controllers into one body for the purpose of appointment and promotion.*

8. On this point I am desired to say, that His Excellency in Council entirely concurs with the dissent recorded by the Bombay Commissioner, His Excellency in Council agrees in the opinion expressed by the Government of India, that the widest field of selection should be available from which to select so important an officer as the Controller, or Auditor, but considers that by throwing all the Controllers, and their Assistants into one body, from which alone selection would be made to fill vacancies, the field would be narrowed not widened.

9. This Government consider that to fill properly the post of Auditor in this Presidency, the officer appointed should be one of rank and standing, who has practical knowledge of all the workings of an Executive Engineer's office from the duties of the lowest disbursing subordinate to that of the Executive Engineer himself; and that while having a full knowledge of Accounts he should not be a mere accountant. This would not be secured by the plan proposed by the Government of India, which would eventually place in the position of Controllers men who would be mere accountants, and who would not have the practical knowledge of the Executive branch of the departmental duties which His Excellency in Council considers it desirable, if not essential, that they should have; and it might thus happen that the same difficulties which have led to the proposed change in the administration of the present system of Public Work Accounts in Bengal would again arise.

10. These difficulties His Excellency in Council is inclined to attribute to very considerable extent to the entire separation of the accounts from the Executive branches, to too great a rigidity on the one hand, and to indifference induced by a vexatious and impracticable system on the other; and he would desire therefore not to abandon a plan by which the Controller or Auditor can now be selected from the entire establishment of the Department, and may therefore have an officer of standing and experience, whom all would respect, and who would have a thorough practical knowledge of the many petty difficulties which beset Executive Officers charged with the onerous and responsible task of undertaking numerous, and varied public works, in a country like this where every operation presents merely a choice of difficulties, and when therefore assistance and su-

port are as necessary in some cases, as rigid control is in others; and when the arithmetical vigilance of a mere clerk is not all that is needed.

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11. The view taken by the Commission of the subject of the Reserve, is precisely that which might have been expected of a body so constituted. It is an accountant's view; but I am desired to state, that His Excellency the Governor in Council is of opinion, that the question involved is one of administration, not of account; and that he must therefore distinctly record his dissent to the proposed alteration in the Budget Rules, which are already in his opinion sufficiently restrictive.

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The Lieutenant Governors of Bengal, the North West Provinces and the Punjab, works not exceeding	" 50,000
The Heads of the Administrations of Oudh, Pegu, Sind, and Mysore	" 10,000
The Heads of the Administrations of Nagpoor, the Tenasserim Provinces, Hyderabad Districts, and Straits Settlements	" 5,000

13. The Budget Rules, para: 12, quoted in the margin, give power to this Government to sanction absolutely original works, the estimated cost of which does not exceed 2 lakhs of Rupees; of course with the understanding that all works, should, as far as possible, be foreseen and budgetted for.

14. As however, it is not possible in all cases to foresee nearly a year beforehand, what wants may arise in a country like this whose needs are daily expanding, and whose full requirements cannot always be anticipated with any great amount of precision by the handful of local administrative officers scattered over the length and breadth of the land, the budget rules, paras: 21 and 22, quoted in the margin, have been wisely devised to provide for unforeseen contingencies, and for necessarily imperfect programmes, not only by placing a moderate unappropriated reserve at the disposal of the Local Governments, but also by permitting those Governments to transfer appropriations when by the force of circumstances, of which they alone can be the proper judges, they find themselves unable to adhere rigidly to their first intentions, the rules being coupled with the proviso that a reasonably close adherence to the sanctioned programme shall be preserved.

21. The nature of the case renders it impossible that the programme of expenditure laid down in the Budgets of the Public Works Department should be as rigidly adhered to as it may be in most other Departments of public expenditure. But the Reserve or Unappropriated Fund, provided for in the rules which follow, affords a margin for unforeseen requirements, and so facilitates a reasonably close adherence to the programme. This adherence will be expected.

22. But with this clearly understood, the Local Government will have the power, on good grounds, to alter the apportionment of funds to original works sanctioned by themselves, or to suspend sanction of such works, and to undertake others, or to devote the funds saved to the more vigorous prosecution of works sanctioned by higher authority, provided such changes of appropriation are not in contravention of any positive instructions from the Government of India, and are distinctly brought under its notice in the Weekly Abstract of Proceedings.

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15. Under all ordinary circumstances there is, and must be the reasonable adherence that is contemplated by these rules. A budget consumes much labor and thought in preparation, and once determined on, is not likely to be altered on light grounds. As far as the Government of Bombay is concerned, as is stated by Colonel Kendall, the Bombay Commissioner, there has been no violent or marked departure from the different programmes that have been submitted, and when any new works have been undertaken from savings on sanctioned appropriations, the course adopted has been defensible on its own merits, and it is capable of being shown that in following it, this Government has done the best that could be

done for the benefit of the country, and for the proper progress of useful important public works.

