

(1) Number of pages 4

(2) Date of repair 6.2.1970

(3) Initials of the Referencer _____

MADRAS RECORD OFFICE

GOVERNMENT OF MADRAS

Revenue DEPARTMENT

G.O. No.	2005	Press
B.P. No.		Mis. ✓
Dated	28.8.1876	196

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2005

*Proceedings of the Madras Government, Public Works Department,
3rd August 1876. No. 1,977.*

No. 62. Read the following Proceedings of the Government of India in the Public Works Department, (Account—Irrigation), dated Simla, 14th July 1876, Nos. 264—74 A.—I. :—

Mode of exhibiting Remissions and Refunds of Irrigation Revenue.

Read again—

Public Works Department Resolution, Nos. 19—33 A.—I., dated 21st February 1868.

Read also the following papers :—

Public Works Department Resolution, Nos. 239—53, dated 21st July 1875.

Letter from Secretary to Government, North-western Provinces, Irrigation Branch, No. 618½ A, dated 30th December 1875.

RESOLUTION.—In replying to the orders of the Government of India on the Revenue Report of Irrigation Works in the North-western Provinces for 1873-74, the Government of the North-western Provinces refer to the practice of exhibiting remissions of revenue as working expenses instead of as deductions of revenue, and explain in the following terms the reasons for adopting the former course :—

“ Now these remissions like the working expenses are those brought to account during the year under review, and consequently are not deducted from the revenue assessed for the year with which probably they have nothing to do. They are, therefore, entered as a charge against the operations of the year, whereby the net revenue shown as the assessment of the year is made to correspond actually with that which has to be collected; the remission being in one case shown in the debit side of the account, and so deducted, but in the other,”—*viz.*, in the accounts prepared by the Examiner,—“ not being shown in the account at all, being deducted from the collections. The practice, therefore, of showing remissions as a charge in the working expenses appears to be a necessary consequence of the practice of showing results by assessments.”

2. These remarks have led the Government of India to consider the question of the best mode of exhibiting the remissions of revenue in the finance accounts, as well as in the revenue reports of irrigation works. The orders on the subject as contained in Public Works Department Resolution, Nos. 19—33 A.—I., dated 21st February 1868, contemplate that the supervision exercised over the remissions of canal revenue should deal with them in detail, and in this view the following rules were prescribed by the Government of India :—

“ XII.—In all cases the Controller of Public Works Accounts will credit the demands on account of water-rate actually supplied in full, and will show all deductions for free grants and remissions allowed after the original demand has been made as charges, and will require the needful authority for free grants and remissions to be submitted before finally passing the accounts of the receipts of canal revenue. Deductions for ascertained short supply and the like made by the canal officer before the original demand is sent on to the Revenue officer for collection, will be omitted from the credits, and also from the charges.”

“ XIV.—Remissions, free grants, collection charges, and all similar drawbacks from the gross revenue will be shown in accounts on the expenditure side of the account as remissions and expenditure. And the sums to be shown for revenue will be the gross amounts corresponding to original assessments, *plus* the amounts above directed to be exhibited on the expenditure side.”

3. The practice followed in the preparation of the Revenue Report of the North-western Provinces accords with these rules. But it is understood that in the actual accounts those remissions of revenue which involve cash refunds are treated as reductions of receipts, while remissions which do not involve cash payments are not entered in the regular accounts at all.

4. It is, however, essential that the practice followed in dealing with these remissions in the accounts should be in accord with the rules, and to admit of this the latter will be slightly modified. It is first necessary as a preliminary to provide for a distinction being maintained between remissions involving a cash payment and remissions requiring only a book adjustment, and in conformity with the practice followed in the Civil Department, the difference in dealing with the two classes of cases should be this, that the former should be treated as charges against the budget grant, and the latter as reductions from assessments, similar to cases where the original demand is ascertained to be excessive before being sent on to the Revenue officer for collection.

