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MADRAS RECORD OFFICE.

Government of Madras.

Public

DEPARTMENT.

G.O. No.

1168

Press
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Dated

2-8-

1918/1

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No. 1267..

GOVERNMENT OF INDIA.
FINANCIAL DEPARTMENT.

ACCOUNTS.

SIMLA, THE 21ST JULY 1871.

READ—

The following documents regarding the control which it is expedient that the Government of India in the Financial Department should exercise over the indents, estimates, and accounts of stores procured from Europe.

For the second time—

Financial Resolution No. 3381, dated 9th September 1870, directing the assumption of that control by the Government in the Financial Department, and requesting the Military Department to state what returns, estimates, and accounts of stores can conveniently be supplied to the Financial Department.

For the first time—

Military Department's No. 763, dated 20th April 1871, forwarding a report from the Controller of Military Accounts, Bengal, giving the required information respecting the returns or data which can be supplied for checking indents for Europe stores for the Bengal Presidency.

Military Department's No. 200, dated 8th May 1871, forwarding reports which furnish similar information for the Madras and Bombay Presidencies, together with a report on the papers by the Account Branch, Military Department.

Read also—

Military Department's No. 764, dated 20th April 1871, forwarding an extract of a letter from the Controller of Military Accounts, Bengal, enquiring whether indents for Europe stores should be priced, in addition to being accompanied by statements or estimates which show the probable cost of the stores, and whether the indents should be submitted in triplicate.

OBSERVATIONS.—The Governor General in Council observes that the expenditure in England for stores has been as follows:

	1866-67.	1867-68.	1868-69.	1869-70.	1870-71, Revised Estimate.	1871-72, Budget Estimate.
	£	£	£	£	£	£
Stamps, Post Office, Stationery, and Miscellaneous Civil	145,424	71,890	192,301	171,193	131,112	131,230
Mint, Marine, and Telegraph	380,524	328,279	374,161	125,033	222,723	306,550
TOTAL, CIVIL ...	534,978	320,169	568,432	299,226	353,845	437,830
Military ...	556,062	752,063	872,621	878,491	981,319	824,720
Public Works, Ordinary ...	66,338	76,045	143,160	236,400	139,200	72,930
	1,157,378	1,148,277	1,584,213	1,414,117	1,474,364	1,335,530

As the Home expenditure for Public Works stores forms a deduction from the gross allotment in India for public works, it is kept in view by the Public Works Department under a procedure which it is not necessary to alter. Of the remaining expenditure, the larger part is in the Military Department; and, on the information furnished by that Department, the Governor General in Council is pleased to pass the following orders respecting indents, estimates, and accounts of civil and military stores.

2. Indents upon England for stores for provincial services should be kept distinct from those for imperial services. The indents on the latter services are no longer to be sent direct to the Secretary of State: they should be submitted, by the Local Government or Department concerned to the Government of India, in the administrative Secretariat to which the indents appertain, for transmission by it to the Financial Department within two weeks before the time for sending the indents from India to the Secretary of State. The indents should be submitted in triplicate, unless a fourth copy be required by the administrative Secretariat to which they appertain.

3. The indents should be priced; the rate of each article being shown, together with the values of the quantities indented for, and of those due on former indents. A revised Form A of indent is attached to this resolution. A memorandum should be attached to the indent of the value of articles due on former indents for which no fresh requisition is made in the new indent.

4. The check upon indents will consist principally in seeing that they conform with the "established proportion." If special or new articles are indented for, the necessity for the requisition should be explained in the column of remarks, or in the transmitting letter.

5. In the remarks of the Account Branch, Military Department, it is urged, in accordance with a previous suggestion in paragraph 22 of a memorandum by the Controller General of Military Expenditure, No. 1148½, dated 8th March 1870, that heads of departments should be required to submit, for the formal sanction of Government, carefully-revised established proportions, based on a supply for two, three, or four years (whichever period may have been authoritatively prescribed) of stock required to be *in reserve* and *in use*, and that on this revised scale being sanctioned, no alteration in it should be made without the authority of Government.

