

No. 1417 W of 25th May/87

PWC No 3717
Govt. of (1887) Madras.

FINANCIAL

(3)

Communicated
to the Chief Engineer
for Irrigation and the
Examines of P.W. Works
Exp: of P.W. Works.

18.5.87

For
20/5/87

Issued

Recd. 18.5.87

Encl.

G.O., 27th April 1887, No. 532.

No. 1417 W of 25th May/87

APRIL.

18/5

Ch. Engr for S.W.
Exp. P.W. Works
requis to reg-

18.5.87

18/5

Provincial Contract.

Communicating to the departments of the Secretariat and the Accountant-General resolution of the Government of India in regard to the treatment and adjustment of certain items of receipts and expenditure.

With Order

occasionally occur, it is necessary to provide that, when they do occur, they shall be presumed to lie outside the Provincial contracts. This reservation is not meant to apply to sales which are really part of a project of expenditure, such as the sale of a Government office, or a Government site, in order to furnish funds towards the purchase or erection of another intended to take its place; a transaction of this kind is within the ordinary course of business procedure, and would come entirely within the Provincial account.

As regards interprovincial adjustments, the same rule as has hitherto applied will continue in operation; it is quoted as follows:—

"The Governor-General in Council has, accordingly, resolved that charges of all kinds, including Pensions, Salaries, Absentee allowances, and Contingencies incurred by one Provincial Government on behalf of another, or by a Provincial Government on behalf of the Imperial Government, or by the Imperial Government on behalf of a Provincial Government, shall be defrayed by the Government on behalf of whom they are incurred, saving that in order to save trouble, such adjustments must be confined to items which are either recurring or exceed Rs. 100.

"This decision will not involve any change in the existing procedure of the public accounts, in which the transactions in question will be finally recorded, as now, where they occur, and not transferred to the accounts of other provinces.

"The desired relief to the disbursing Governments will be afforded through a clearing account, to be kept by the Comptroller-General outside the public accounts."

But both in regard to these and in regard to the recurring contributions of Imperial to Provincial or of Provincial to Imperial, which have been made from time to time in adjustment of the transfer of particular classes of charges or receipts from one account to the other, it is to be remembered that the starting-point for adjustments under the new contract is the actual position of such payments or receipts upon March 31st, 1887; that is to say, the assignment under the new contract, being based upon accounts, which include all such payments and receipts as those of the province in which they actually take place, covers the actual payments and receipts as they stand upon the date thus mentioned. Consequently, all mutual claims of Provincial Governments in respect of recurring charges brought upon each other's accounts before 31st March 1887 cease to have effect under the new contract, and the recurring items which have hitherto been adjusted between Provincial and Imperial will in the same way cease on 31st March 1887. Interprovincial adjustments are required only in the case of new charges imposed by one Government on another after 31st March.

In the case of the Punjab no new contract is made, and it is consequently necessary to regulate its provincial account as if the current account of adjustments was still continued.

The amount of these adjustments in the statements of the first three quarters of 1886-87 was:—

	RS.
Pensions of other Governments paid by Punjab	56,570
Pensions of Punjab paid by other Governments	29,725
Net for nine months	26,845
or for the whole year	36,000

This amount, therefore, will have to be credited to the Punjab by debit to Imperial, in compensation for the charges thrown upon it by the exclusion from interprovincial adjustment of pension charges imposed by one Government upon another before March 31st, 1887.

Order—

Ordered, that this resolution be communicated to the several local Governments and Administrations, to the Comptroller and Auditor General, and to the several Accountants-General and Comptrollers.

(Signed) E. GAY,
for Offg. Secy. to the Govt. of India.

ORDER—dated 27th April 1887, No. 532, Financial.

Communicated to departments of the Secretariat and to the Accountant-General.

(True Extract.)

J. P. G. G.

Ag. Chief Secretary.

To the Departments of the Secretariat.
" Accountant-General.

Exd. T. O'Connor.

GOVERNMENT OF MADRAS.

FINANCIAL DEPARTMENT.

READ—the following paper :—

Proceedings of the Government of India, Department of Finance and Commerce,
(Accounts and Finance—Provincial Finance), dated Calcutta, 30th March
1887, No. 1596.

Read again the following papers fixing the terms of the several Provincial contracts :—

Letter to the Government of the Punjab, No. 1241, dated the 11th March 1887.
Resolution in this Department, No. 1242, dated the 11th March 1887.

“ “ “ 1243 “ 17th “ “

“ “ “ 1244 “ 16th “ “

“ “ “ 1245 “ 11th “ “

“ “ “ 1246 “ 11th “ “

Letter to the Chief Commissioner of Burma, No. 1291, dated the 12th March 1887.
Resolution in this Department, No. 1372, dated the 16th March 1887.

Resolution—

The resolutions read above have shown in detail, for each province, the modifications introduced in the distribution of revenues and expenditure, which was defined in 1882.

It was explained in Resolution No. 4150, dated 5th October 1882, that—

“In order to avoid any misunderstanding in this matter, the Governor-General in Council is, therefore, pleased to re-affirm the rule that expenditure coming under a head which is either wholly Imperial or wholly Provincial, or in fixed proportions partly Imperial and partly Provincial, shall be borne accordingly either wholly by Imperial or wholly by Provincial, or by Imperial and Provincial in the proper proportion, without reference to its effect on revenue. In other words, the question of the incidence of any charge on Provincial or Imperial revenue must in case of dispute or doubt be determined solely with reference to the head in the accounts under which such charge should properly be classified.”

It is probable that when any such questions arise during the currency of the existing contracts, their decision will be even more simple and direct. The assignments made to the several provinces rest upon the careful investigations of the Finance Committee, and their reports, with the subsequent correspondence arising upon them, will be sufficient to show, in the case of any question arising with reference to any items of revenue or expenditure, whether the class to which the doubtful item belongs, is or is not included in the Provincial contract.

According to the distribution hitherto observed, it is laid down that “extraordinary unclassified items exceeding Rs. 10,000” are Imperial.

Occasional difficulties have arisen in regard to the treatment of similar extraordinary items of receipt by sale of lands or houses or other such Government property not being lands or houses included in the reservation to be presently mentioned. It seems desirable, therefore, to declare that as such extraordinary items (extraordinary, that is, not in the sense of exceeding Rs. 10,000 in amount but in the respect that they arose outside the ordinary course of business procedure) are not included in the calculations on which the assignments are based, they are to be regarded as *prima facie* Imperial. Provincial Governments do not ordinarily claim the right of disposing of valuable Government property in aid of current revenues; but as such transactions