9 5,000—5-3-98.

Revenue (1899) Department.

MISCELLANEOUS SERIES.

G.O., No. 429

DATED 30th January 99

[Despatch Abstract.]

Recording G. C. Pol. Department directing that application be made to the Govt. of India for sanction to the extension of the loan to the Cochin Darbar of the services of Rao Sahib Swaminatha Aiyar for a further period of six months.

BACK PAPERS.

G.O.	No.	Department.	Date.	G.O.	No.	Department.	Date.

FURTHER PAPERS.

G.O.	No.	Department.	Date.	G.O.	No.	Department.	Date.
	C.N. 1229/99						

Rev. 1899. Departt.

Government (1899) of Madras.

POLITICAL.

Current No. 669

Recd. 26-1-
Regd. 26-1-
} 1899.

Enclosures

Spare copies

G.O., No. 65, 17th January 1899.

G.O. cancd. No. 429 of 30th Jan. 1899.

Recorded.

JANUARY.

Ms 30/1/99

~~Copy to the Cochin Dy~~

M.R. Ry
Chief Secretary
Dated

Rao Sahib Swaminatha Aiyar.

Directing that application be made to the Government of India for sanction to the extension of the loan to the Cochin Darbar of the services of — for a further period of six months.

Note
The present application to India, if sanctioned, will keep the Dy Collr on in the Cochin State up to 13th ~~Jan~~ March 1899.

AK
27.1.99 27/1/99

GOVERNMENT OF MADRAS.

POLITICAL DEPARTMENT.

Read—again the following papers:—

G.O., No. 527, Political, dated 7th August 1897.

Abstract.—Communicating to the Revenue Department, the Resident in Travancore and Cochin and the Accountant-General letter from the Government of India sanctioning, with certain remarks, the transfer to the Cochin State for one year of the services of M.R.Ry. Rao Sahib Sami Swaminatha Aiyar Avargal on a net salary of Rs. 700 per mensem.

G.O., No. 537, Political, dated 4th August 1898.

Abstract.—Communicating to the Resident in Travancore and Cochin letter from the Government of India sanctioning, on the existing conditions, the extension by six months of the period for which the services of M.R.Ry. Rao Sahib Swaminatha Aiyar were lent to the Cochin Darbar.

Read—also the following paper:—

From F. A. NICHOLSON, Esq., Acting British Resident in Travancore and Cochin, to the Chief Secretary to Government, dated Trivandrum, 13th December 1898, Ref. on C. No. 4030.

I have the honour to forward herewith in original letter, Ref. on C. No. 776-Accts., dated 8th instant, from the Diwan of Cochin asking for an extension of the loan of the services of M.R.Ry. Swaminatha Aiyar to the State for a period of six months beyond that sanctioned in G.O., No. 484, Political, dated 16th July 1898.

2. The above Government order was passed on a letter, dated 6th June 1898, from Mr. Rees forwarding for the favourable consideration of Government an application for the extension of the loan of M.R.Ry. Swaminatha Aiyar's services for one full year, but Government felt themselves unable to grant the full extension requested and sanctioned a period of only six months which expires on the 15th February next. The present letter from the Diwan asks for a further term of six months, making up the full year originally applied for. I recommend that Government be pleased on a perusal of the Diwan's letter to grant the extension as one *absolutely necessary for* carrying to completion the work now in progress. I have spent many hours perusing the office-notes, proceedings, letters, &c., of the Diwan and the Special Officer, and in discussing the matter with His Highness the Raja and the above officers, and I am able to assure Government that the extension is not only desirable but necessary, and that it has not been necessitated by any indolence or misdirection of M.R.Ry. Swaminatha Aiyar's time and work, but by the difficulty and magnitude of the work done and yet to be done.

3. I had drafted a letter in some detail on the work done by the Special Officer and on that yet to be done, but in view of the details given in the Diwan's letter, which is a mere abstract of a lengthy office-note, I think it unnecessary further to burden Government with remarks. I would only point out that the examination and winding up of the old accounts is essential to arrive at a correct balance sheet with which to begin the new system; the discovery of defalcations is a mere incident in an enquiry which, necessitated by the ordinary rules of finance, has, in fact, already resulted in the recovery on the mere approach of audit, of sums which will pay the whole cost of

the Special Officer. I will add also that the old system was a cumbrous accretion of books, accounts and registers which had grown up not as a scientific system, but as the result of the ideas of various officers often financially unskilled; these accounts were often useless, often unwritten, while the system was so unsystematic that it could not be mended or patched, and it was dangerous as admitting *freely* of double payments and embezzlements. Hence the introduction of a new system which is the British system simplified to suit Cochin requirements.

