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MADRAS RECORD OFFICE.

Government of Madras.

Public Works DEPARTMENT.

G.O. No. <u>3524</u>	Press
<u>185-186</u>	Mis.
Dated <u>12-12-</u>	<u>1864.</u>

Not to be folded or roughly handled

*Proceedings of the Madras Government, Public Works Department,
12th December 1864.*

No. 185. Read the following Proceedings of the Governor General of India in Council, Public Works Department, dated Simla, 22nd September 1864, No. 519A-4,675 :—

Read Report dated 2nd August 1864, by the Accountant General, Public Works Department, on the Public Works Budget-Estimate, 1864-65.

OBSERVATIONS.—His Excellency the Governor General in Council observes that the report rendered by the Accountant General, Public Works Department, has been delayed several months from the non-submission by the Government of Bombay of its Public Works Budget-Estimate at the proper time. It is further observed that the Budget-Estimate of the Rampart Removal Works for Rupees 20,43,300 has not even yet been submitted, so that the figures relating to these works in the Accountant General's report are necessarily approximate ones only.

2. The various points of the report, which His Excellency in Council observes contains much valuable statistical information, that call for remarks and orders, may be summed up as follows :—

3. *The necessity for a detail of the various items comprising the Budget provision for repairs, in order to admit of check being exercised on the grant for this head of service.*—

Paragraph 18.

This is a point which may conveniently be dealt with in the new forms of Budget-Estimates now under consideration; but His Excellency in Council takes this opportunity of again impressing upon all local Governments and Administrations the necessity for watching jealously this class of expenditure, the grants for which have increased year by year as shown by Table B of the Accountant General's Report.

4. *Expenditure on Military and Civil Buildings.*—The Governor General in Council is not sanguine that the heavy charge for barrack re-construction will terminate in five or six years.

Paragraph 21.

Further, in addition to outlay on this account, it is likely that throughout India provision will soon have to be made for a very large expenditure for the improvement of the Jails. The sum necessary on this account cannot be estimated at less than one million sterling, though the outlay may be spread over a considerable period.

5. *Percentage of the charges for establishment as compared with Budget grants.*—The attention of the Government of Madras should be drawn to the remarks made on this head, with a request that the Budget-Estimate for

Paragraphs 26-45.

1865-66 may be framed so as to include all establishment charges of whatsoever kind under that head; until this rule, already frequently enunciated by the Government of India, is every where attended to, it is impossible to make satisfactory comparisons between the establishment charges of different Provinces.

6. His Excellency in Council desires to draw attention to the results exhibited by the Accountant General, as regards the expenditure on Office contingencies, and directs that enquiries should be instituted with a view of reducing these charges in the North Western Provinces, and also in Bengal and Punjab, in which Provinces the charges under this head are shown to be proportionately high.

7. *Local Fund Estimates.*—These still come up too loosely to admit of any exact comparison of results.

Paragraph 49.

8. In conclusion, His Excellency in Council remarks that, comparing the general result of the Public Works grant for the current year with that of the two previous years, the Imperial expenditure has risen from 3½ millions in 1862-63 to 4½ millions in 1863-64 and 1864-65; that the local expenditure, including Income Tax, has varied from 1½ millions to 1¾ millions; that

*Proceedings of the Madras Government, Public Works Department,
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the expenditure of Capital for Railways under guarantee has been reduced from 5½ millions in 1862-63 to 4½ millions in 1863-64 and 1864-65. The aggregate has remained nearly stationary at 11 millions.

ORDER.—Ordered, that a copy of the foregoing Resolution, together with the Accountant General's report, be forwarded to all local Governments and Administrations for information and guidance, and to the Home, Military, Financial, and Foreign Departments, and to the Quarter Master General of the Army, for information.

Ordered also, that a copy of this Resolution be forwarded to the Accountant General, Public Works Department, for information.

Also, that a copy of the report, omitting paragraphs 3—11, be published in the Gazette of India.

(Signed) R. STRACHEY, Colonel, R. E.,
Secretary to Government of India.

(Signed) E. C. S. WILLIAMS, Captain, R. E.,
Under Secy. to the Govt. of India.

To the Secretary to Government of Madras, Public Works Department.

No. 186. ORDER THEREON, 12th December 1864, No. 3,524.

1. Communicated to the Superintending Engineers and to the Controller of Public Works Accounts.

2. Separate orders will be passed on the subject referred to in paragraph 5.

(True Extract.)

(Signed) CHARLES A. ORR, Colonel, R. E.,
Secretary to Government.

To the Superintending Engineers.
„ Controller of Public Works Accounts.

Exd. T. O'Connor.

Enclosure to Current Letter No. ^{549A}/₄₆₇₄ of 1864.

ESTIMATE OF PUBLIC WORKS EXPENDITURE

IN

INDIA,

FOR THE YEAR 1864-65,

WITH REPORT THEREON BY THE ACCOUNTANT GENERAL,
PUBLIC WORKS DEPARTMENT.

40/1721/64
Clerk

BUDGET-ESTIMATE FOR PUBLIC

GENERAL ABSTRACT OF ESTIMATED EXPENDITURE FOR PUBLIC WORKS

LOCAL GOVERNMENTS AND ADMINISTRATIONS.	MILITARY.		CIVIL BUILDINGS.		AGRICULTURAL.		COMMUNICATIONS.	
	Original Works.	Repairs.	Original Works.	Repairs.	Original Works.	Repairs.	Original Works.	Repairs.
	£	£	£	£	£	£	£	£
Madras ...	100,777	13,132	80,445	15,087	71,190	103,528	62,608	110,224
Bombay ...	134,035	40,000	41,385	22,214	48,431	40,385	179,213	61,385
Bengal ...	31,727	25,920	98,970	35,500	41,568	23,750	137,735	68,720
N. W. Provinces ...	109,823	41,925	70,567	19,773	53,212	37,425	148,207	70,877
Punjab ...	102,760	21,608	45,760	9,484	55,431	21,296	114,156	65,385
Oudh ...	43,552	10,088	27,892	3,412	...	...	73,031	18,671
Central Provinces ...	39,082	7,400	24,863	3,805	...	30	135,653	15,890
British Burmah ...	62,397	10,000	42,879	3,300	2,836	850	31,198	8,200
Hyderabad ...	38,598	4,200	6,783	1,330	...	...	23,885	2,100
Straits Settlements ...	4,725	1,424	8,508	2,021	765	210	2,524	2,335
Minor Administrations*	4,800	483	16,095	2,228	90	70	19,805	1,910
Reserve at disposal of Government of India	...	...	...	...	...	...	...	...
	672,276	176,180	464,147	118,154	273,523	232,544	928,015	425,697
	848,456		582,301		506,067		1,353,712	
					2,288,145			

* Ajmere, Rajpootana Agency, Central India Agency, Coorg, Settlement of Port Blair.

