

(1) Number of pages 11

(2) Date of repair

(3) Initials of the Referencer

MADRAS RECORD OFFICE.

Government of Madras.

Public Works DEPARTMENT.

G.O. No. 111 Press
Mis.

Dated 13 / 1 / 1877.

Not to be folded or roughly handled

No. 219. Read the following Circular from the Government of India in the Public Works Department, (Account—General,) dated Fort. William, 30th December 1876, No. 93, P W:—

Manner of preparing Part I of Public Works Budget Estimate, and classification of Works by Projects.

Read again the following papers:—

Public Works Department Circular, No. 74 of 1876.

"	"	"	"	76 of	"
"	"	"	"	83 of	"
"	"	"	"	87 of	"
"	"	"	"	of	"
"	"	"	"	of	"

With reference to the pattern forms of Public Works Budget Estimate recently issued, the Government of India consider it necessary to draw attention to the manner in which it is desired that Part I of the estimate should be prepared for the future, and to the necessity that exists for classifying the works under the projects of which they form part.

2. As prepared at present, the Budget shows the grant for *each* Major Work to be undertaken during the year, without in most cases any mention being made of the project of which the work forms a part, or any order being preserved in the arrangement and classification of the entries. In many cases several of the works go to make up a project (such for instance, as the Cavalry Barracks at Trimulgherry, or the road to Raneekhet). Some of these works of the project have probably been completed in previous years, and are therefore omitted from the Budget. Others are not to be undertaken during the year current, and are likewise omitted. While several others have still to have estimates prepared for them, and so do not find a place in the Budget, or if entered, have their estimated cost left blank.

3. The result is that it is impossible to tell from the Budget, or from any other published document, the aggregate of the estimated cost of a project, or what the total outlay on it has been or will be. The arrangement opens the door to grants for works being passed without due regard to the total sanctioned cost of a project, and in many cases it is impossible to exercise an adequate check to see that the Local Government, or even the Government of India, have not exceeded the recognized powers of sanction. And as it happens in many instances that estimates are prepared for each work of a project as the occasion for the work arises; and as generally there is no estimate of the total cost of the project the necessity for ensuring that the aggregate cost sanctioned to date, and still remaining to be sanctioned, is on record when the Budget Estimate comes under review is apparent.

4. As instances to show the necessity for definite rules as to the course of procedure to be followed, the following cases are quoted:—

I.—Barracks and other buildings at Raneekhet and Chukrata.—Here the estimates are being sanctioned—some by the Government of India, and others by the Inspector-General—as circumstances require. Some of the buildings form portion of the

temporary project, others of the permanent. But the Budget Estimate does not show what the aggregate sanctions for the projects have been, or what the outlay, or what effect a series of works brought forward from time to time has on the total cost of the project.

II.—Road to Raneekhet.—Here again works are undertaken without the Budget showing the total sanctions. One year it is the first section of the road; another year it is a bridge; a third year it is the hill section of the road, each work being brought forward as a distinct project,—the result being that the total of the whole of them is nowhere brought together in the Budget Estimate for review when the grants are being passed.

III.—Roads in Central India.—In this Administration the estimates for roads come up in a peculiar way. Each road is divided into sections, and for each section an estimate is submitted one for earthwork, another for metalling, and a third for bridging, each estimate coming up separately, and being provided for in the Budget as if it were a distinct work. It is simply impossible to tell from the Budget what the total cost of the road is likely to be.

5. In considering this question the Government of India have two objects in view—

(I)—to have the Budgets prepared in some methodical way, so that the Secretary of State and the Government of India may know the purposes served by the works, and what remains to be spent to complete a project:

(II)—to have the works grouped in the accounts by projects.

6. On this latter point the Government of India have had occasion to refer to the Appropriation Account of the Public Works Department for several years. In these accounts the works are grouped by projects; but there is no certainty that the grouping is accurate, because the *sanctions* do not specify to what groups or projects the works belong, and it is the necessity that exists for having the sanctions recorded so as to be identified with projects, that it is desired that the entries in the Budgets should be arranged accordingly. Experience has shown that, if any general grouping is required, the start should be made in the Budgets, because the accounts work up to the Budgets. Once this is done, every successive stage of classification from the sanction to the estimate to the final record of the expenditure may be looked upon as ensured.