6. It has been ascertained, however, that stores in possession of the troops are not taken into account in ordnance indents, which in "the balance in store in India" do not include articles in use in regiments; and it is overlooked that the established proportion is not a fixed unvarying quantity, but one which must change yearly, with the annual expenditure, it being based generally on the average of two and-a-half or three years' actual expenditure. In the Clothing Department the established proportion is regulated indeed, not by the actual expenditure, but by the scale of clothing issuable to the soldier in two years; but even then the result for the established strength must vary with the annual fluctuations or alterations in that strength. In the Ordnance Department the established proportion of many articles obtained from England is a two and-a-half years' supply or expenditure, but in some cases it is based on the quantities *in use*, or on the strength of the army to be supplied. Thus the established proportion of small arms is 50 per cent. the number in use, and that of small arm ammunition

is so many rounds per man; the proportion of every article of equipment in use, or *in possession of the troops*, being definitely fixed by Government. In other Departments, the established proportion appears to be as follows:

In the Medical Department	...	...	2½ years
" Marine "	...	...	2 "
" other Departments	...	...	2 to 3 years

of the ordinary expenditure. The mode of reckoning this ordinary expenditure is not uniform. In the Marine and Medical Departments it would appear that one year's expenditure is taken, and is multiplied by two or two and-a-half years for the established proportion; whereas it is stated, in a despatch of the Secretary of State, No. 389, dated 11th November 1869,

Mint and Currency Proceedings Nos. 1 to 3, that the annual expenditure, when it forms the basis of the established proportion,

should be "the average of the previous three years." This reckoning should be uniformly observed.

7. In the instances in which the standard of a two-and-a-half or three years' supply dates from a time before the introduction of railways, it should admit of reduction, because formerly the despatch of English stores from the Presidency towns to the interior, awaited, in Bengal, the opening of the rivers; and in the Madras and Bombay Presidencies, also, it must have been affected by the monsoons; whereas now there is transit by railway, independent of the seasons, not merely for fresh stocks arriving from Europe, but for the surplus stock of one magazine or store which may be required in another. The established proportion might also be reduced in the degree that it allows a margin for avoidable delay in the execution of indents, and in the shipment of stores, and for slow transit to India. The Military Department, and the Telegraph and other Civil Departments, should accordingly report through the proper channel to what extent the established proportion of two and-a-half or three years' supply of articles of ordinary consumption, can be reduced on account of the facilities of inland transit by rail, and on the assumption of four months' time for the execution of indents and the shipment of stores, and two months to six months for their transit to India through the Suez Canal, or *via* the Cape.

8. The existing system provides for the proper accounting for stores, and for the audit of store expenditure; but it does not appear that the annual expenditure of stores is reviewed in any form which can present to the Government an intelligent view of the year's transactions, and afford assurance that the expenditure has been conducted with economy. Such an annual report should be submitted in future to the Financial Department, through the proper administrative Secretariat of the Government of India.

9. A review of this kind should be in sufficient detail to show the amount, and the increase or decrease, of expenditure of each of the several classes of stores; the causes of increase or decrease in the expenditure of the several articles should be explained, and their cost compared with that of previous years. Instances in which the price of the more important articles obtained from England or purchased locally has exceeded former prices should be carefully noted, and also whether any extra expense or any considerable inconvenience has been incurred from unnecessary delay in supplying stores indented for on England. If there is any reason to believe that the cost of any article has been higher than it would have been if procured in some other way, it should be stated. The additional expenditure caused by the

introduction of new kinds of stores, or new articles of equipment, or by changes of pattern involving the condemnation of the existing stock of old pattern, should be distinctly shewn, and any possible measures of economy suggested.

10. The following returns, in value only, are to be submitted as appendices to the annual review of expenditure:

(1.)—A statement for the expired year of receipts and issues in Form B.

(2.)—A statement, abbreviated from Return No. 1 of receipts and issues in each of five years in Form C.

(3.)—A statement of balances at the end of each of five years.

The entries in the first column of these returns will consist of the stores of the Department to which they appertain, *grouped in classes*, disregarding varieties in a class. A list D of such a classification of the stores in the Ordnance Department is appended as an example. Other Departments will have no difficulty in classifying their stores on the same principle.

