M.R.O. 14.—13,000—27-9-24.

MADRAS RECORD OFFICE.

Government of Madras.

Revenue **DEPARTMENT.**

G.O. No. 137 — Press / Mis.

272-273

Dated 22 — 1 — 1863

Not to be folded or roughly handled

Proceedings of the Madras Government, Revenue Department, 22nd January 1863.

No. 272. Read the following letter from H. A. MANGLES, Esq., Acting Deputy Auditor and Accountant General, to J. D. SIM, Esq., Secretary to Government, Revenue Department, dated Fort Saint George, 8th January 1863, No. 332 :—

SIR,

1. With reference to paragraph 2 of the Proceedings of Government dated 15th ultimo, No. 2,616, in which they observe that the principle which the Board of Revenue have adopted at the instance of the Accountant General of basing their estimate on the demand, instead of probable receipts, appears to them to be erroneous and at variance with the theory of the Budget Estimate and with the intentions expressed and acted upon by the Supreme Government, I have the honor to state that the Supreme Government have all along maintained that the demand should be entered in the Budget Estimate, and that recently a Telegram has been received from them to the same effect, copy of which is herewith sent for the information of Government.

2. I may remark that paragraphs 54 and 55 of the Report of the Budget Committee, dated 30th July 1860, alluded to in the above Order of Government, refer to estimate prepared before the introduction of the Budget system which now corresponds with the Cash Requirements Statement, as is clearly shown by the remark of the Government of India in paragraph 3 of their Resolution No. 11,300, dated 14th November 1860. "Special care should also be taken "that the estimates of cash requirements are prepared in the manner pointed out in paragraphs "54 to 56 of the Committee's Report."

3. This Statement should be prepared, the Committee think, "on the basis of the Budget "Estimates of receipts and expenditure." The cash balance at the commencement of the year should be looked to, *sums likely to be received from any source not given in the Budget Returns* should be estimated, a calculation should then be made of the sums likely to be received or paid in the course of the year on account of former years as well of the "*amounts included in the scale of receipts and expenditure for the year likely to be outstanding on both sides of the account at the end of the year;*" in other words, the exact principle that the Government consider should be adopted in the preparation of the Budget Estimates.

4. If, as the Government state it to be their opinion "that the Budget Estimate should show the *entire* expected receipts of the year," I fail to perceive from what sources sums which are not given in the Budget returns can be received. Again, from paragraph 54 of the Committee's Report No. 6, dated 27th October 1860, it will be noticed that "Budget Estimates" and "estimated scale of receipts and expenditure" are used as synonymous terms. If so, how is it possible that "amounts included in the scale of receipt and expenditure" (or Budget Estimate) "for the year, but likely to be outstanding" can be calculated, unless the scale of receipt and expenditure or Budget Estimate gives the demand and not the expected collections of the year.

5. This is, moreover, exemplified in the form given for the estimate of cash requirements. In the second column is given the Budget Estimate, in the third, the estimated receipts of previous years, a column which would be superfluous, if the opinion of Government is correct that the Budget Estimate should show the *entire* receipts of the year.

6. In the same paragraph Government remark that the Government of India observed in a recent despatch that the Madras Budget for 1862-63 was less than the "actual realizations" of 1861-62, owing probably "to the exclusion of arrears therefrom," and they *accordingly* raised the amount to 4,04,04,000. Here, I would beg to represent, that the Government of India having no data to guide them as to the probable demand for the year, merely surmise that the decrease is probably owing to the exclusion of arrears. When proceeding to correct the error they do not raise the amount to 4,04,04,000 by including arrears, but by taking the average receipts of the last three years, which they are aware is in fact the demand minus the remissions, the amount of arrears received on account of previous years almost always corresponding with that still outstanding on the expiry of the year.

7. The amount estimated by Government has been entered in the Budget, as it will be observed that the results arrived at by the two processes of calculation will not materially differ, although the principles upon which they are based are altogether at variance.

Proceedings of the Madras Government, Revenue Department, 22nd January 1863.

From the Financial Secretary, Calcutta, to the Officiating Deputy Auditor and Accountant General, Madras.

Your letter of 2nd instant to the Officiating Auditor General received. The demand not the actual collections on account of Land Revenue should be shown in the Budget Estimates as receipts, and the authorized remissions should be deducted from the total amount on the receipts' side, thus relieving the accounts from the nominal charge under A.

(True Copy.)

(Signed.) A. LAMORENDIERE,
Ag. Second Asst. Accountant General.

No. 273. ORDER THEREON, 22nd January 1863, No. 139.

1. The Governor in Council thinks it most probable that the term "Demand" as used in Bengal and Madras has somewhat different significations. For instance, by the Statement annexed to the Board's Settlement Report of Fasli 1270 the "Demand" from all sources was Rupees 6,18,16,400, while the Revenue actually realized within the year was only Rupees 5,74,72,980. The entry of the former sum in the Budget Estimate would thus have led to a serious error. The Government, however, can only enter in the Budget they endorse, such sums as from the best data available they believe will really be realized within the year from every source of income.