7. On the first point it has to be noted that the Budget is the document on which the operations of the year are based, and unless the whole of the main facts connected with a work are placed before the authority that passes the Budgets, there is no certainty that what is passed would have been allowed had the whole of the circumstances been placed on record before the passing authority. As the Budgets are prepared at present—say in the case of a road—it cannot be told whether the grant will complete the project or not, or whether it would be desirable to restrict or increase the expenditure on any project, so as to admit of its being brought into operation or suspended. Obviously it is important that the facts indicated by the total amount of the estimate for a project and the actual and probable outlay on it to the end of the year current should be on record and known, when the grants for the ensuing year are determined upon. In short, in the preparation of the Budget,

nothing more is wanted than order, and careful grouping. Roads that are practically portions of one road should be kept together. In Military cantonments, buildings appertaining to what should virtually be one project should be kept together, and it only needs care in the compilation of the Budget to do this.

8. For these reasons the Government of India have determined that the Budget Estimate of Original Works should be prepared by projects, so as to show distinctly the total of the sanctioned estimates and those still remaining to be sanctioned, compared with the outlay and the grant. The pattern forms of Budget Estimate show how this is intended to be done. Those forms as prepared are more or less a recast of the Budget of the current official year so as to show how those Budgets would stand if prepared in the form now prescribed. The difficulty in preparing the Budget Estimate according to the examples given would lie in cases where there is no general estimate for a project. In such cases it would mislead if the sanctions up to date were quoted in the column of estimate; so that it will be necessary to enter the total probable cost of the work,—a memorandum being added to the Budget to show how the amount is arrived at when that amount differs from the sum reported in the previous Budget.

9. The adoption of the course now ordered renders it necessary that the authorities empowered to sanction expenditure should be required to identify their sanctions with projects, so as to admit of the accounts of outlay being classified properly. If in the estimate or sanction to a work it was stated to what project the work relates, the accounts would be prepared accordingly. And it has therefore been provided for by the rules quoted in the margin that in every estimate for a work the project of which the work forms part should be mentioned.

Rule II of Public Works Department Circular No. 83 of 1876.
Rule IV of Public Works Department Circular No. 74 of 1876.

10. Of course these remarks apply only to cases in which there are several works going to make up a project. There will still be many works which cannot be identified with any project, or which may be said to form a project each of itself, or which it would not be worthwhile to debit to a project. The entries in the Budget for all such items would be made as at present. The local authorities are the best judges of such works. No rule can be laid down regarding them.

11. Another change made in the arrangement of Part I of the Budget Estimate is the division of the column computed expenditure to end of year current into two columns to show the actual outlay to the end of the year, and the probable outlay of the year current. This change has been made as it is necessary that determined amounts should be kept distinct from those only in the stage of estimate, as well as to admit of its being known what the probable expenditure of the year is likely to amount to.

12. In the preparation of the Budget Estimate the services of the office of Account should be utilized as much as possible, and its assistance obtained in the compilation of the Budget in respect to arrangement of entries, quotation of authority, and amount of sanction; and care should be taken that information on record in that office is not called for from Executive Engineers.

*Proceedings of the Madras Government, Public Works Department,
13th January 1877. No. 111.*

ORDER.—Ordered, that this Resolution be communicated to the Governments and

Governments of Madras, Bombay, Bengal, North-Western Provinces and Punjab,
Chief Commissioners, Central Provinces, British Burma, Oudh, Assam, Coorg and
M. re.
Resident, Hyderabad.
Governor-General's Agents, Rajpootana and Central India.
Superintendent, Port Blair.

Administrations noted in
the margin, and the
Inspector-General of
Military Works for
information and guid-

ance, and to the Military and Financial Departments for information.

(Signed) G. J. MELLIS,
Offg. Dy. Secy. to the Govt., of India.

No. 220.

ORDER THEREON, 13th January 1877, No. 111.

ACCOUNT, No. 17.

COMMUNICATED to the following
officers for information and guidance.

(True Extract.)

(Signed) G. W. WALKER, Major-General, R.E.,
Secretary to Government.

To the Chief Engineer.

- " Chief Engineer for Irrigation.
- " Consulting Engineer for Railways.
- " Examiner of Public Works Accounts.
- " Examiner of Railway Accounts.

Circular No. 93 Public Works.

GOVERNMENT OF INDIA.

PUBLIC WORKS DEPARTMENT.

ACCOUNT.
General.

Fort William, December 30, 1876.

Manner of preparing Part I of Public Works Budget-Estimate, and classification
of works by projects.

Read again the following papers :—

Public Works Department Circular No. 74 of 1876.	No. 8260 sent to C for final disposal
" " " " 76 of "	No. 8310
" " " " 83 of "	No. 8339
" " " " 87 of "	No. 9307
" " " " of "	
" " " " of "	

With reference to the pattern forms of Public Works Budget-Estimate recently issued, the Government of India consider it necessary to draw attention to the manner in which it is desired that Part I of the estimate should be prepared for the future, and to the necessity that exists for classifying the works under the projects of which they form part.