11. In the 9th paragraph of his despatch No. 114, dated 18th March 1869, the Secretary of State observed that, "under the system of account now existing, the expenditure on stores is entered as a charge in England of the year in which the payments are made, and does not subsequently appear in the statements annually sent to this country. It is, therefore, essential that the accounts of receipt and expenditure in all departments in India should be accurately kept, and carefully audited by competent officers, as any inaccuracy or waste in expenditure could not be detected in this country." To this end, and in order to trace the stores purchased in England to their destination in India, the Secretary of State will be asked to furnish the Government of India with a return showing in detail of number, date, value (with other brief particulars of identification) of each invoice, the shipments of each year to each Presidency for the Civil and Military Departments, respectively; and a further memorandum setting the total expenditure of the year for civil and military stores, *plus* any balance of stores purchased in the previous year but not shipped then, against the total shipments of the year, *plus* the balance paid for but not shipped at end of the year. For comparison with this return, the Civil and Military Account Departments in India will keep a corresponding register (to be taken from the invoices and packing accounts) of the stores received from Europe in the same detail of invoices, &c., as the Home return; and it will be the duty of the Accountants General to satisfy themselves that the stores shown in these registers are brought on the store accounts of the proper Departments. The sub-heads of the register should correspond with those observed in the Home accounts, as follow, *viz.*:

Civil Departments.

Stamps (including water marked paper).
Stationery.
Mint, Miscellaneous.
" Copper.
Post Office.
Telegraph.
Marine, Coals.
" Miscellaneous.

Army.

Clothing for European troops.
" for Native
Commissariat (malt liquor).
Medical Ordnance.
Surveyor General.
Miscellaneous.

The expenditure for malt liquor is not distinguished in the Home accounts, but as it is an important item, the Secretary of State will be asked to supply the omission.

12. Stress is properly laid in the remarks of the Account Branch, Military Department, on "the balances due on former indents," which are said to "extend over several years." So long as the excesses of this kind are numerous, the established proportion has to be maintained for an expenditure of two or two and-a-half years, in respect even of articles of which the supply generally is not thus delayed. Furthermore, these balances, unless they are of nearly the same amount every year, must vitiate the estimate of each coming year's supply of stores which is sent from India, and which is based simply on the requirements of the new year, after assuming that the balances due on former indents will be sent out in the current year.

13. It is possible, however, that the balances which the Store Departments in India consider to be due on former indents, include, in the cases in which they are of old date, articles which the Secretary of State for India does not intend to supply. A statement of existing balances, specifying the indents on which they are due, and bringing out the values for each year's indent separately, should be submitted for transmission to the Secretary of State with a view to the clearance of the balances under his orders.

14. Respecting annual estimates, as distinguished from annual indents

Account Progs. Nos.	434-5, March	1866.
"	" 182-4,	1867.
"	" 28-35, October	"
"	" 101-2, February	1868.

for stores from England, the Secretary of State has desired that the former should be submitted to him in sufficient time for the preparation by him of the estimate for Home charges of each new year, which he

forwards to the Government of India in December or January of each current year. The latest date for the store estimates reaching England has been fixed by him at the 1st October. On the Government of India asking whether it would not suffice if the annual indent were to be prepared earlier than hitherto with an abstract of values of the articles indented for, so as to reach England by the time appointed for the annual estimate of stores, the Secretary of State replied that by a too early transmission of the indents, risk would be incurred of the provision of the articles in the year in which the indent is received, instead of the year for which the indent is made out. Hence he preferred the transmission of the annual indent somewhat later than the abstract annual estimate, which is to reach England by the 1st October.

15. It appears, however, that according to the practice in India, the estimates are identical with the annual indents, in the Civil Department, and in the Military Department of the Bengal Presidency,—the estimate being an abstract, with values, of the annual indent. In the Military Department of the Madras Presidency the estimates appear to be submitted before the indents; but, excepting minor differences in the ordnance indents, which arise from later revisions, the annual indents are framed so as to accord with the estimate.

16. The indent must ultimately regulate the actual supply, and to whatever extent the estimate differs from the indent, it must mislead.

