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TAMIL NADU ARCHIVES

GOVERNMENT OF TAMIL NADU

REVENUE DEPARTMENT

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GOVERNMENT OF MADRAS.

FINANCIAL DEPARTMENT.

31st July 1878, No. 1330.

Accounts and Finance.

Read the following paper :—

No. 173. *Proceedings of the Government of India, Financial Department (Accounts and Finance), dated Simla, 8th July 1878, No. 1514.*

Read—

A docket by the Assistant Secretary to the Government of the North-Western Provinces, Public Works Department, No. ^{L.R.} 1683-A, of the 5th March 1878, forwarding, for the information of the Government of India in this Department a letter addressed to the Government of India in the Public Works Department, No. 167-L.R., dated 5th March 1878.

Read also—

A letter from the Secretary to the Government of the North-Western Provinces and Oudh, No. 132-B., dated 13th March 1878, addressed to the Government of India in the Financial Department, sending copy of the same letter for consideration with reference to paragraph 11 thereof.

RESOLUTION.—With this letter the Government of the North-Western Provinces send, for the approval of the Government of India in the Public Works Department, a scheme for the construction of light railways in the North-Western Provinces and Oudh, and, in paragraph 12, ask for a grant of not less than 20 lakhs of Rupees to be expended on this scheme in 1878-79 and, thereafter, of 40 lakhs a year.

2. The Lieutenant-Governor, after making careful inquiry, is of opinion (see paragraph 11, of which consideration is specially asked in the letter, No. 132-B., received separately in this department) that he will be able to guarantee the interest on these advances, provided that the Government of India will leave him, from the License Tax Act, II of 1878, the amount realised during 1877-78 under the provincial Act VIII of 1877.

3. Since these letters were written, the financial arrangements for the year 1878-79 have been published, as a part of which 15 lakhs of Rupees have been provided for railway construction (Cawnpore and Farakhabad Line) in the North-Western Provinces during 1878-79; and the proportion of the license tax in the North-Western Provinces and Oudh to be contributed for Famine insurance has been settled.

4. Before the Government of India in the Financial Department can take into consideration the further demands contained in these letters, it must know—(1) the amount which the Government of the North-Western Provinces will require during the next five years for works of irrigation; (2) the amount which the other Local Governments desire to spend during the same period on productive works (Railways and Irrigation); and (3) the amount which the Imperial Public Works Department expects to spend on works of this class for which no Local Government will be responsible. As soon as all the demands of the Imperial Public Works Department and of all the Governments are known, the Government of India will distribute the funds which it expects to have at its disposal as may seem most for the general interest of the country. The demands here referred to are exclusively those to be met from Imperial funds, independently of any funds which the Local Government may

expect to raise by Local Debenture Loans, which last may, for the present, be regarded as available in addition to the Imperial grants.

5. Meanwhile, the procedure adopted in the present instance seems to the Governor-General in Council to make it necessary for him to issue some general instructions upon certain points of fundamental importance for the successful working of the system of Provincial Finance introduced in 1870 and now in course of development.

6. The basis of that system is financial; the Local Governments being placed, in respect of their Provincial revenues, under certain pecuniary liabilities, while their administrative powers in relation to public expenditure have been extended. The Government of India has not contemplated the abrogation of the constitutional responsibility imposed upon it of exercising a general executive supervision over the proceedings of the Local Governments in the collection of the revenues and the administration of the services entrusted to their quasi-independent care: but it is essential that there should be no confusion as to the financial relations between the Government of India and the Local Governments, which constitute the essence of the new system.

7. This is especially important in regard to productive public works, as to which the financial obligations of the Local Governments are especially serious. These works, though planned by the professional advisers of the Local Government, must be subjected to the general professional supervision of the Government of India in the Public Works Department: but the main connection between the Local Governments and the Supreme Government in respect of them will henceforth be financial, and it is of the highest importance that the nature of this financial connection be in no way obscured.