16. If even it had happened in Bombay, as it is stated to have happened elsewhere, that no complete comparison could be instituted between actual expenditure and original appropriations, His Excellency in Council (always saying that the discrepancy did not occur in works beyond the power of the Government itself to sanction, that is in the case of works of such magnitude they ought clearly to have been foreseen) would ask, is this so very great an evil, and if it be an evil, whether it would not be a worse one, that in order to pre-uniformity grateful to the eye of an Accountant, but really of no service to progress and prosperity of the country some reproductive work—some new road—or some indispensable barrack had been deferred for a whole year because there was no money to construct it with, but because, had it been undertaken at the end of the year, there would have appeared an excess of expenditure under one head of appropriation, and a corresponding deficiency under another.

17. His Excellency in Council cannot think that on reconsideration Government of India will uphold the recommendation of the Commission on this most important point, for to do so is to reverse the order of things, to refer all to figures, to ignore facts, to make works subservient to accounts, not merely the record of works.

18. The Budget Rules which are now in force, were published in 1860, superseding others of a more restrictive character, and shortly before the change was made, the late Lord Canning in the 38th para. of his Despatch to the Secretary of State, dated August 1860, wrote as follows:—

“Some of the objections to the working of the Department, I may observe are based upon a rigidity of system in relation to the budget which has already been modified in practice, and which you are aware of from late correspondence, I desire to see formally replaced by a system of discretion.”

19. These remarks, which inculcated the necessity of de-centralization of matters of this nature, were followed by the more liberal rules which it is sought to set aside by a return to as rigid, if not more rigid a system as formerly existed, and though His Excellency in Council must of course be guided by any decision which the Government of India comes to on this point, he feels it to be his duty to protest, in as strong terms as may be permitted against any change, such as the Accounts Commissioners have recommended, a matter which hardly falls within the province of accounts, but which is nevertheless intimately connected with the proper administration of the Government in this Presidency.

20. If it be objected that these rules are not intended to preclude the Government from undertaking necessary works not provided for in the programme, but merely necessitate, in the case of a proposed transfer of sanctioned appropriations to new works, a reference to the Government of India, before a commencement is made, it may be at once replied that this is equivalent to indefinite postponement, and therefore to probable loss of the means available for the work by the lapse of the Imperial grant on the termination of the year.

21. If the budget rule 12 quoted above, means as it must be presumed that it does, that local Governments have power to sanction absolutely within certain prescribed limits, His Excellency in Council, I am desirous to say, can conceive no reason beyond a mere Accountant's one, that he should not be permitted to weigh on so important a matter as this, why if he is himself from force of circumstances compelled to suspend operations on a particular work which he had originally proposed to execute and had budgeted for, and to expend the sum which remains available on some other work as much needed as that suspended, but which for want of funds could not be provided for from the year's grant, he should be restrained from adopting an obviously beneficial a course.

22. Any arguments on this subject derived from Home practice are, in His Excellency in Council's opinion, fallacious. The analogy between the two cases is imperfect. On the one hand there exists a long series of years experience; a developed country in which all but very special Public Works are the results of private enterprise; means sufficient to do all that is needed; and an organization so perfectly and minutely applied, that the few well defined wants of the Government can always be foreseen and provided for. On the other hand the budget system is here new; the country is not developed; it has a thousand urgent wants, some known many not known, but coming daily as fresh matter under the notice of Government, by whom alone all that is needed for improving communications, constructing reproductive agricultural works, Harbours, Ports as well as works for Military purposes, must be considered and executed; a restricted budget grant, which will not admit of half the works that are necessary or desirable being undertaken, and which therefore renders the budget merely a selection from a great number of nearly equally pressing wants, and an organized establishment of administrative officers numerically far too weak to exercise a very minute scrutiny as to the comparative wants, and comparative claims of different districts and works, or to determine absolutely beforehand the facilities for executing them.

23. The matter is further complicated by the fluctuations of the labor market, always very uncertain, but now more so than ever, the risk of outbreak of epidemics, the non or tardy arrival of necessary plant or machinery, and by other causes which render the progress of public works uncertain, and which demand that they should be considered as great facts, and not as mere pegs on which to hang Budget Appropriation Returns, or voluminous account papers of this description, which after all are useless to anybody and are read or understood but by a very few.