WORKS IN INDIA, 1864-65.

IN INDIA FOR THE YEAR FROM 1st MAY 1864 TO 30th APRIL 1865.

MISCELLANEOUS PUBLIC IMPROVE- MENTS.		TOTAL.		ESTABLISHMENT.	LONDON SUPPLIES.	STATE OUTLAY ON RAILWAYS.	TOTAL IMPERIAL ESTI- MATE.	
Original Works.	Repairs.	Original Works.	Repairs.				1864-65.	1863-64.
£	£	£	£	£	£	£	£	£
4,144	3,029	319,164	250,000	127,303	10,000	19,428	725,895	678,615
373,718	1,016	776,782	165,000	148,704	8,844	171,000	1,270,330	1,328,852
...	1,110	310,000	155,000	110,000	...	47,164	622,164	698,114
...	...	381,809	170,000	132,471	...	44,760	729,040	638,343
7,116	385	325,223	118,158	121,619	...	21,400	586,400	567,038
...	480	144,475	32,651	30,127	...	12,747	220,000	220,000
...	20	199,598	27,145	62,257	1,000	5,000	295,000	293,665
25,190	650	164,500	23,000	32,500	...	...	220,000	197,500
...	...	69,266	7,630	13,104	...	...	90,000	92,679
9,387	321	25,909	6,311	7,780	...	...	40,000	40,000
1,800	...	42,590	4,691	5,219	...	...	52,500	37,810
...	...	...	...	...	...	...	...	53,523
421,355	7,011	2,759,316	959,586	791,084	19,844	321,499	4,851,329	4,846,139
428,366		3,718,902		Loss by rate of Railway exchange			256,900	294,600
				Grant from one per cent. Income Tax Fund			250,000	380,000
				Total			5,358,229	5,520,739

Report by MAJOR G. CHESNEY, Accountant General, Public Works Department.

A copy of the foregoing estimate of Public Works expenditure in India was submitted to Government with my letter No. 166 of the 23rd June 1864. The late date of its preparation was due to the non-submission in proper time of the Bombay Estimate, which was not received here till the 6th of June 1864, and the orders on which were not passed by the Government of India till the 16th of June 1864.

2. But the detailed orders on those estimates of the other Governments and Administrations which were received in proper time, upon which orders the entries in the foregoing general estimate are based, were not all issued by the commencement of the official year. The provincial estimates are due on the 1st February, and most of them were punctually submitted, but they were based on the approximate allotment of grants made in Public Works Circular No. 63 of the 23th December 1863, and the final grants were not announced by the Financial Department until the 7th of April 1864. The final grants exceeded the approximate grants notified in December 1863, by £704,330, £300,000 of this additional sum being given specially for the construction of new Military buildings, and £404,330, as a special grant to Bombay; and this difference necessitated the re-casting the whole of the estimates in this Office, a work involving much time and labour.

3. The procedure adopted in regard to the estimates of this year, as above described, has been the practice for some years; an approximate distribution of grants is first made, usually about the end of the calendar year, upon which the provincial estimates are framed. The estimates when received by the Government of India, however, instead of being dealt with at once, are not taken up until the final grants are declared, and are then entirely re-cast to accord with these grants, or else are passed for the original amounts; supplementary estimates being called for of the proposed disposal of the additional grants.

4. Either plan causes much labour in the preparation of the estimates and accounts, but a greater inconvenience arises in the check caused to the progress of works by this delay in passing the Budget orders. It is true that the Budget rules provide that works commenced in one year may be continued in the following without waiting for the issue of orders; but there can be no doubt that uncertainty whether the appropriations made to the different works in the estimate will be passed, must tend to interfere with the regular progress of work, while no new works can be commenced till the Budget orders are received by the Local Governments, and thus the best working months of the year are often lost, and the expenditure has to be crowded in the latter months of the year to admit of the grant being spent.

5. The object of withholding the final appropriation of funds to this Department till the commencement of the year is, I believe, to ascertain if the approximate estimate can safely be kept to, and whether the state of the general financial estimate will not admit of an addition being made to the Public Works portion of it, in excess of the approximate estimate.

6. It may probably be accepted as essential conditions of a satisfactory outlay on Public Works that the rate of expenditure should not be subject to violent fluctuations, and that due forethought should be exercised in undertaking specific works; establishments can neither be increased nor reduced suddenly without a sacrifice, and the economical execution of work is seldom possible if it is undertaken in a hurry. In most parts of India the supply of neither labour nor materials can be suddenly increased, except at a sacrifice in price, while an inspection of the provincial estimates will show that almost everywhere the Local Governments are behind hand with their projects and detailed estimates of works, and that instead of the works waiting for the money, the money is waiting for the works. The usual result, therefore, of a sudden addition being made to the Public Works grants late in the season, is that the Departmental Officers and the Local Government have to cast about for satisfactory means of spending it. Not that the demands do not exist for appropriating this money, since indeed they are almost illimitable, but that they are not developed into a state which admits of their being immediately satisfied.