2. As prepared at present, the Budget shows the grant for each major work to be undertaken during the year, without in most cases any mention being made of the project of which the work forms a part, or any order being preserved in the arrangement and classification of the entries. In many cases several of the works go to make up a project (such for instance, as the Cavalry Barracks at Trimulgherry, or the road to Raneeckhet). Some of these works of the project have probably been completed in previous years, and are therefore omitted from the Budget. Others are not to be undertaken during the year current, and are likewise omitted. While several others have still to have estimates prepared for them, and so do not find a place in the Budget, or if entered, have their estimated cost left blank.

3. The result is that it is impossible to tell from the Budget, or from any other published document, the aggregate of the estimated cost of a project, or what the total outlay on it has been or will be. The arrangement opens the door to grants for works being passed without due regard to the total sanctioned cost of a project, and in many cases it is impossible to exercise an adequate check to see that the Local Government, or even the Government of India, have not exceeded the recognized powers of sanction. And as it happens in many instances that estimates are prepared for each work of a project as the occasion for the work arises; and as generally there is no estimate of the total cost of the project the necessity for ensuring that the aggregate cost sanctioned to date, and still remaining to be sanctioned, is on record when the Budget-Estimate comes under review is apparent.

4. As instances to show the necessity for definite rules as to the course of procedure to be followed, the following cases are quoted :—

I.—Barracks and other buildings at Raneeckhet and Chukrata.—Here the estimates are being sanctioned—some by the Government of India, and others

by the Inspector General—as circumstances require. Some of the buildings form portion of the temporary project, others of the permanent. But the Budget-Estimate does not show what the aggregate sanctions for the projects have been, or what the outlay, or what effect a series of works brought forward from time to time has on the total cost of the project.

II.—Road to Raneekhet.—Here again works are undertaken without the Budget showing the total sanctions. One year it is the first section of the road; another year it is a bridge; a third year it is the hill section of the road, each work being brought forward as a distinct project,—the result being that the total of the whole of them is nowhere brought together in the Budget-Estimate for review when the grants are being passed.

III.—Roads in Central India.—In this Administration the estimates for roads come up in a peculiar way. Each road is divided into sections, and for each section an estimate is submitted one for earth-work, another for metalling, and a third for bridging, each estimate coming up separately, and being provided for in the Budget as if it were a distinct work. It is simply impossible to tell from the Budget what the total cost of the road is likely to be.

5. In considering this question the Government of India have two objects in view—

(I).—to have the Budgets prepared in some methodical way, so that the Secretary of State and the Government of India may know the purposes served by the works, and what remains to be spent to complete a project:

(II).—to have the works grouped in the accounts by projects.

6. On this latter point the Government of India have had occasion to refer to the Appropriation Account of the Public Works Department for several years. In these accounts the works are grouped by projects; but there is no certainty that the grouping is accurate, because the *sanctions* do not specify to what groups or projects the works belong, and it is the necessity that exists for having the sanctions recorded so as to be identified with projects, that it is desired that the entries in the Budgets should be arranged accordingly. Experience has shown that, if any general grouping is required, the start should be made in the Budgets, because the accounts work up to the Budgets. Once this is done, every successive stage of classification from the sanction to the estimate to the final record of the expenditure may be looked upon as ensured.

7. On the first point it has to be noted that the Budget is the document on which the operations of the year are based, and unless the whole of the main facts connected with a work are placed before the authority that passes the Budgets, there is no certainty that what is passed would have been allowed had the whole of the circumstances been placed on record before the passing authority. As the Budgets are prepared at present—say in the case of a road—it cannot be told whether the grant will complete the project or not, or whether it would be desirable to restrict or increase the expenditure on any project, so as to admit of its being brought into operation or suspended. Obviously it is important that the facts indicated by the total amount of the estimate for a project and the actual and probable outlay on it to the end of the year current should be on record and known, when the grants for the ensuing year are determined upon. In short, in the preparation of the Budget, nothing more is wanted than order, and careful grouping. Roads that are practically portions of one road should be kept together. In Military cantonments, buildings appertaining to what should virtually be one project should be kept together, and it only needs care in the compilation of the Budget to do this.