24. His Excellency in Council, I am desirous to say, will endeavour, as he has always done, to adhere to his programmes for the simple reason that those programmes are arrived at with much care and trouble, and exhibit what he desires to do; but if driven by the force of circumstances from his first intentions, he must beg that he may not be compelled to defer the appropriation of the sum placed at his disposal on some other equally useful work till he can make clear to the Government of India his views in full detail, and has incurred the loss of valuable time, which this course would inevitably involve, and the risk that, as he was driven from his first plan by the force of circumstances, so his second plan after all this delay may share the same fate. His Excellency in Council will of course take care in accordance with the existing Budget rules that all alterations of sanctioned appropriations shall be brought duly under the notice of the Government of India.

25. As regards the Commission's proposal to abolish the Reserve Fund altogether, His Excellency in Council is sincerely thankful that their proposition has not been endorsed by the Government of India, for he considers that course would have been entirely retrograde, and very obstructive to the proper administration of this country.

26. His Excellency in Council, however, does not consider that power to sanction from the Reserve should be limited to works not exceeding Rupees 10,000, and can see no sufficient reason for such a restriction. Circular No. 14, of the 12th April last, by the Government of India, intimates that this arrangement is not to have effect at present, and His Excellency in Council hopes that the proposed change will never be introduced. If every petty work in excess of Rupees 10,000, which is not provided for in the Budget, has to be referred to the Government of India, it would be better at once to complete the system of centralization in regard to public works' expenditure and leave no discretion at all to the Local Government.

27. The plan of having five small reserves, instead of one large one, is also, in His Excellency in Council's opinion, open to objection, as an unnecessary complication. His Excellency in Council approves of works calculated to cost less than Rupees 2,500 being lumped in the budget estimate, but does not consider that their aggregate amount should be a deduction

tion from the Reserve; such an arrangement does in fact reduce the Reserve, and might, under some circumstances, entirely absorb it. Indeed coupled with the views that have been put forward in regard to the abolition of the Reserve, it appears almost as if the plan suggested was intended as a commencement of a system by which there would be no such fund, and as the first step towards its abolition. In this respect His Excellency in Council, I am desired to say, is strongly opposed to the proposal, and trusts that it may not be finally sanctioned. As an amendment he would suggest that all works that are foreseen, and are calculated to cost less than Rupees 10,000, should be lumped under each head of service, and that in addition to this there should be one Reserve of 10 per cent on the gross assignment for unforeseen works without restriction as to estimated cost.

5th.—12. *Store Accounts.*

28. The system laid down will certainly simplify accounts very much, but whether it will tend to economy is, I am desired to say, extremely doubtful. His Excellency in Council is, however, quite willing to adopt it, for he entirely approves of its tendency which is to reduce detail. The change, however, cannot be fully made in Bombay till the ensuing official year.

6th.—13. *The substitution of cash payments for liabilities as charges in the accounts.*

29. The alteration has no practical bearing on the transactions of this Presidency, but its advisability is fully concurred in by His Excellency in Council as a matter of theory.

7th.—14. *Abolition of an intermediate Suspense Account in the Central Offices; all audited expenditure being charged direct against the Government.*

30. His Excellency in Council fully and entirely concurs with the Government of India on this point.

8th.—15. *Inclusion of all Public Works in the same Budget.*

31. Under the system pursued in this Presidency, and consequent on the arrangement by which Local Committees are formed for the administration of Local Funds, the Budget of Local expenditure must be kept entirely separate from that which relates to Imperial Grants. Of course in the after stages these Budgets may be amalgamated, but they must be submitted and sanctioned separately, and the plan proposed of considering Local Funds administered by the Imperial establishments, as contributions to Imperial Grants, would be likely to be productive of misunderstanding, and to be distasteful to those who contribute, and desire to administer under certain rules and restrictions, the various funds.

32. Instead of the maxim, that the agency should determine the character of the charge, which is not based on truth, it is better to rule that the source from which the funds are raised should determine the charge; and as to accounts there need be no difficulty; it is only requisite to open a second set of books similar to those which relate to Imperial Grants, for Local expenditure, to bring out the results annually in precisely the same manner that the results of Imperial expenditure are brought out, and ultimately if it is considered necessary to draw both classes of outlay into one general return.

33. His Excellency in Council prefers to deal in this way with the Local Funds' Revenues in this Presidency, and as his main object in so doing accords with that laid down by the Government of India as so desirable, i. e. to cherish the germ of self-government in the administration of Local Funds, by allowing each Local Committee to see that the funds it contributes are really and in bona fide appropriated to Local purposes, and not mixed up with Imperial

grants; he hopes that the Government of India will concur with him in considering that no interference with this arrangement is either called for, or desirable.

9th.—16. *Stores from England.*

34. His Excellency in Council concurs, I am desired to say, in the view taken by the Government of India.

10th.—17. *Reduction of Stock.*

35. The stock kept up in this Presidency is, and has always been, comparatively very small. The system now advocated by the Commissioners, and approved by the Government of India, of charging materials at once to works, has always been the rule in Bombay; His Excellency in Council therefore has only to record his full concurrence on this point.