7. It is therefore submitted as very desirable that the element of uncertainty which now pervades this branch of the departmental business should be removed, and that the supplies for public works should be regulated, rather as if the demands were a determinate one which could be satisfied by a certain sum, than as something indefinite to be regulated by the surplus of the year. The final grant is, after all, not made on actual saving, but on an estimated saving, and practically the finances would not be liable to greater derangement if the charge for public works were treated as a fixed one for the time being like that for the army, than if it were altered to conform with the fluctuations in the financial estimates at the end of the year. It would never be proposed to carry on the business of any other great department by grants liable to sudden fluctuation from year to year, and it appears equally essential in the case of this department also, if the funds supplied are to be laid out with the best economy and advantage, that the rate of expenditure should be evenly maintained for considerable periods of time. A moderate grant made in good time is likely to go further and more profitably than a larger one made without due notice.

8. If, however, sudden fluctuations in the amount of grants are necessary, it seems probable that sudden reductions are likely to be less inconvenient than sudden additions, for the departmental establishments are now everywhere on a moderate scale, and everywhere there appears to be great arrears of work in the preparation of estimates for new projects.

9. On this point it may be noticed that the tardiness which is now so common would possibly disappear under a more regular mode of granting Public Works Funds. The present uncertainty is not conducive to prevision; but if each province were assured of a regular supply of funds for public works, it may be hoped that due forethought would come to be exercised in preparations for its disposal.

10. Under these views it is submitted as an improvement on the existing practice, that the grant to the Public Works Department should be finally notified to the department not later than December, with the understanding that no decrease should be made, unless extraordinary circumstances should render it absolutely necessary, but that at any rate no increase would be allowed. A sudden change in the rate of expenditure would thus be prevented; the variation made in the grant to a province, as compared with the grant for the current year, would be known several months beforehand, and there would be time to revise the establishments and to make other necessary preparations to accord with the grant allowed.

11. If this proposal is acted upon, then the provincial estimates would come up as at present in February, and would be subject to no revision as regards the total amounts; the detailed Budget orders would be prepared during February and March, and the general Public Works Estimate could be laid before the Financial Department in the first week of April.

12. Turning now to the estimate of the present year, the following statistics may be of interest:—

13. Table A shows the grants for expenditure under the direct administration of the Public Works Department for the six years commencing from 1859-60.

TABLE A.

Grants for Public Works from 1859-60 to 1864-65, exclusive of the allotments for State Expenditure on guaranteed enterprise.

LOCAL GOVERNMENTS AND ADMINISTRATIONS.	1859-60.	1860-61.	1861-62.	1862-63.	1863-64.	1864-65.
	£	£	£	£	£	£
Madras	670,000	620,000	660,000	720,000	644,445	680,000
Bombay	485,000	505,000	525,000	580,000	1,118,852	1,099,330
Bengal	450,000	514,917	510,000	518,900	659,614	545,000
N. W. Provinces	800,000	610,000	630,000	600,686	617,643	684,280
Punjab	564,000	510,000	540,000	510,000	552,037	565,000
Nagpoor	60,000	60,000	85,000			
Central Provinces				181,400	278,666	290,000
* British Burmah	145,000	149,210	145,000	172,500	197,500	220,000
Oudh	395,000	250,000	190,000	172,170	220,000	207,253
Hyderabad	53,000	82,459	54,100	66,600	92,679	90,000
Straits Settlements	63,300	67,968	40,000	42,000	40,000	40,000
Minor Administrations		1,800	17,500	28,677	37,810	52,500
Unappropriated balance of Government of India Reserve			23,940	62,402	53,523	
Total	3,685,300	3,371,354	3,420,540	3,655,335	4,512,769	4,473,363

* The Province of British Burmah was established in 1862. The grants shown under this head in the first three years were allotted to the Pegu and Tenasserim Provinces. The grants on account of Arracan were provided for in the Bengal Estimate.

† The grant shown in the general estimate (page 2) is £ 4,846,139
The grant shown in the above Table is 4,512,769
Difference explained below 333,370

Grants not included in Table A.

1. For State outlay on guaranteed enterprise 168,934
2. Supplementary grant to Madras and Bombay for purchase of land for Railways 161,436
... .. 333,370

For an explanation of the items comprising the above amount, £4,512,769, as the net grant for 1863-64, see Appendix I.

† For explanation, of the difference between this item and that shown in the general estimate at page 2, as the grant for 1864-65, see Appendix II.

14. It will be observed that the expenditure during the last two years is at the rate of about a million sterling more than that of the first four years. Of this increase, half a million has been obtained by Bombay, and the rest by the smaller provinces; the grants to Madras, Bengal, North Western Provinces, and Punjab have remained at nearly the same figure throughout.

15. Table B shows the distribution of the allotments for works, between original works and repairs, for the last three years. It will be observed that the expenditure on repairs has increased at the rate of £45,000 a year, but some increase is a necessary consequence of the yearly additions made to the finished roads which have to be maintained. Also, a large part of the army is still housed in the temporary barracks constructed after the mutiny, the cost of keeping which in repair will increase yearly so long as they are maintained.

TABLE B.

Shows grants from Imperial Funds for Original Works and Repairs from 1862-63 to 1864-65, exclusive of the allotments for State Expenditure on guaranteed enterprize.

LOCAL GOVERNMENTS AND ADMINISTRATIONS.	ORIGINAL WORKS.			REPAIRS.		
	1862-63.	1863-64.	1864-65.	1862-63.	1863-64.	1864-65.
	£	£	£	£	£	£
Madras	296,556	263,105	296,952	233,993	229,466	250,000
Bombay... ..	302,113	808,364	776,782	158,852	158,819	165,000
Bengal	270,748	382,459	280,000	128,972	147,500	155,000
N. W. Provinces	350,686	319,266	381,809	130,000	168,036	170,000
Punjab... ..	260,185	323,016	325,223	124,815	120,153	118,158
Central Provinces	119,304	202,924	199,598	24,314	25,141	27,145
British Burmah	111,840	148,637	164,500	31,500	18,863	23,000
Oudh	125,000	167,626	144,475	20,000	23,674	32,651
Hyderabad	46,805	71,862	69,266	8,445	8,070	7,630
Straits Settlements	24,626	24,321	25,909	7,412	5,899	6,311
Minor Administrations	22,171	30,671	42,590	3,473	4,285	4,691
Totals	1,930,034	2,747,251	2,707,104	871,776	909,906	959,586
Unappropriated balance of Government of India Reserve	62,402	53,523	...			
Add for Repairs	871,776	909,906	959,586			
Add for Establishment as per Table E	763,102	750,336	786,829			
„ London Supplies and other Stores	28,021	51,753	19,844			
Grand Total as in Table A.	3,655,335	4,512,769	4,473,363			

16. At the same time there can be no doubt that unless the estimates for repairs are very strictly scrutinised, their tendency will be to increase unduly, and funds will be diverted to them, which might be more profitably devoted to new works. On this point, the information given in Table C below will be interesting:—

TABLE C.