8. For these reasons the Government of India have determined that the Budget-Estimate of Original Works should be prepared by projects, so as to show distinctly the total of the sanctioned estimates and those still remaining to be sanctioned, compared with the outlay and the grant. The pattern forms of Budget-Estimate show how this is intended to be done. Those forms as prepared are more or less a re-cast of the Budget of the current official year so as to show how those Budgets would stand if prepared in the

form now prescribed. The difficulty in preparing the Budget-Estimate according to the examples given would lie in cases where there is no general estimate for a project. In such cases it would mislead if the sanctions up to date were quoted in the column of estimate; so that it will be necessary to enter the total probable cost of the work, — a memorandum being added to the Budget to show how the amount is arrived at when that amount differs from the sum reported in the previous Budget.

9. The adoption of the course now ordered renders it necessary that the authorities empowered to sanction expenditure should be required to identify their sanctions with projects, so as to admit of the accounts of outlay being classified properly. If in the estimate or sanction to a work it was stated to what project the work relates, the accounts would be prepared accordingly. And it has therefore been provided for by the rules quoted in the margin that in every estimate for a work the project of which the work forms part should be mentioned.

Rule II of Public Works Department
Circular No. 63 of 1876.
Rule IV of Public Works Department
Circular No. 74 of 1876.

10. Of course these remarks apply only to cases in which there are several works going to make up a project. There will still be many works which cannot be identified with any project, or which may be said to form a project each of itself, or which it would not be worth while to debit to a project. The entries in the Budget for all such items would be made as at present. The local authorities are the best judges of such works. No rule can be laid down regarding them.

11. Another change made in the arrangement of Part I of the Budget-Estimate is the division of the column computed expenditure to end of year current into two columns to show the actual outlay to the end of the year, and the probable outlay of the year current. This change has been made as it is necessary that determinated amounts should be kept distinct from those only in the stage of estimate, as well as to admit of its being known what the probable expenditure of the year is likely to amount to.

12. In the preparation of the Budget-Estimate the services of the Office of Account should be utilized as much as possible, and its assistance obtained in the compilation of the Budget in respect to arrangement of entries, quotation of authority, and amount of sanction; and care should be taken that information on record in that Office is not called for from Executive Engineers.

ORDER.—Ordered, that this Resolution be communicated to the Govern-

Governments of Madras, Bombay, Bengal, North Western Provinces
and Punjab,
Chief Commissioners, Central Provinces, British Burmah, Oudh, Assam,
Coorg and Mysore,
Resident, Hyderabad,
Governor General's Agents, Rajputana and Central India,
and to the Secretary to the Government of India,
Public Works Department for information.

Offg. Deputy Secy. to the Govt. of India.

To The Secretary to the Govt. of Madras,
Public Works Department.

GOVERNMENT OF INDIA.

PUBLIC WORKS DEPARTMENT

ACCOUNT.

General.

P.W.D.

9 JAN 77

No. 192

To

The Governments of Madras, Bombay, Bengal,
North Western Provinces, and the Punjab.
The Chief Commissioners of Central Provinces,
British Burmah, Oudh, Assam, Coorg. and
Mysore.
The Resident at Hyderabad.
The Agents of the Governor General for Raj-
pootana and Central India.
The Inspector General of Military Works.
The Military Department.
The Financial Department.

Circular No. 93 Public Works.

Dated December 30, 1876.

Received

*L.C. For disposal
in continuation of
previous Circulars*

Amr

Manner of preparing Part I of Public Works
Budget-Estimate, and classification of works by
projects.

No. 719, P. W. D. Press— -12-76—

No. 219.

3 *Acck*

Public Works Department.

No. III

PROCEEDINGS OF THE MADRAS GOVERNMENT.

UNDER date the *13 Jan 77*
Read the following:—

CIRCULAR FROM THE GOVERNMENT OF
OF INDIA IN THE PUBLIC WORKS DE-
PARTMENT, NO. 93 DATED DECEMBER 30TH.
1876.

ORDER THEREON.

COMMUNICATED TO THE FOLLOW-
ING OFFICERS FOR INFORMATION AND
GUIDANCE.

Amr *L.C.*
12/1.

THE CHIEF ENGINEER. ✓
THE CHIEF ENGINEER FOR IRRIGATION. ✓
THE CONSULTING ENGINEER FOR
RAILWAYS. ✓
THE EXAMINER, P. W. ACCOUNTS. ✓
THE EXAMINER, RAILWAY ACCOUNTS. ✓

Desd 24-1-77

1877
Govt. of 1877 Madras.

PUBLIC WORKS. ✓

To

The Chief Eng^r

Dated

Issued

Recd.

Encl.

G. O., 15th Jan^y 1877, No. 111

Nos. 219 + 220.

Public Works Budget
Estimate Circular of
But printing out the
manner ^{of preparing} ~~in which~~ par
1 of the —, Council
certain officers for
formation of a

But in the