17. For the present year, the estimates of stores required in 1872-73 (that for the Stationery Department, Bengal, has been already forwarded to the Home Government) should be submitted to the Financial Department not later than 25th August, so that they may reach England by the 1st October. The estimates from the Madras and Bombay Presidencies, hitherto sent direct to the Secretary of State, should be submitted in proper time, through the Government of India.

18. In a financial circular No. 3400, dated 31st December 1869, and in No. 3685, dated 30th September 1870, the Local Governments and the Civil Account Department were requested to append to the Annual Budget Estimates a statement of the value of imported stores likely to be paid for in the new year. This estimate will be discontinued under the system now established; but the several Civil Store Departments should submit estimates of their requirements for 1872-73, through the Local Government, for transmission to the Secretary of State, within the time prescribed in the preceding paragraph.

19. It is stated in the correspondence from Madras, which has been forwarded by the Military Department, that regimental necessities are included in the annual indents for stores from England. This being the case, the expenditure for those necessities is included, doubtless, in the Home charges for military stores. But regimental necessities are paid for by the men, and any supplies for canteens are paid for by regiments. It should be considered, therefore, in the Military Department whether, under the present system, there is sufficient security that every shilling paid for regimental necessities is recovered in India, though it is written off in England as a final charge, or whether it is not preferable, as in the case of supplies of imported stores for Local Funds, Port Funds, &c., that the purchases in England of regimental necessities should be treated as remittances to India with the view of their being held on the books of the Military Department against the regiments concerned, until recovery of the demand.

ORDER.—Ordered, that a copy of this Resolution be sent to the Military Department, with the documents received from that Department; to the Home and Public Works Departments and the Department of Agriculture, Revenue, and Commerce; to the several Local Governments; the Comptroller General; the Head Commissioner of Paper Currency; the several Local Accountants General and Deputy Accountants General in independent charge; and the Mint Master, Calcutta, for information and guidance.

Also, that it be reported to the Right Hon'ble the Secretary of State for India.

R. B. CHAPMAN,

Secy. to the Govt. of India.

Secy. to the Govt. of India.
W. S. Miller
 Asst Secy to the Govt. of India

Annual Indent on England for stores required in the Ordnance Department.

NAMES OF STORES.	Established proportion.	How established portion is calculated.	Quantity in Store on hand.	Quantity due on previous indents.	Number or quantity now indented for.	Rate.			VALUES.						REMARKS.
						£	s.	d.	£	Of quantity due on previous indents.		Of quantity now indented for			
										£	s.		d.		
Rifles, long, Snider	18,000	50 per cent. of rifles in possession of troops.	8,000	2,000	8,000	£	s.	d.	£	s.	d.	£	s.	d.	To complete established proportion.
Muskets, S. B., Constabulary	10,000	30 per cent. of muskets in possession of police.	9,000		6,000	£	s.	d.	£	s.	d.	£	s.	d.	1,000 to complete proportion, and 5,000 to arm Bengal Police as per Military Department, No. dated
Tools, hand-hammers	1,000	2½ years' supply calculated on average of past three years.	600	100	700	£	s.	d.	£	s.	d.	£	s.	d.	To complete proportion, reckoning that 400 out of the 600 in store will be expended before 700 indented for arrive.

FORM B.
OR
Abstract of Receipts and Issues for the latest year.

RECEIPTS.	From Europe.	By purchase in India.	BY MANUFACTURE.		By articles in store condemned from leading serviceable or unserviceable.	Returned into store by Troops.	TOTAL A.	From other Military Departments.	From Civil Departments.	From Public Works Departments.	FROM MILITARY DEPARTMENTS OF OTHER PRESIDENCIES.		TOTAL B.	GRAND TOTAL C.
			In Agencies.	In Arsenals and Depots.							1	2		
Articles in the abbreviated detail of Form D.														
ISSUES.	To the Troops.	Condemned as unserviceable.	Lost.	Written off as waste.	EXPENDED.		TOTAL D.	To other Military Departments.	To Civil Departments.	To Public Works Departments.	TO MILITARY DEPARTMENTS OF OTHER PRESIDENCIES.		TOTAL E.	GRAND TOTAL F.
					In manufacturing establishments.	In Arsenals and Depots.					1	2		

NOTE.—Letters in Form C will have to be transposed in accordance with this.