Showing the expenditure incurred on repairs from Imperial Funds for 1862-63, as compared with the allotments proposed in the provincial estimates, and those granted by the Government of India.

LOCAL GOVERNMENTS AND ADMINISTRATIONS. (Excluding Minor Administrations.)	ORIGINAL ALLOTMENT BY LOCAL GOVT. IN BUDGET-ESTIMATE.	AMOUNT PASSED IN BUDGET ORDERS.	ACTUAL EXPENDITURE.	DIFFERENCE.		REMARKS.
				Increase of outlay over allotment allowed.	Decrease of ditto.	
	£	£	£	£	£	
Madras	238,139	233,994	223,833	...	10,161	
Bombay... ..	166,167	158,851	155,493	...	3,358	
Bengal... ..	142,000	A 128,972	203,100	74,128	...	
N. W. Provinces	139,782	130,000	132,734	2,734	...	
Punjab... ..	143,855	124,815	112,210	...	12,605	
Central Provinces	18,000	24,314	16,662	...	7,652	
British Burmah	31,500	31,500	24,176	...	7,324	
Oudh	21,000	20,000	23,280	3,280	...	
Hyderabad	8,445	8,445	7,065	...	1,380	
Straits Settlements	7,412	7,412	5,351	...	2,061	
	916,300	B 868,303	903,904	80,142	44,541	
Deduct Bengal	142,000	128,972	203,100	74,128	...	
	774,300	739,331	700,804	6,014	44,541	

17. This Table shows the reductions made by the Government of India in the provincial estimates for repairs for 1862-63, and the actual expenditure for that year. Deducting the Bengal estimates and expenditure, since in that Province for some reason unexplained*, the expenditure has exceeded the original estimate by the large sum of £74,000, without authority or report, it will be seen that the original estimates were cut down by the Government of India to the extent of £35,000; and that the expenditure fell short of the reduced sum passed by £38,000. These figures seem to show that there is a tendency to estimate the repairs at a needlessly high figure, that they ought to be carefully scrutinised, and that it is practicable to cut them down considerably. In the present year the reductions made have been—

In Bombay Estimate £ 25,035
In N. W. Provinces ditto „ 14,604
In Hyderabad ditto „ 1,370

18. It may be not out of place to notice here that the present form of repairs estimate is not well adapted for the purposes of criticism and check. In fact, it conveys no sort of detailed information, and nothing can be predicated of the items entered in it, except whether they are less or more than those of previous years, or than those entered in the estimates of other Governments. In this respect the revised form of Budget-Estimate proposed by the Accounts Commission, appears also to be susceptible of improvement, and a proposal for supplementing it by additional details will shortly be submitted, after communication with Messrs. Foster and Whiffin. The expenditure on repairs is so large, (in Madras it takes up nearly one-third of the whole Budget grant,) that it seems very necessary to subject it to the same scrutiny as is bestowed on all other expenditure.

A.—The amount actually passed in the Budget orders was £130,242. The difference £1,270 represents the estimate of the Sumbulpoor Division, the amount of which was transferred to the Central Provinces with the transfer of the Sumbulpoor District.

B.—The difference between this entry and the corresponding one in Table B, is due to the omission from the former of the grant of £3,473 to the Minor Administrations.

19. Table D. shows the distribution of grants for original works for the last three years under the three main heads of Military, Civil (State) Buildings, and Public Improvements of all kinds.

TABLE D.

Grants for original works from 1862-63 to 1864-65, exclusive of the allotments for Railways and other guaranteed enterprise.

LOCAL GOVERNMENTS AND ADMINISTRATIONS.	MILITARY.			CIVIL ADMINISTRATION.			PUBLIC IMPROVEMENT.		
	1862-63.	1863-64.	1864-65.	1862-63.	1863-64.	1864-65.	1862-63.	1863-64.	1864-65.
	£	£	£	£	£	£	£	£	£
Madras ...	25,760	63,327	100,777	8,644	38,025	80,445	198,153	114,121	115,730
Bombay ...	96,840	180,714	131,034	14,885	70,123	41,385	137,389	499,527	601,363
Bengal ...	15,977	19,696	31,727	51,931	228,332	98,970	150,491	102,133	149,303
N. W. Provinces ...	47,849	52,756	109,823	76,682	59,778	70,567	166,456	152,732	201,419
Punjab ...	30,000	89,445	102,760	12,550	24,008	45,760	166,502	164,063	178,703
Central Provinces ...	9,499	17,500	39,082	18,889	17,920	24,863	73,964	153,104	135,653
British Burmah ...	28,189	32,666	62,397	30,044	24,703	42,879	39,356	73,763	59,224
Oudh ...	40,000	50,000	43,552	32,600	35,626	27,892	36,400	65,674	73,031
Hyderabad ...	32,806	30,752	38,598	3,925	5,502	6,783	2,823	27,664	23,886
Straits Settlements ...	7,939	4,293	4,725	791	5,318	8,508	10,757	6,081	12,675
Minor Administrations ...	3,393	2,963	4,800	3,360	17,927	16,095	12,098	5,692	21,695
Total ...	338,252	544,112	672,275	254,302	527,267	464,147	994,389	1,364,554	1,570,682
Add grant for Military Buildings...	...	...	...	...	...	...	338,252	544,112	672,275
" Civil "	...	...	...	...	...	...	254,302	527,267	464,147
" Reserve Fund "	...	...	...	...	...	...	343,091	311,318	...
Total grant for original works as per Table B ...	...	...	...	...	...	...	1,930,034	2,747,251	2,707,104

20. It may be observed as compared with the grants for 1862-63, those for 1864-65 show an increase of £334,000 for Military buildings, £210,000 for Civil buildings, and £576,000 for roads, canals, and other works of public improvement.