5. For cash remissions of revenue the charge against the budget grant should be entered in the accounts against the head of Revenue outlay, but under a distinct and new sub-head of "Refunds." By this arrangement the charges under Revenue will consist of the following classes:—

Working Expenses—

- (IA) Extensions and improvements.
- (IB) Maintenance and repairs.
- (IC) Compensation.
- (II) Establishment.
- (III) Profit and Loss.

Refunds of revenue.

The total of working expenses and refunds of revenue will be entered in the Revenue Account of each canal, so as to bring out the net results accurately. It is of course to be understood that to meet cash refunds provision of funds must be duly made. It should be entered in the budget-estimate under the head Revenue, and the amount should be calculated on the average sum refunded annually.

6. The entry in the Revenue Report of Irrigation Works for the demand of the year should show the net amount, *viz.*, the balance after deducting the remissions not involving a cash refund, but such deductions should be shown distinctly so as to avoid the demand of the year being shown otherwise than at its correct amount, thus—

	Amount.	Total.		Amount.	Total.
Demand of the year. [Usual detail.]			Working expenses of the year. [Usual detail.]		
Total demand ...			Total working expenses.		
Deduct remissions during year not involving a cash refund.			Add refunds of revenue.		
Net revenue demand ...			Total revenue charges.		

7. Under the orders herein contained Rules XII and XIV of Public Works Department Resolution, Nos. 19—33 A-I, dated 21st February 1868, will be modified as follows:—

"XII.—In all cases the Examiner of Public Works Accounts will treat the demands on account of water actually supplied as an asset that has to be recovered. Remissions for ascertained short supply and the like made by the canal officer before the original demand is acted on, and therefore in time to prevent the necessity of cash refunds will be deducted from the assets. The like course will be followed in the case of free grants. But remissions involving an actual cash refund will be treated as charges against the Budget grant under the head of Revenue outlay. The Examiner will require the needful authority for all free grants and remissions and refunds before finally admitting the reduction of demand or charge against the grant."

"XIV.—Collection and maintenance charges and cash refunds of revenue will be shown on the expenditure side of the account as revenue outlay under distinct heads of Working Expenses and Refunds of Revenue. And the sums to be shown for revenue will be the gross amounts made up of the actual receipts of the year, including sums subsequently refunded."

8. The Accountant-General, Public Works Department, will take the necessary steps to revise the forms and rules so as to admit of these orders being brought into effect commencing from 1876-77. The Local Governments concerned should be requested to make the necessary provision of funds out of the grants of 1876-77 to meet the cash refunds of that year.

ORDER.—Ordered, that this Resolution be communicated to the Local Governments of Madras, Bombay, Bengal, and Administrations noted in the margin, and to the Accountant-General, North-western Provinces, and Punjab. Chief Commissioners of British Burmah and Public Works Department, for information and guidance. Mysore, and Governor-General's Agent, Rajpootana.

Ordered also, that a copy be forwarded to the Financial Department, and to the Department of Revenue, Agriculture, and Commerce, for information.

(Signed) C. H. DICKENS, Colonel, R.A.,

Secretary to the Govt. of India.

No. 63.

ORDER THEREON, 3rd August 1876, No. 1,977.

IRRIGATION, No. 10.
Account.

ORDERED to be recorded.

(True Extract.)

[Signature] Colonel,
Offg. Under Secy. to Govt., P.W.D.

To the Chief Engineer for Irrigation.
" Examiner of Public Works Accounts.
" Revenue Department.
" Board of Revenue.
Exd. E. C. Shunker.
Spare Copies *sent to Head Office*

Revenue Dept. Secy
Govt. of Madras.

PUBLIC WORKS.

To
The CHIEF ENGINEER FOR IRRIGATION.

&c. &c.

Dated August 3rd.

Issued

Recd. 20

Encl.

G. O., 3rd August 1876, No. 1,977.

AUGUST.

Nos. 62-63.

*Mode of exhibiting remissions and refusal
of Irrigation Revenue.—Proceedings of the
Government of India communicating Reso-
lution regarding this — recorded.*

*As 2006
Lodged.*

MADRAS RECORD OFFICE