11th.—18. *Transfer of the compilation of accounts from Controller's Office to those of Executive Engineers.*

36. As the Government of India are aware, this Government has always laid great stress on the necessity that Executive Engineers should be entrusted with the duty of compiling their own accounts, and has more than once urged this point, not only when resisting the introduction of the so-called Bengal system, but also when bringing the necessity of providing the Executive Engineers with proper accountants, who would relieve their principals of the drudgery of preparing, but not of the responsibility of rendering their detailed accounts. His Excellency in Council therefore very cordially concurs in the advisability of the change it is now proposed to make elsewhere, according as it does with the system that has hitherto prevailed here. It will, however, be essential to give full effect to this plan, that Executive Officers should be furnished with really efficient accountants, so that they may be really, and not nominally, relieved of account drudgery.

37. His Excellency in Council, I am desired to say, cordially agrees with the Government of India, that a code for all India would not be practicable or desirable if practicable. He accepts the conclusion as indisputable that the accounts which go up to the Government of India should be absolutely uniform in form, but will avail himself of the permission accorded (which in his opinion is quite indispensable to the proper working of the system) to make such deviations in the system of detailed arrangements of works, of the actual disbursements of money, and of the original accounts of such disbursements as seem to him to be requisite.

38. In the principles of the detailed accounts, as exhibited in the forms which have been furnished, His Excellency in Council, I am desired to say, concurs, and no great alteration will be needed to apply them to the system of accounts already in force in this Presidency.

39. I am now, in conclusion, desired to express the entire concurrence of His Excellency in Council in the commendation bestowed on the labors of the Accounts Commission in the first para: of the Resolution under reply.

I have the honor to be,

Sir,

Your most obedient servant,

BOMBAY CASTLE,
19th July 1864.

Lieut.-Colonel, R. E.,
Secretary to Government.

No 1217 of 1864

19

Public Works Department

Bombay Castle

21 July 1864

From Lt Colonel Kennedy R E
Secretary to Govt. Bombay.

To The Secretary to Government
Fort St George
Madras

Sir,

I am directed to forward for the information of the Government of Madras 3 Copies of a letter addressed by this Government to the Government of India on the subject of the new system of accounts recommended by the late Commission of Public Works accounts, and commented on in Govt. Resolution by the Government of India No. $\frac{4}{1405}$ dated the 24th of March last, and I am desired to express a hope that the Government of Madras will furnish this Government with a copy of any report they have made, or may make on the same subject.

I have the honor to be

Sir
Your most obedient servant

Yours &c Lt Colonel R E
Secretary to Government

with the request contained in

W 3398/54

Don't forget to
write to me
often
I am
very
lovingly
yours
Mother

Don't forget to
write to me
often
I am
very
lovingly
yours
Mother

Sub- Works 1864. Definitive
Pro. of Govt. for Supp.

No 3398.

From the Secretary to the
Government of Bombay
W. W. D. 11

Dated 21st July/64 } No 1217.
Recd 1st Augth/64

E One

Forwarding three
copies of their letter to the Govt. of
India on the subject of the new
system of accounts; and requesting
to be furnished with a copy of
the report of the Madras Govt. on the same subject.

No 182

1
No 2270-2271-8th August 1864-

22nd July Pub: Works Depart
Proceedings of the Madras Government
under date the 2nd August/64

Read the following
from the Secy to the Govt
of India Bombay.

Forwarding three copies
of their letter to the Govt. of
India on the subject of the new
system of accounts &c:
requesting to be furnished
with a copy of the report of
the Madras Govt. on the
same subject

No 1. 21st July 1864

No 217-

Ordered that the

following letter be sent.

No 2271-8th August 1864

To The Secretary to the
Govt of Bombay
P.H.D.

Sir. (in accordance)

with the request contained
in

in your letter No 1217
dated 21st July 1864

I am directed to forward,
for the information
of the Government
of Bombay, three
copies of a letter addressed to 1889 7/29
by the Madras Govt
to the Govt of India,
with reference to the new
system of Accounts com-
menced on in the Pro.
of the Right Honorable
the Governor General
in Council No 4 A

dated 24th March
1864. 25

1/7
Shepheard
8th August 1864

Recd 9th August - With copy
of G.O. No 1889-

(10)

10th V. 1864 Dept

Pro. of Govt. for Aust.

No 227/1864

Pro. of the Ch. Govt.

D/- 8th Aug 64.

Forwarding three
Copies of its letter to the
Govt. of India on the
subject of the new system
of Accounts recommended
by the Commission of
P. & W. Accounts; and
requesting to be furnished
with a copy of the report
of the Ch. Govt. on
the same.

No 162 @ 184