21. The present high rate of military expenditure may be expected to continue for at least five or six years more, until the existing barrack accommodation has been brought up to the proper standard of excellence, or new permanent barracks have been everywhere completed.

22. The demand for expenditure on Civil buildings continues to be very great. In some of the districts visited by the mutinies, the work of replacing the buildings destroyed during that time still goes on, while in others, as the Central Provinces, and parts of Oudh, almost the whole of the buildings necessary for the business of the administration have still to be constructed. The demand for work of public improvement is of course practically unlimited.

23. Table E below shows the grants for establishments during the last four years:—

TABLE E.

Grants for Public Works Establishments from 1861-62 to 1864-65, and the percentage of the allotments for the latter year on the total Budget grant.

LOCAL GOVERNMENTS AND ADMINISTRATIONS.	1861-62.	1862-63.	1863-64.	1864-65.			REMARKS.
				ESTIMATE FOR ESTABLISHMENT.	TOTAL OF BUDGET-ESTIMATE EXCLUDING STATE OUTLAY ON GUARANTEED ENTERPRISE.	PERCENTAGE OF ESTABLISHMENT ON TOTAL BUDGET GRANT.	
	£	£	£	£	£	£	
Madras ...	170,000	164,450	123,874	A 123,048	680,000	18.09	
Bombay ...	116,709	118,013	137,167	148,704	1,099,330	13.52	
Bengal ...	114,000	119,180	110,435	110,000	545,000	20.19	
N. W. Provinces ...	115,744	120,000	130,341	132,471	684,280	19.36	
Punjab ...	124,973	125,000	108,868	121,619	565,000	21.53	
Central Provinces ...	15,631	37,732	50,600	62,257	290,000	21.46	
British Burmah ...	21,639	29,160	30,000	32,500	220,000	14.77	
Oudh ...	22,485	27,170	28,700	30,127	207,254	14.54	
Hyderabad ...	11,310	11,350	12,746	13,104	90,000	14.56	
Straits Settlements ...	8,429	7,963	9,780	7,780	40,000	19.45	
Minor Administrations ...	...	3,034	2,855	5,219	52,500	9.94	
Total ...	720,920	763,102	B 750,336	786,829	4,473,363	17.59	

A.—Does not include £4,255 on account of Establishment of control for Irrigation Company; the grants for guaranteed enterprise having been omitted from this Table.
B.—Includes additional grants and modifications made during year.

24. It will be noticed as a satisfactory feature in this item of charge, that while the total public works expenditure has increased by a million sterling, the expenditure on establishments has during the same time increased by only £60,000, and this increase is only apparent. In 1862-63 it was ordered that the practice should be abolished of charging miscellaneous petty and temporary establishments in the accounts of works, and that they should be exhibited directly in the estimates and accounts under the head of establishments. The change appears not to have been carried out in Madras, and it is believed that the actual charges in that Presidency are considerably higher than the figures set down in the Tables. I am not able to speak certainly as to Bombay, but I believe that in every other part of India, the new rules are vigorously acted upon. The result has been of course an apparent increase of charge, but the advantage of maintaining the principle can hardly be doubted.

25. It will be observed from the Table that Punjab retains its pre-eminence for large establishment charges, but, as is noticed further on, the excess is partly due to the revenue establishments of the Canal Department, a charge peculiar to Punjab and the North Western Provinces. It may, however, be noticed that the Punjab establishments have been constantly increasing since they were enquired into and reduced in 1862.

26. Next to Punjab come the Central Provinces, but the high percentage is here due to the very large estimate sent up for the Gadavery works, which the Chief Commissioner has been asked to reduce.

27. The Bengal estimate is actually for £150,000, but the excess above £110,000, is to be charged to the Local Funds, which in that province are mainly dealt with by the Public Works Department. Taking that portion of the whole Imperial and Local Estimate which is thus dealt with, the percentage of Bengal establishments will be a trifle less than is set down in the Table.

28. The total percentage of establishment on expenditure for all India is 17.59. This head includes (with the exceptions stated in para. 24) every description of charge that can come under the term, excluding indeed only mere day labourers, and it will probably not be too much to say generally as the result of careful enquiry into every branch of them, that it would be impossible to bring them down lower and maintain efficiency under the present distribution of work. It is only by an alteration in the mode of that distribution that further economy is possible; the very moderate charges in Oudh are due to a large part of the expenditure taking place at military stations, where a small establishment can supervise a large outlay, while the civil expenditure is concentrated upon a few large works. The secret of moderate establishments is unquestionably to be found in concentration of works, a fact that cannot be too often insisted on. Still there are places where such concentration is impossible, as for instance, where the land revenue is dependent on the maintenance of a number of petty irrigation works; and it would obviously be mistaking the means for the end to press the point too far, and to adapt works to establishment instead of the establishment to works.

29. The low rate of establishment charges in British Burmah appears to be, to a certain extent, due to a favourable distribution of works, but principally to the high rates of labour and material, which raise the cost of work and diminish correspondingly the apparent cost of establishment.

30. Indeed, in considering the reduction of establishment charges which has been effected of late years, the share due everywhere to this cause must in fairness be taken into account. If rates are doubled, the out-turn of work for a given expenditure will of course be reduced by one-half, and the relative cost of supervision compared with the quantity of work may be actually increasing, while the actual charge as struck by a percentage appears to decrease.

31. It is true that the rates of pay for establishment will certainly vary with a general rise of prices as well as every thing else, but then the variation will be in a much less degree than that of the wages of labour.

32. To determine the amount by which the apparent reduction of establishments ought to be modified by the rise of prices, is of course impracticable. It appears certain, however, that a large allowance would have to be made on this head in the western part of India, and a certain allowance everywhere. Still, as was before observed, a detailed enquiry into establishments with reference to their actual employment would appear to show that generally they are on as low a scale as is proper. Certainly the opinion of local authorities would appear to be that they are too low, and continual demand is raised to extend them from every part of the country. But all State Establishments are an undoubted evil, albeit a necessary evil, and there can be hardly any question of the soundness of the policy which seeks to keep these down to the lowest possible point.