FORM C.

OR

Abstract of Receipts and Issues for each of five years.

RECEIPTS.	1871-72.	1872-73.	1873-74.	1874-75.	1875-76.
I.—ARTICLES FOR SERVICE.					
Accountrements—					
Receipts (proper) of the Military Department ...					(Here enter Total A of Form B.)
From other Departments and Presidencies ...					(" " B ")
TOTAL ...					(Here enter Total C of Form B.)
Harness, Saddlery and Horse appointments—					
Receipts (proper) of the Military Department ...					
From other Departments and Presidencies, &c. ...					
TOTAL ...					
And so on for the remaining heads in Form D. ...					
ISSUES.					
Accountrements—					
Expenditure (proper) of the Military Department ...					(Here enter Total D of Form B.)
Issues to other Departments and Presidencies ...					(" " E ")
TOTAL ...					(Here enter Total F of Form B.)
And so on, for remaining heads ...					

N.B.—It will be convenient to keep the abstracts of receipts and issues in separate schedules, though the same Form will answer for both.

Showing Classification of Ordnance Stores for abbreviating Stock Returns.

STORES.	REMARKS.
<i>I.—Articles for service,—continued.</i>	
29. Instruments.	
30. Rope and line.	
31. Packing materials	Will include pawlins, boxes, cases, chests, barrels, bags, gunny, &c.
32. Fire-engines	Will include appurtenances.
33. Steam-engines.	
34. Machines	Not including steam-engines.
35. Tools.	
36. Miscellaneous	Will include all articles <i>for service</i> not included under any of the 35 preceding heads.
<i>II.—Materials for manufacture, repair, preservation and cleaning of Stock.</i>	
1. Iron, including nails and screws.	
2. Brass „ screws.	
3. Copper „ „ and nails.	
4. Steel.	
5. Gun metal.	
6. Zinc	
7. Sheet, tin.	
8. Cloth, including thread, twine, &c.	
9. Hides and skins.	
10. Half wrought timber materials.	
11. Timber and planks.	
12. Oils..	
13. Paint.	
14. Coal and charcoal.	
15. Paper.	
16. Saltpetre.	
17. Sulphur.	
18. Wood, fire.	
19. „ used in manufacture of charcoal for gun-powder.	
20. Miscellaneous	Will include all materials not included under the above 19 heads.

RECEIPTS.	CIVIL DEPARTMENT DETAIL OF PROVINCES.				TOTAL.	PUBLIC WORKS DEPARTMENT.				TOTAL.
	A	B	C	D		A	B	C	D	
Articles in detail of Form D.										

ISSUES.

GOVERNMENT OF INDIA.
FINANCIAL DEPARTMENT.

From H. P. L. L. L.

No 1160. 22^d Augt 1871.

No. 1267.

Dated Simla, 21st July 1871.

Received 2^d August 1771.

Communicated
to the Revenue and
Military Departments;
to the Inspector General of
Ordnance & Magazines,
~~to the Inspector General of~~
Medical Department
to the Director of Public
Instruction, to the Master
Attendant and to the
Government Astronomer.

Forwarding copy of
a Rec^d containing instructions
in regard to the submission
of Subverts for Stores.

2. His Estimates for
Storia for 1872-73 should be
submitted to Govt with as little
delay as practicable, for
transmission ^{to England} thus 'the Govt
of India'.

W. H. Long

With an altar.

Oct. of 1871. *Michigan.*

Publi

The Revenue Department.

red Arch. 2

2 Aug. 1871. No. 1160

Nos. 3. 4

Genl. Secy of the Govt of India,
giving instructions in
reference to the submission of
reports for stores.

D-4

No 1st

" the Revenue Department	}	P 2/8/91 only
" Secretary do		
" Judge Genl (of Ord. & Insp.)		
" Judge Genl (Jud. Dept)		
" Director of Public Instruction		
" Master Nathaniel Ward Esq.		
" Government printer		descried 78