2. The Government remark that by the term "receipts *of* the year" they did not mean merely the receipt appertaining to that particular year alone, but the entire sum expected to be realized *within* it. Their Budget Estimate therefore practically corresponds with the last column of the Cash Requirements Estimate.

(Signed.) J. D. SIM,
Secretary to Government.

4. If, as the Government state it to be their opinion "that the Budget Estimate should show the entire Expected Receipts of the Year" (I fail to perceive from what sources items which are not given in the Budget Returns can be received. Again, from para 54 of the Committee's Report No 6 dated 27th October 1860 it will be noticed that "Budget Estimates" and "Estimated scale of Receipt and Expenditure" are used as synonymous terms. If so, how is it possible that "Amounts included in the Scale of Receipt and Expenditure" (or Budget Estimate) "for the Year but likely to be outstanding" can be calculated, unless the Scale of Receipt and Expenditure or Budget Estimate gives the demand and not the Expected Collections of the Year.

5. This is moreover exemplified in the form given for the Estimate of Cash Requirements. In the second column appears the Budget Estimate, in the third the Estimated Receipts of previous Years, a column which would be superfluous, if the opinion of Government is correct that the Budget Estimate should show the entire Receipts of the Year.

6. In the same para Government remark that the Government of India observed in a recent despatch that the Madras Budget for 1862-63 was less than the "Actual Realizations" of 1861-62 owing probably "to the

Exclusion

exclusion of arrears thereforw and they accordingly pinned the amount to 404,04,000. Now I should beg to represent that the Government of India having no data to guide them as to the probable demand for the year, namely surmise that the decrease is probably owing to the exclusion of arrears. When proceeding to correct the error they do not raise the amount to 404,04,000 by including arrears but by taking the average receipts of the last three years, which they are aware is in fact the demand minus the commissions the amount of arrears received, account of preceding years almost always corresponding with that still outstanding in the beginning of the year.

7. The amount estimated by Government has been entered in the Budgets as it will be observed that the results arrived at by the two processes of calculation will not materially differ although the principles upon which they are based are altogether at variance.

I have the honor to be
Sir
Your obed.t Servant
A. Mangles
Ac.t Gen.l Rev.s & Ac.ts General.

Compd. J.D.Ewing.

No. 139. 3

The first Question that we must for. the term "Demand" in Bengal & Madras is used to signify the Revenue at different periods for instance by the Settlement annexed to the Madras Report of £1270. the Revenue of that Presidency for 1838 was £8,16,400 while the Receipts within the year amounted to Rs 574,72980. The former is the Demand fixed upon by the Government at the Settlement while the latter is the Receipt within the year. Now there is no doubt that the Demand is the proper criterion by which to judge of the Revenue but as they are not in the habit of publishing the Settlements we can only estimate such Demand from the best data we have at hand & that is the Receipts within the year. (in future we shall be able to procure from every source of Income

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From Calcutta
From Financial Secretary

To Madras
To Offg Dy Audr and Acctt General

Your letter of 2d Instant to the Offg Auditor General received - the demands with the Actual Collections on account of Land Revenue should be shewn in the Budget Estimates as Receipts and the authorized remissions should be deducted from the total amounts in the Receipts side thus relieving the Accounts from the Nominal charge under A.

(True Copy)

Geo. Ll. Williams

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3 3

From Calcutta To Madras
From Financial Secretary To Offg Dy Auditr and Accts General

Your letter of 2d Instant to the Offg Auditor General received—the Demands on the Land Revenue Collections on account of Land Revenue should be shewn in the Budget Estimates as Receipts and the Authorized remissions should be deducted from the total Amounts in the Receipts side thus relieving the Accounts from the nominal charge under N.

(True Copy)

2. The Land Revenue Collections by the Ryotwar Collectors on account of Land Revenue should be shewn in the Budget Estimates as Receipts, and the Authorized remissions should be deducted from the total Amounts in the Receipts side thus relieving the Accounts from the nominal charge under N.

Comptr. N.W. Provs.

From Secy Govt
22d April 1803
3 Ghee Sollah Rupees
14 — Pagodas

Comptr. N.W. Provs.

Pro: 15 Revenue 82 No
221 @ 226

Rec:
~~3rd 4th~~ 1863 Sept
Pro: of Govt Ves 8th January.
From
His Excy the A. D. and
Rect General
The Secy to Govt
Rev Dept
Dated 8th
Recd 9th } Jany 1863
No 332

Forwards copy of a Tele-
-gram relative to Revenue
being taken in the Kand-
-ds and York the Collection

No 272 + 273

No 139 - 25 Jany

William Order

@ 16 Jany 62 R 20

Compd P. D'Penig.