33. The subject of establishment charges is so important, that it may be useful to insert here the following Tables F and G, showing how the charges for the year are relatively distributed:—

TABLE F.

Percentage of Establishment Charges for 1864-65 on Budget grant.

	MADRAS.	BOMBAY.	BENGAL.	N. W. PROVINCES.	PUNJAB.	CENTRAL PROVINCES.	BRITISH BURMAH.	ODH.	HYDERABAD.	STRAITS SETTLEMENTS.	REMARKS.
Direction (including Office charges)...	4.48	1.83	3.68	3.27	3.14	2.99	2.8	2.08	2.7	4.73	
Accounts	.62	.37	1.63	1.42	1.47	1.58	1.87	1.46	2.11	2.38	
Construction { Engineering	7.47	7.89	10.15	9.16	11.12	12.55	6.97	7.62	7.36	9.04	
Offices	3.23	1.19	1.7	1.47	1.48	1.79	1.68	1.37	1.02	1.84	
Travelling allowance	1.89	1.68	1.8	1.64	1.94	1.77	0.85	1.23	0.8	1	
Collection and Police	.04	.01	.05	.66	1.37	...	...	...	...	...	
Contingencies	.36	.55	1.18	1.74	1.01	0.78	0.60	0.78	0.57	0.46	
Percentage of total establishment on Budget grant	18.09	13.52	20.19	19.36	21.53	21.46	14.77	14.54	14.56	19.45	

The expenditure for guaranteed enterprise has been deducted from the grants before preparing this Table. Also in the case of those provinces, in which a proportion of the establishment is charged to Local Funds, the amount of such charge has been deducted ratably from the different heads, Direction, Accounts, &c.

TABLE G.

Proportion of cost of different Branches of Establishment to total cost for the year 1864-65.

	MADRAS.	BOMBAY.	BENGAL.	N. W. PROVINCES.	PUNJAB.	CENTRAL PROVINCES.	BRITISH BURMAH.	ODH.	HYDERABAD.	STRAITS SETTLEMENTS.	REMARKS.
Direction, including Office	.25	.14	.18	.17	.15	.14	.19	.14	.19	.24	
Accounts	.03	.03	.08	.07	.07	.08	.13	.10	.14	.12	
Construction { Engineering	.42	.57	.51	.47	.51	.58	.47	.52	.50	.47	
Offices	.18	.09	.08	.08	.07	.08	.11	.10	.07	.10	
Travelling allowance	.10	.13	.09	.09	.09	.08	.06	.09	.06	.05	
Collection and Police	...	...	...	.03	.06	...	...	...	...	...	
Contingencies	.02	.04	.06	.09	.05	.04	.04	.05	.04	.02	
Total	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	

34. The comparison afforded by a Table of this kind, must, however, be necessarily imperfect, as has already been remarked, so long as the rule is not maintained of showing all establishment charges as such in the estimate. It is believed that the Madras rate appears lower than the actual rate from this omission.

35. The high charge for Direction in Madras is due to the large staff of Superintending Engineers maintained there, and also to the fact that the audit of the accounts is conducted in the Superintending Engineers' Offices. This also explains the small charge for the accounts branch, which has heretofore been charged with the merely mechanical duty of registering the bills of the Superintending Engineers, and can, in no sense, be said to be an Office of audit or control, except as regards establishment charges.

36. The percentage for Bombay will be subject to modification hereafter. The total estimate includes the grant allowed on behalf of the Rampart Removal Works, while the estimate for establishments includes only those which are employed on the ordinary public works. It is known, however, that considerable establishments have been engaged for the works under the Rampart Removal Committee, regarding which the particulars are not known, but which will certainly increase the actual percentage beyond the figure shown in the Table.

37. The explanations given in para. 35, regarding the small charge for the Accounts Office at Madras apply also to the Accounts Office at Bombay. As soon as these two office take up the functions of audit and accounts in a complete way, the charges will necessarily increase; but in Madras a corresponding reduction will be possible in the charges under direction of the Superintending Engineer's Offices.

38. The high percentage of Punjab 21.53 is explained by the special charge of 1.37 for establishments employed in collection of Canal Revenue, as has been already noticed.

39. A reduction of .66 from the North Western Provinces' rate on the same account brings down the charge there to the moderate figure of 18.70.

40. The Oudh and British Burmah Establishments have already been noticed.

41. The charge under head Construction in Hyderabad is particularly small; in fact there is no province in India with so weak an engineering staff. But the charge for the Accounts Office is very high. These offices will usually be more expensive in small than large Provinces, because the Controller's salary is distributed over a smaller number of Divisions; still the charge here appears excessive, and calls for enquiry.

42. The charge for the British Burmah Office also appears high; but this mainly arises from the item of Military allowance of the Deputy Controller in charge, who is a Major in the Staff Corps.

43. The great variation in the estimates for contingencies is very noticeable, and as this is a branch of expenditure which may be kept under control by proper management, the subject will repay enquiry.

44. A further detail of the contingencies is therefore given in the following Table showing their distribution among Direction, Construction, &c.:

TABLE H.

Distribution of charges for Contingencies on the different branches of Establishment.

LOCAL GOVERNMENTS AND ADMINISTRATIONS.	Total of Budget-Estimate, excluding State outlay on guaranteed enterprise.	ESTIMATE FOR CONTINGENCIES.				PERCENTAGE OF CONTINGENCIES ON BUDGET GRANT.			
		Direction.	Construction.	Accounts.	Total.	Direction.	Construction.	Accounts.	Total.
	Rs.	Rs.	Rs.	Rs.	Rs.				
Madras	68,00,000	10,200	14,413	600	25,213	.15	.21	...	.36
Bombay	1,09,93,300	10,262	48,610	2,200	61,072	.09	.44	.02	.55
Bengal	54,50,000	10,800	33,500	20,000	64,300	.20	.61	.37	1.18
N. W. Provinces	68,42,800	47,360	69,728	1,500	1,18,588	.70	1.02	.02	1.74
Punjab	56,50,000	7,940	40,296	8,750	56,986	.14	.71	.16	1.01
Central Provinces	29,00,000	4,970	10,060	7,600	22,630	.17	.35	.26	.78
British Burmah	22,00,000	2,550	8,340	2,400	13,290	.11	.38	.11	.60
Oudh	20,72,535	2,400	7,700	6,000	16,100	.12	.37	.29	.78
Hyderabad	9,00,000	1,700	1,956	1,500	5,156	.19	.21	.17	.57
Straits Settlements	4,00,000	1,000	350	500	1,850	.25	.09	.13	.46
Minor Administration	5,25,000	1,600	702	...	2,302	.31	.13	...	.44
	4,47,33,635	1,00,782	2,35,655	51,050	3,87,487	.22	.53	.11	.86