4. I believe that Government will, on perusal of the Diwan's letter, agree with me that the Special Officer has done a very large amount of very difficult work, and that he has still before him an essential and difficult portion of it for which the extension now requested is none too long.

Enclosure.

From P. RAJAGOPALA CHARI, Esq., Diwan of Cochin, to the Acting British Resident in Travancore and Cochin, dated Ernakulam, 8th December 1898, Ref. on C. No. 776/Accts.

I have the honour to acknowledge the receipt of your letter, dated 25th July 1898, Ref. on C. No. 15 Camp, and your letter, dated 18th August 1898, Ref. on C. No. 2679. In your first letter you informed me that the Madras Government regretted its inability to support in its entirety my application for an extension of the loan of M.R.Ry. Swaminatha Aiyar's services for a period of one year, and that application will be made to the Government of India for an extension for six months. In your second letter you informed me that the extension for six months was sanctioned by the Government of India.

2. I must first of all express my regret that, in my letter to you, dated 27th May 1898, Ref. on C. No. 776, I did not state in detail the work hitherto done by the Special Account Officer, and the work that still remained to be done by him. At the same time, I must also beg leave to add that, if any doubt was entertained as to the necessity for an extension for one year, a reference might have been made to me, so that I could have had an opportunity of stating in detail the reasons for my application.

3. As I find that there is absolutely no chance of the work in which the Special Account Officer is now engaged being closed within the period of six months for which the extension has been granted, I have to state at length the circumstances under which I feel bound to press that my original application for an extension for one year be granted in its entirety.

4. For the reasons of my first application for a Special Account Officer, I would refer you to my letter, dated 29th March 1897, in which I pointed out that there were large advances outstanding in the accounts of the Head Treasury, that it was impossible to say with accuracy how the accounts of the taluks stood, that the system then in vogue created considerable risks of double payments, and that a Special Officer was required to overhaul the accounts, as it was impossible for the Diwan to do so along with his current work. I made the application for a Special Officer, because I felt that the overhauling of the accounts was necessary, so that the Darbar could know how matters stood. In submitting my application to the Madras Government, you pointed out in your letter of the 21st April 1897, that the Special Officer was necessary to have the past 9 or 10 years' accounts overhauled, *and placed on proper lines*, and you considered that a period of at least one year was necessary for the purpose, a view in which I entirely concurred.

5. The Madras Government selected M.R.Ry. Swaminatha Aiyar for the special work, and this officer reported himself for duty to me with effect from the first day of the Malayalam year 1073. M.R.Ry. Swaminatha Aiyar was given by me a completely free hand in dealing with all account matters, and heads of departments were instructed to comply with his requisitions for information, and to carry out his orders in account matters, in the same way in which they would treat the orders of the Diwan. A detailed account of the work done by the Special Account Officer since he took charge is given in an office-note submitted by me to His Highness, a copy of which has,

I understand, been forwarded to you. A perusal of that note will show that the Special Officer's energies were not at any time frittered away in dealing with the routine work of the Account department, which latter continued to be done as before by the Diwan for some months after the Special Officer joined, and which was transferred from the Diwan to the Huzur Treasury Officer on the re-organisation of the Account department.

6. In dealing with the Account department, the Darbar throughout realised that it was its primary duty, before doing anything with the old system of accounts, to study and understand it fully, and make only such changes as were really necessary, and also to make every effort to improve upon the old system before thinking of introducing a new one. The Special Account Officer spent about a month and half in studying the old system of accounts, to see if any reformation can be made with that system as the basis. A brief account of the old system is given in the office-note copies of which were submitted to you with my letter, dated 27th May 1898. This office-note by M.R.Ry. Swaminatha Aiyar was submitted to you for perusal and transmission to the Madras Government, because it was felt that it would be a waste of time on my part to attempt to prove that any changes *were* necessary in the account system, until the Madras Government and yourself had an opportunity of knowing *what was* that system.

7. I do not propose to go over the ground again so far as the old system of accounts is concerned. It is in my opinion sufficient for the purpose of this letter to observe that it was found that no improvement can be effected with the old system of accounts as the basis.

8. When once this conclusion was arrived at, the Special Account Officer at once submitted proposals for re-constituting the Account branch in the Diwan's office, and organising an Audit branch. For the details of this scheme, I beg to refer you to my proceedings, dated 9th October 1897, Ref. on C. No. 4900, a copy of which was submitted to you with my letter, dated 10th October 1897, Ref. on C. No. 4900, and also my office-note, dated 6th November 1897, embodied in my proceedings, dated 29th November 1897, Dis. No. 368, a copy of which was submitted to you with my letter to you, dated 14th December 1897, Ref. on C. No. 6030. In paragraph 3 of my letter to you of the 14th December 1897, I pointed out that the additional cost to the State on account of the re-organisation amounted to Rs. 20 per mensem.

