M.R.O. 1—5,006—16-10-50. 170

(1) Number of pages 2

(2) Date of repair 7.7.65.

(3) Initials of the Referencer

MADRAS RECORD OFFICE

Government of Madras

DEPARTMENT

G.O. No. 170 ~~Press~~
~~B.P. No.~~ Mis.

Dated 29.1.1872 195

Not to be folded or roughly handled

Proceedings of the Madras Government, Financial Department,
17th January 1872.

No. 58. Read the following letter from the Secretary to the Board of Revenue, to the Chief Secretary to Government, Fort St. George, dated Madras, 20th December 1871:—

I AM directed to suggest the expediency of modifying Nos. XXVIII., LXV., and LXVI. of the Local Fund Rules so far as to make the cost of establishments of general control depend on assets instead of expenditure.

2. Experience has shown the Board that this change will materially reduce the labour of preparing and reviewing Budgets. The reason may be stated thus:—The cost of controlling establishments is an item of expenditure and therefore the total expenditure must consist of that item *plus* something else: but according to the rules the item itself varies with the total expenditure: one must therefore be settled before the other can be determined: now assets are estimated with comparative ease, and when they are once settled, sufficient data are available for computing the cost of controlling establishments.

3. It may, however, be argued that the work of the controlling establishment depends on the expenditure, and therefore its cost should be regulated with reference to it. In answer to this it is sufficient to point out that it is one of the vital principles of Local Fund administration that funds shall be expended as they are received, and that balances shall not be allowed to accumulate. The expenditure of the Budget is limited by many accidental causes which may cease to exist before the actual expenditure of the year commences. The Public Works Department may not have all its projects ready for 1872-73 in September 1871, educational schemes may be near maturity but not quite ready for disposal, sanitary and medical improvements may still be under discussion. Under such circumstances as these, the Budget expenditure will leave a large balance, a supplemental Budget will be framed, and the work of control will depend not alone [illegible] but on the first and second combined. In a word expenditure [illegible] assets, and at the time the Budgets are framed the cost of control can only [illegible] tolerable accuracy by them. As matters now stand a premium is offered for bad administration, for the larger the unutilized balance the less the sum to be paid for control.

4. The modifications proposed by the Board are as follow:—

XXVIII. From "and in the ratio" to "Local Fund." "*And in the ratio of the assets of the Road Fund to the assets of the whole Local Fund.*"

LXV. From "when compiling" to "expenditure," "When compiling the general budget the Board of Revenue will distribute the whole charge in the ratio of the assets of each circle."

LXVI. may then remain as it is, the word "similarly" referring to Rule LXV.

No. 59. ORDER THEREON, 17th January 1872, No. 47.

The Government have no objection to the change proposed by the Board of Revenue, and sanction the alterations of the rules suggested by them. The difference, if any, in the absolute charge, will at least be very slight.

(True Extract.)

Chief Secretary.

To the Board of Revenue.
" Revenue Department.
" Public Works "
" Accountant-General.
" Director of Public Instruction.
" Inspector-General, Indian Medical Department.
" Sanitary Commissioner.

Exd. J. Wright.

Rec: 1872: Dept
No. 314.

Govt. of India.

FINANCIAL.

To BOARD of REVENUE.
&c., &c., &c.

Dated January 17th.
Read —•— 27th.

G. O., 17th January 1872, No. 27.

JANUARY.
Nos. 58-59.

Sanctioning the modifications suggested by
Board of Revenue in regard to numbers XXV
XXV, and LXVI of the Local Fund Rules.

R. 170.

RECORDED.

29 Jan