MRL. C. 1—30,000—16-10-28.

MADRAS RECORD OFFICE.

Government of Madras.

Political DEPARTMENT.

G.O. No. 283 Press ~~Mis.~~

Dated 23 - 9 - ~~19~~ 1863

Not to be folded or roughly handled

Proceedings of the Madras Government, Political Department,
23rd September 1863.

No. 44. Read the following Proceedings of Government in the Financial Department, dated 11th September 1863, No. 592.

Communicate Proceedings of the Government of India, ordering the discontinuance of the practice of one Department paying another for value of Stores received. (Vide Proceedings Financial Department, dated 11th September 1863, Nos. 44 and 45.)

No. 45. ORDER THEREON, 23rd September 1863, No. 283.

To be recorded.

(Signed) A. J. ARBUTHNOT,
Chief Secretary.

Lzd. T. O'Connor.

FINANCIAL DEPARTMENT.

PROCEEDINGS OF THE MADRAS GOVERNMENT.

Read the following Extract from the Proceedings of the Government of India, in the Financial Department, dated 18th August 1863, No. 3,837.

Read again paragraph 11 of a Despatch from the Right Honorable the Secretary of State for India, No. 129, dated 9th August 1861.

Read again Financial Orders, dated 25th September 1861.

Read again Financial Resolution, dated 19th August 1861, No. 10,253.

Read again an Endorsement from the Home Department, dated 9th June 1863, No. 3,661, and the orders passed thereon, dated 23rd idem.

RESOLUTION.—In sanctioning the payment of certain bills referred with the abovementioned Endorsement from the Home Department, amounting to Rupees 701-2-8, for maps and instruments obtained by the Superintendent of the Geological Survey from the office of the Surveyor General of India, the attention of the Honorable the President in Council has been drawn to the existing rule of cash payments for the value of stores received by one Department of Government from another.

2. This rule, he observes, originated with a suggestion of the Accountant General to the Government of Madras, that the Commissariat Department of that Presidency should cease to incur expense on account of supplies for the Civil Departments, and that all Civil Officers who received such supplies should obtain them in the market. The Government of Madras having adopted this suggestion, requested this Government to make arrangements for the supply of Stores to the Civil Departments subordinate to this Government which obtained their supplies through the Madras Commissariat, and the Auditor General of India was thereupon directed to issue orders to the heads of all the Departments concerned, to the effect that, in future, Stores should be procured from the market, or, if to the advantage of Government, through the Madras Commissariat on the usual indents, but that, in either case, cash must be paid for the supplies.

3. Subsequently, at the suggestion of the Military Finance Department, this rule was made general for all India, without reference to the source through which supplies were procured, the object being that, by compelling cash payments, which must necessarily be made by a Civil or Military authority, the transaction must come directly under the review of the controlling Officer of the service to which it relates.

4. His Honor in Council further observes that, in accordance with the terms of paragraph 11 of the Despatch from the Secretary of State for India, No. 129 of 1861, dated 9th August, the charges for Stores obtained from England appear as charges in the Indian Accounts and estimates, under the heads of account to which the expenses of the Departments and Officers indenting for them are debitable; but that, on the issue of such Stores by the indenting Officers and Departments, for the use of other Departments of the public service, the former under existing rules demand and receive cash payment for the value from the latter.

5. Again, in respect to Stores manufactured in this country, such as Gunpowder manufactured in the Government Agencies under the control of the Military Department, and maps, &c., prepared in the office of the Surveyor General of India, the cost of which appears in the first instance in the public accounts to the debit of the Departments concerned, His Honor in Council observes that on the issue of Gunpowder by the Military Department for the use of the Police Department, and on the supply of maps by the Surveyor General to the several Public Departments and Officers requiring them, the latter are required to pay for them in cash under existing rules.

6. On a re-consideration of the whole subject, His Honor in Council observes that the system of inter-departmental cash payments above described, entails much waste of public time and labor, in the unnecessary issue of money from the Public Treasuries, which, after passing through the hands of the Officers concerned, finds its way back into the Treasuries, and leads to a multiplication of transactions, in the shape of Departmental debits and credits, the adjustment of which is one cause of the delay in rendering the accounts, and of the uncertainty whether the periodical statements made of them can be accepted as final. The practice also involves double

charges being made for Government Stores in the Budget Estimates, and in the accounts founded on them, whereby the estimates and accounts are confused, and the expenditure is made to appear greater than it is.

7. The real check against extravagant expenditure of Government Stores is the efficient supervision of the Officer or Department with whom the responsibility rests of fixing or controlling the amount of the Indent. In the event, however, of any Indent appearing to contain items of an unusual, or of an unnecessarily expensive character, either as regards quantity or quality, it will be the duty of the Officer charged with the supply to call attention to it, and to await a final decision previously to executing the order, unless it should be of an emergent character.

8. His Honor in Council, therefore, directs that the system of cash payments by one Department of Government to another for the value of Stores already paid for by Government, be discontinued; and that Stores so transferred be charged, as final charges, in the accounts of the supplying Department, in the same manner as Stores issued for the use of the supplying Department itself.

9. But when one Department purchases articles for another in the market, the Department which makes the Indent must provide in its Budget Estimate for the cost, and place the supplying Department in funds by "Transfer Receipts."

Ordered, that a copy of the above Resolution be sent to the Home, Foreign, Military, Public Works, and Military Finance Departments, the several Local Governments and Administrations, the Auditor General of India, the Accountant General to the Government of India, the several local Deputy Auditors and Accountants General, and the Civil Paymasters, for information and guidance.

(A true Extract.)

(Signed) THOMAS PEACHEY,
Principal Asst. Secy. to the Government of India.

ORDER THEREON, 11th September 1863, No. 592.

Communicated to the several Departments of the Secretariat.

(True Extract.)

A. J. ARBUTHNOT,
Chief Secretary.

To the Public Works Department.
" Revenue "
" Judicial "
" Military "
" Public "
" Political "
" Marine "
" Ecclesiastical "
" Financial-Railway "

Edd. T. McMoorty.