8. The fundamental principle laid down is, that if the productive works which a Local Government desires to construct have satisfied the Secretary of State as to the general conditions applicable to such works, then, subject to the general professional superintendence of the Government of India in the Public Works Department, and within the practical limits which must regulate the supply of the necessary funds, the Local Government will be authorised to undertake the works; provided only that it be able to give a valid guarantee to the Imperial Treasury against any financial failure.

9. Hence it becomes necessary that the financial relations of the Government of India and the Local Governments in respect to these works should be controlled and guarded on considerations distinct from those dependent on their professional character. The question how far the provincial finances are in a position to support the obligations arising out of any system of works concerns only, and will be dealt with in, the Financial Departments of the Local and Supreme Governments. The Public Works Departments will confine themselves to the professional questions relating to the works, including their profitable character, the general arrangements under which it is proposed to carry them out, and the relative importance of the works projected, comparing one with another, or the requirements of one province with another. The Public Works Departments will also be responsible for watching that the several works are able to satisfy the financial conditions on which they were sanctioned.

10. To ensure attention to this in future, the following rules are prescribed:—

- (1) No proposals involving financial liabilities on the provincial revenues should be made by any Local Government without careful independent consideration and assent in its Financial Department.
- (2) Proposals submitted to any department of the Government of India, involving any expenditure, excepting for the construction of public works, should always emanate from the Financial Department of the Local Government, and be transmitted, with any needful remarks, by the Department of the Government of India addressed, for consideration in the Financial Department of the Government of India.
- (3) Proposals submitted to the Government of India for the construction of public works should emanate from the Local Public Works Department.

But they should be accompanied by the review of the Local Financial Department; and all preliminary discussion necessary for the proper elucidation of the professional, remunerative, and administrative aspect of any matter under consideration would be carried on between the Public Works Departments of the Local Government and of the Government of India.

11. Every proposal submitted by a Local Government in the Public Works Department, involving such financial considerations as to require the eventual assent of the Government of India in the Financial Department, should have been previously reviewed in the Financial Department of the Local Government, and copies of the proposal as submitted from the Local Public Works Department, and of any resolution taken thereon in the Local Financial Department, should be simultaneously forwarded to the Government of India in the Financial Department from the Local Financial Department, so that, should the occasion require, the Financial Department of the Supreme Government may discuss the financial points raised, independently, with the Financial Department of the Local Government.

12. Lastly, all orders issued by the Government of India in the Public Works Department, relative to the prosecution of works, must be understood, as heretofore, to have been given subject to the general financial rules laid down for the guidance of Local Governments; and no administrative instruction should be regarded as conveying authority for the disbursement of funds, regular financial sanction for which has not been given.

Ordered that a copy of this Resolution be forwarded for information and guidance to all Local Governments and Administrations in the Financial Department. Also to the Public Works Department of the Government of India, in order that the statements of requirements during the next five years, as described in paragraph 4, may be obtained and presented for joint consideration with this department. Also to the other departments of the Government of India for information.

(Signed) R. B. CHAPMAN,
Secy. to the Govt of India.

No. 174.

ORDER THEREON, 31st July 1878, No. 1330.

Communicated to the Revenue and Public Works Departments.

(True Extract.)

B. F. Chapman
Chief Secretary.

To the Revenue Department. ✓
" Public Works Department.
" Accountant-General.

Exd. J. W. Fischer.

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L. C. 10

7 To the Board of Revenue 8th 19th day

Revenue Office
No 2534

Obt. of 1878/79

FINANCIAL.

THE REVENUE DEPARTMENT.

cc, cc,

Date July 31st.

1878/79

1878/79

G.O. 1st July 1878, No. 1830

JULY.
Nos. 173-174.

1878/79

Accounts and Finance—Communicating Re-
lution of the Government of India contain
certain general instructions for the purpose
working of the system of Provincial finance.

1878/79

Communicated 1878/79

Board of Revenue 1878/79

1878/79