9. The introduction of the new system began in October 1897, and for some months the Special Account Officer had to be in charge of the Huzur Treasury, putting the newly appointed Treasury Officer and the Account branch in the way. *In addition to the organisation of the Account and Audit branches*, the Special Account Officer dealt with the following subjects in the last quarter of 1897 :—

(1) The salaries of officers and their establishments, and the preparation of the salary bills.

(2) The payment of moneys into the public treasuries.

(3) The constitution of the taluk treasuries, and laying down detailed rules for their working.

(4) The payment of commission to the officers of the Registration department.

(5) The maintenance of the permanent advance registers, and the incurring of contingent expenditure by heads of departments, with detailed rules defining their powers and duties.

(6) The payment of batta and travelling allowance to witnesses in criminal courts.

(7) The expenditure on sub-jails.

(8) Pensions.

All the above subjects were dealt with during the last quarter of 1897.

10. During the first quarter of 1898, the Special Account Officer employed himself in examining the "Anamath" registers maintained under the old system, with a view to transfer the outstanding balances to the head of "Deposits," and to open the necessary "Deposit" registers in the Taluks and in the Huzur Office. He issued a detailed circular on "Deposits" for the guidance of the civil courts. He

also dealt with the old system of accounting of fines imposed and collected by criminal courts and refunding fines, and also prepared rules for the preparation, consolidation, and submission of the pay-bills and pathivu allowances of the Dewaswom and Oottupura establishments. He also had to verify in detail every case of pension, to see if it was sanctioned by His Highness the Raja. This last was a particularly difficult task. The Audit branch came into full working order during the first quarter of 1898, and the necessary registers in this branch bearing on the salaries of officers and their establishments, pensions, contingencies, &c., were prescribed and opened. Further, during this quarter, detailed instructions were issued to all Tahsildars to close their old accounts preparatory to winding them up, and the lines on which this winding up should be done were also laid down.

11. During the second quarter of 1898, the reconcilement of the finance and revenue accounts was taken up. This was a particularly difficult work, in view to the fact that no such reconcilement had at any previous time been even attempted. The absence of a Travelling Allowance Code was found to cause considerable inconvenience, as, in the absence of a uniform set of rules, travelling allowance used to be drawn on certain loose and often inconsistent orders which had been issued from time to time. A Travelling Allowance Code was, with the approval of the Resident, issued under the sanction of His Highness. A classified form of "Account Current" was prescribed for the State, with detailed minor heads. Further, during the second quarter of 1898, progress was made in examining and winding up the old accounts by the permanent staff of the Darbar, in accordance with the general instructions issued by the Special Account Officer who had to check the work of winding up from time to time.

12. During the third quarter of 1898, the principal subjects dealt with were the preparation, maintenance, and verification of service registers, the accounting of the receipts and expenditure of the estates of private proprietors under Sirkar management, the accounts of the Cranganore taluk and the Public Works Code.

13. The Public Works Code is now before me, and will in due course be issued, but I expect that its working will have to be carefully watched by the Special Account Officer for two or three months, so that the mistakes committed by the Public Works department may be rectified in time, till it gets completely accustomed to the new method. The Special Account Officer has yet to deal with the Forest and Dewaswom departments and a few minor matters.

14. Beyond the remark that progress is being made in examining and winding up the old accounts, I have not yet said anything about them. As, however, some misapprehension appears to exist in regard to the object with which the old accounts are being gone through, I must beg your permission to allow me to make a few remarks on that subject. In regard to such a matter as the accounts of a State, a little reflection will show any one that the introduction of a new system must necessarily be incomplete, unless at the same time arrangements are made for winding up and closing the old accounts. Unfortunately, the very first difficulty I had to contend with in winding up the old accounts was that the old accounts have not been even completely written up. It came to my notice, some months after I joined, that the accounts of almost all the taluks and of some of the departments were in arrears for periods ranging from six months to three or four years. The condition of the Public Works accounts may be imagined from the fact that, under the old system, the Chief Engineer and the Maramat staff were allowed to be in possession of large sums of money as advances, but no time was prescribed within which such advances should be accounted for. The Resident has referred to this in paragraph 39 of his Review of the Administration Report for 1071, and the Government of Madras called the attention of the Darbar to it in paragraph 12 of its order thereon. (No. 615, Political, dated 17th September 1897.) In paragraph 247 of the Administration Report for 1072, I have again dealt with the matter. Ever since the fact that these large advances were outstanding in the Public Works and Maramat departments came to my notice, I have been putting continuous pressure upon the Chief Engineer and the Maramat staff to submit their overdue completion bills and adjust their old advances.