45. It will be observed that the contingencies for "Direction" and "Construction" in the North Western Provinces are estimated at nearly Rs. 48,000 and Rs. 70,000, against Rs. 10,000 and Rs. 49,000, for similar charges in Bombay. The total charges for contingencies

in the North Western Provinces are equal to those in Madras, Bombay, the Central Provinces, and British Burmah, all taken together. There appears to be a clear case for enquiry here. In Bengal and Punjab also, these charges are exceptionally high, and might usefully be enquired into.

46. The high charges for contingencies in Bengal under "Accounts," as compared with the similar charge in North Western Provinces, is partly explained by the fact that the Bengal Account Office has to supply printed forms to the Department, which, in the North Western Provinces, are printed at a Government Press. Still the charge appears needlessly high. The similar charges in Central Provinces and Oudh, Rs. 7,600 and Rs. 6,000, are high; the corresponding item for the much larger Punjab Office being only Rs. 8,750.

47. The Railway estimates, having formed the subject of a separate paper by the Under Secretary, Public Works Department, will not be remarked on here. It may just be noticed that the principal item of charge is for the purchase of land. This item in the case of guaranteed enterprize is supplemental to the regular grant made to each Province, but the charges incurred for enterprizes, which are not guaranteed, but are to be assisted by a subvention (as the Indian Branch Railway Company), have to be provided for by the Local Government out of its ordinary grant.

48. It may be proper to add that the estimate does not include the charge for interest on guaranteed Railway Capital.

Public Works Estimates from Local Funds.

49. The proposed expenditure under this head can only be stated approximately, as all the provincial estimates have not been received, and some are imperfect. There has been some confusion in the mode of preparing these estimates, from the fact not being apprehended that local taxes are not necessarily taxes for public works, nor local estimates solely estimates for public works; but it may be hoped that the local *public works* estimates will, next year, come up in a more perfect form.

50. The approximate expenditure on this head is shown in Table J below, which also contains a summary of the total estimated expenditure on Public Works in India from all sources during the year 1864-65:—

TABLE J.

Approximate estimated total outlay on Public Works in India during the year 1864-65.
(Excluding guaranteed interest and loss by exchange.)

LOCAL GOVERNMENTS AND ADMINISTRATIONS.	FROM IMPERIAL REVENUE, INCLUDING STATE OUT- LAY ON GUARANTEED ENTERPRIZE.	FROM LOCAL REVENUES, INCLUDING GRANT-IN- -AID FROM INCOME TAX.	GUARANTEED OUTLAY ON RAILWAYS AND IRRIGA- TION WORKS.	TOTAL.
	£	£	£	£
Madras	726,000	80,000	874,000	1,680,000
Bombay	1,270,000	347,000	1,927,000	3,544,000
Bengal	622,000	342,000	339,000	1,303,000
North Western Provinces	729,000	298,000	930,000	1,957,000
Punjab	586,000	190,000	440,000	1,216,000
Central Provinces	295,000	60,000	28,000	383,000
British Burmah	220,000	55,000	...	275,000
Oudh	220,000	50,000	...	270,000
Hyderabad	90,000	11,000	...	101,000
Straits Settlements	40,000	...	...	40,000
Minor Administrations	52,000	4,000	...	56,000
	4,850,000	1,437,000	4,538,000	10,825,000
Add outlay from Foreign Funds to be incurred in Mysore	...	...	...	152,000
Total estimated outlay on Public Works during 1864-65	...	...	...	10,977,000

51. It will be seen that the total outlay amounts to very nearly 11 millions sterling, of which nearly 5 millions will be disbursed from Imperial Revenues, nearly 1½ millions from Local Revenues, and 4½ millions from Joint Stock Capital of which the interest is guaranteed by the State.

SIMLA,
27th July, 1864. }

G. CHESNEY, Major,
Accountant General, P. W. D.

APPENDIX II.

Explanation of difference between amount of grant for 1864-65, as entered in estimate at page 2, and that entered in Table A.

The estimate for 1864-65, exclusive of grants for guaranteed and aided enterprize is entered in Table A. as	£ 4,473,363
Add for State expenditure on Railways	321,499
Add the following items included in the general estimate under the headings 'Agricultural' and 'Establishment,' but which, not being charges to be defrayed by the regular Public Works Department, have not been included in Table A. :—	
Madras,—Purchase of land for Irrigation Company	22,212
Controlling Establishment for ditto	4,255
Bengal,—Purchase of land for Irrigation Company in Cuttack and Orissa	30,000
Total as in general estimate	4,851,329

APPENDIX I.

Statement explanatory of the difference between the original Public Works grant for 1863-64, (excluding State outlay for guaranteed enterprise,) and the final grant as entered in Table A.

ADDITIONAL GRANTS MADE DURING YEAR.	Amount.	Total.
	Rs.	Rs.
For Salt works in Punjab, vide Financial Department letter No. 412, dated 22nd January 1864 ...	1,00,000	
For sheds in the Bengal Custom House, vide Financial Department letter No. 669, dated 3rd February 1864 ...	1,00,000	
For certain Public Works at Port Blair, vide Financial Department letter No. 632, dated 2nd February 1864 ...	1,00,000	
For payment of land taken up for public purposes in the North Western Provinces, vide Financial Department letter No. 261, dated 16th January 1864 ...	76,429	
Additional grant to Bombay for Public Works, vide Financial Department letter No. 374, dated 26th May 1864 ...	45,17,267	
Additional grant to Bombay for works under the Rampart Removal Committee, vide Financial Department letter No. 516 dated 2nd June 1864 ...	4,51,250	
		53,44,946
AMOUNT TRANSFERRED.		
From the Civil Budget-Estimate for distilleries in Punjab, vide Financial Department letter No. 4072, dated 27th August 1863 ...	44,500	
From the Budget-Estimate, Post Office Department, for additions and alterations to Bangalore Post Office, vide Financial Department letter No. 4562, dated 16th September 1863 ...	1,600	
From ditto ditto ditto for the construction of a Post Office at Nagercoil, vide Financial Department letter No. 39, dated 5th January 1864 ...	1,009	47,109
Total additional grants for Public Works during 1863-64		53,92,055
	or £	539,205

Abstract of the grants from Imperial Funds for Public Works for 1863-64.

Original grant, vide Public Works Department Circular No. 18 G. G. of 1863 viz.:-

Works of public improvement	£	2,618,000
Civil buildings		570,000
Military Works, ordinary		650,000
Military Works, special		300,000
		4,138,000
Add grants made during year as above		539,205
		4,677,205
Deduct grants made from above for State outlay on Railways not included in present statement.		
Bombay,—Purchase of land for Railways	160,000	
Madras ditto	4,436	
		164,436
Total as per Table A.		4,512,769

D

No. 549 A.
4675.

PROCEEDINGS OF THE GOVERNOR GENERAL OF INDIA IN COUNCIL.

PUBLIC WORKS DEPARTMENT,
SIMLA, 22nd September, 1864.

Account.

Read:—

Report dated 2nd August 1864, by the Accountant General, Public Works Department, on the Public Works Budget-Estimate, 1864-65.

OBSERVATIONS.—His Excellency the Governor General in Council observes that the report rendered by the Accountant General, Public Works Department, has been delayed several months from the non-submission by the Government of Bombay of its Public Works Budget-Estimate at the proper time. It is further observed that the Budget-Estimate of the Rampart Removal Works for Rs. 20,43,300 has not even yet been submitted, so that the figures relating to these works in the Accountant General's report are necessarily approximate ones only.

2. The various points of the report, which His Excellency in Council observes/contains much valuable statistical information, that calls for remarks and orders, may be summed up as follows:—

3. The necessity for a detail of the various items comprising the Budget provision for repairs, in order to admit of check being exercised on the grant for this head of service.—This is a point which may conveniently be dealt with in the new forms of Budget-Estimates now under consideration; but His Excellency in Council takes this opportunity of again impressing upon all Local Governments and Administrations the necessity for watching jealously this class of expenditure, the grants for which have increased year by year as shown by Table B of the Accountant General's Report.

4. Expenditure on Military and Civil Buildings.—The Governor General in Council is not sanguine that the heavy charge for barrack re-construction will terminate in five or six years. Further, in addition to outlay on this account, it is likely that throughout India provision will soon have to be made for a very large expenditure for the improvement of the Jails. The sum necessary on this account cannot be estimated at less than one million sterling, though the outlay may be spread over a considerable period.

5. *Percentage of the charges for establishment as compared with Budget grants.*—The attention of the Government

Paras. 26-45.

of Madras should be drawn to the remarks made on this head, with a request that the Budget-Estimate for 1863-66 may be framed so as to include all establishment charges of whatsoever kind under that head; until this rule already frequently enunciated by the Government of India is every where attended to, it is impossible to make satisfactory comparisons between the establishment charges of different Provinces.

6. His Excellency in Council desires to draw attention to the results exhibited by the Accountant General, as regards the expenditure on Office contingencies, and directs that enquiries should be instituted with a view of reducing these charges in the North Western Provinces, and also in Bengal and Punjab, in which Provinces the charges under this head are shown to be proportionately high.

7. *Local Fund Estimates.*—These still come up too loosely to admit of any exact comparison of results.

Para. 49.

8. In conclusion, His Excellency in Council, remarks that, comparing the general result of the Public Works grant for the current year with that of the two previous years, the Imperial expenditure has risen from $3\frac{1}{2}$ millions in 1862-63 to $4\frac{1}{2}$ millions in 1863-64 and 1864-65; that the local expenditure, including Income Tax, has varied from $1\frac{1}{2}$ millions to $1\frac{3}{4}$ millions; that the expenditure of Capital for railways under guarantee has been reduced from $5\frac{1}{2}$ millions in 1862-63 to $4\frac{1}{2}$ millions in 1863-64 and 1864-65. The aggregate has remained nearly stationary at 11 millions.

ORDER.—Ordered, that a copy of the foregoing Resolution, together with the Accountant General's report, be forwarded to all Local Governments and Administrations for information and guidance, and to the Home, Military, Financial, and Foreign Departments, and to the Quarter Master General of the Army, for information.

Ordered also, that a copy of this Resolution be forwarded to the Accountant General, Public Works Department, for information.

Also, that a copy of the report, omitting paras. 3—11, be published in the Gazette of India.

(Signed) B. STRACHEY, Colonel, R. E.,
Secy. to the Govt. of India.

J. P. M. S. Captain, R. E.,
Under Secy. to the Govt. of India.

To The Secretary of Govt of Madras,
D. W. Sept. 1864.

See India Office

Handwritten notes and signatures in the right margin, including 'To the Secretary of Govt of Madras' and other illegible text.

W. 1861-1864
(No. of Controlling Officer)
No. 3721

Account

RESOLUTION

TO

FROM

SECT. TO GOVT. OF INDIA,
IN THE PUBLIC WORKS DEPT.

No. 549A
4675.

Dated SIMLA, 22nd September, 1864.

Received

31/10/64
Prin

no. 3524-12/10/64

Resolution on the Estimate of Public Works ex-
penditure in India for 1864-65.

with an order.

3524

no. 3524

*Communicated to the depy
Engineer to the Controller of Public
Works Accounts*

*Report on the subject as
forwarded in para 5*

*The depy Engineer's Report copy of Report of
1. Controller of Public Works*

*x387. Enclosure }
12/10/64*

*10
Done 13/10/64*

1861-1864

12/10/64