Numbers of these bills have been adjusted within the last one year. To indicate, however, how much still remains to be done, I may mention that, from the figures received from the Public Works department office a few weeks ago, I find that, taking the period up to the end of 1073, the Chief Engineer has yet to submit overdue completion bills in 424 cases of formally estimated and sanctioned works, as opposed to unestimated works done by him without formal sanction. About a third of these 424 cases appear to be more than five years overdue. The total amount sanctioned for the above 424 cases amounts to Rs. 9,64,192, out of which the Chief Engineer has drawn from the treasury Rs. 8,34,331. So far for *sanctioned* works. But, in addition to the above, I find that, taking the period ending 1072, the Chief Engineer has yet to submit completion bills on account of unsanctioned works (called in departmental language "emergent") in 507 cases involving an expenditure of Rs. 63,953. Several of these so called emergent works were undertaken so long ago as 1066; and yet, though we are now in 1074, and though I have been putting a lot of pressure upon the Chief Engineer and his staff, you see that completion bills are due from him for 507 cases of *unsanctioned* works completed before the end of 1072, *i.e.*, more than fifteen months ago. To prevent misapprehension, I must at once say that the work of pressing for these overdue completion bills, scrutinising them when received, and adjusting the accounts so far as they are concerned, is being done by the permanent staff, but instructions have to be issued from time to time for the guidance of the permanent staff in regard to the lines on which the work should be done, and the task of issuing these instructions falls upon the Special Account Officer. My object in mentioning the condition of the Public Works department accounts is to show that there can be no such thing as drawing a line between the old accounts and the new, and leaving the old accounts alone. Such a procedure would mean pecuniary loss to the State. Again, in regard to the Forest department, you are aware of the condition of the accounts of that department. The Conservator has not yet submitted bills completely for the adjustment of advances made to him so long ago as 1060, and the accounts of the Conservator, having fallen into arrears for several years, are now being written up by a special staff. It is apprehended that the examination and winding up of the Forest accounts will be a particularly hard affair, and though the details of the work will naturally fall upon the permanent staff, it will be absolutely necessary that the Special Officer should devote some time to lay down the lines on which the staff engaged in the process of winding up should proceed. With reference to the Forest department, I beg respectfully to inquire if any Diwan will be justified in saying that he will have nothing to do with the old accounts and leaving them alone. Again, it is found that, on account of the fact that the examination of the old accounts has been taken up preparatory to winding them up, several officers are now refunding into the treasury various sums of money which went into their hands at different times. One subordinate alone has refunded into the treasury, within the space of twelve months, more than Rs. 17,000, and some of the items which went to make up the above sum were kept by him for periods ranging from ten months to nearly 63 years. Should the Darbar give up the task of examining its old accounts, the people who are now paying in moneys for fear of such examination will have every temptation to stop so paying. Again, I beg to know how the claims of people (depositors, &c.) for refunds of moneys deposited by them with the Sirkar can be adjudicated upon, unless the old accounts are examined and all such items are hunted up and brought to the new registers. And lastly, we have in Cochin a number of officials who have given security for the due performance of their duties, and who have retired within the last ten years. The number of such men is steadily increasing, and it is found that the securities cannot be released, because nobody will take upon himself the responsibility of saying that the security of any particular officer *can* be released. All these cases are awaiting the examination and winding up of the old accounts. My object in referring to the old accounts is, as already stated, to show that it will be absolutely dangerous for the Darbar to ignore its old accounts, and go on with the new system. The only satisfactory method that can be adopted in a case like this is to have the old accounts scrutinised and wound up, and take steps to recover the moneys due to us and pay off the moneys due from us. So far as the old accounts are concerned, I may at once say that, when

once the examination of them in any branch is started, and the work placed on proper lines, the normal staff is generally in a position to push on with the work with the occasional help and advice of the Special Account Officer.

15. I have given roughly in the preceding paragraphs a brief account of the nature of the work which has been engaging the attention of the Special Account Officer. It is obvious that, to study the entire system of accounts in any State, to determine what changes are necessary, and introduce all those changes, and to arrange for winding up the old accounts so that hereafter they may not give any trouble, in fact, to give a clear start to a reorganised Account department, and to frame an Account Code to guide its officers, all these things are things which necessarily take a lot of time; and the more I think of it, the more I feel that the Darbar should consider itself fortunate that a work like this is to be completed in a period of two years. And what is the expenditure incurred? It is Rs. 700 per mensem, being the pay of the Special Account Officer, *plus* Rs. 50, being his pensionary contribution, or Rs. 9,000 per year. For the period of two years, the outlay will be Rs. 18,000. A sum of Rs. 18,000, I confess, does not appear to me an excessive expenditure for a work like this. I have already pointed out that, in organising the *permanent* Account and Audit branches, the increase of expenditure incurred is only Rs. 20 per mensem, so that, when the new system is in full swing, it will practically be worked without any additional expenditure to the State, and the permanent gain resulting from the increased efficiency will be purchased with an outlay of less than Rs. 20,000.

16. To sum up, I trust that I have explained the circumstances under which a Special Account Officer was obtained to overhaul the accounts of the State. A brief account of the state of things as found by that officer is given in his office-note already submitted to the Resident, which will show that the accounts of the Cochin State needed a thorough reorganization; and this work has now considerably progressed. Broadly speaking, the work of the Special Account Officer may be divided into four parts. Firstly, he had to subject the old accounts to a careful examination, and to report on their condition, for the information of His Highness, the Resident, and the Madras Government. Secondly, he had to determine what changes were necessary *and to introduce them.* Thirdly, he had to make the necessary arrangements for closing and winding up the old accounts. And, fourthly, he had to prepare an Account and Audit Code for the State. Of these four things, the first has been done, and the result of the Special Officer's examination of the old accounts is embodied in his office-note to which reference has been made already. In regard to the second portion of his work, the determination of what changes were necessary *and the introduction of those changes*, he has already organised the Account and Audit branches in the huzur cutcherry, and also the several taluk treasuries, and he has dealt with the following subjects, viz., the salaries of officers and their establishments, the Registration department, contingent expenses, pensions, deposits, receipts and expenditure of criminal courts, jails, the reconcilement of revenue and finance accounts, the Travelling Allowance Code, service registers, private estates under Sirkar management, the Cranganore treasury, the Public Works Code, and stamps. He has yet to deal with the Forest and Dewaswom departments and several minor matters. It is expected that all these will take him to the middle of March, and if the extension for one year be granted in its entirety, the Special Officer will then have before him a period of five months for doing the fourth portion of his work, viz., framing the Account and Audit Code. While framing the code, he should, in my opinion, devote himself to a careful examination of the various treasuries and the accounts of the several departments, and note such mistakes as occur or come to his notice in the working of the new system, so that his code may be finally issued, embodying the rules issued from time to time in introducing the new system with such alterations as experience has shown to be necessary. In regard to the third part of the Special Officer's work, viz., winding up the old accounts, the accounts of some of the taluks and of the huzur shroff have been already taken up, and their examination is making good progress. Arrangements have also been made to start the examination of the old accounts of the Forest department, and arrangements will also be made at no distant date for starting the examination of the old accounts of the Public Works department. The work of examining

the old accounts has been retarded by the fact that the accounts were mostly in arrears for periods ranging from six months to three or four years. The examination of the old accounts will fall more on the permanent staff than on the Special Officer, *when once the permanent staff is put in the way*. That the old accounts should be properly examined and closed is abs lutely necessary in the interests of the State. On the whole, I am of the decided opinion that it is absolutely necessary that the extension for one year solicited by me be granted in its entirety, and I beg respectfully to request that you will be so good as to submit my request for the consideration of the Madras Government, and communicate to me its orders.

ORDER—No. 65, Political, dated 17th January 1899.

Under the circumstances now reported, application will be made to the Government of India for sanction to the extension of the loan to the Cochin Darbar of the services of Rao Sahib Swaminatha Aiyar for a further period of six months. It is understood that the special duty will be completed within this period and that no further extension will be necessary.

[Here enter letter, No. 66, Political, dated 17th January 1899.]

(True Extract.)

A Edgington

for *Chief Secretary.*

To the Resident in Travancore and Cochin.
" Revenue Department.
" Accountant-General.

Exd. C. M. Thumbuswamy.

When given for copying ——
When copied ——
When examined ——
When signed ——
} 189 .

READ AGAIN G.O., No. DATED
189 ,

CURRENT No.

ENCLOSURES TO C. No.

ORDER OF GOVERNMENT	A	A	A	A	A	A	A	
LETTER OF GOVERNMENT.								
STATEMENT WITH DITTO.								
PAPERS NOT FILED UP, BEING MEANT FOR DESPATCH IN ORIGINAL.								

N.B.—
A = Copy in full.
B = Not to be copied.
P = Copy abstract only.
Q = Copy heading only.