

GOVERNMENT OF MADRAS

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THE MADRAS BOOK

OF

FINANCIAL POWERS

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PRINTED BY THE SUPERINTENDENT, GOVERNMENT PRESS

1927

PRICE, 8 annas.]

2211(x7)

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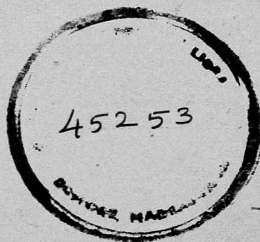


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# THE MADRAS BOOK OF FINANCIAL POWERS.

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# THE MADRAS BOOK OF FINANCIAL POWERS.

## Introductory.

This volume is intended to bring together the expenditure powers of the Government of Madras.

Part I of the volume contains—

(i) the powers of the Local Government to sanction expenditure from provincial revenues on provincial (Reserved and Transferred) subjects, and the restrictions imposed on their powers; and

(ii) Devolution Rules 28 and 37 to 43 and the rules made by the Finance Department under Devolution Rule 45 prescribing the cases in which the previous consent of the Finance Department prescribed under Devolution Rules 28 and 37 to 43 may be presumed.

Part II is a compilation of some of the more important rules and orders of a miscellaneous nature connected with the expenditure of money.

Part III is mostly a reproduction of Chapters II and IV of Part II of the Government of India Book of Financial Powers and contains the powers delegated by the Government of India to the Local Government to incur expenditure from central revenues as agents of the Central Government.

2. For the powers of subordinate authorities under the administrative control of the Local Government to incur expenditure from provincial and central revenues—see article 30 of the Madras Financial and Account Code.

3. The powers of the Local Government and of subordinate authorities in the matter of regulating the conditions of service, pay, allowances and pensions of the public services are not dealt with in this volume, as these are regulated by the rules made under section 96-B and other relevant sections of the Government of India Act, e.g., the Fundamental Rules, the Civil Services (Governors' Provinces) Classification and Delegation Rules, etc., which together with the subsidiary rules thereunder are published separately in the Fundamental Rules, the Manual of Statutory Rules and Orders and other volumes. The Civil Services (Governors' Provinces) Classification and Delegation Rules have also been reproduced as Appendices I and II to this volume for purposes of reference.

4. The Auditor General issues from time to time Audit Instructions to certain rules and orders, which are embodied in the Manual of Audit Instructions. These instructions are merely intended for the guidance of audit officers; but they will be found useful in interpreting the rules and orders to which they refer. The scope of the Audit Instructions is explained in paragraph 3 of the Introductory Note to the Manual of Audit Instructions. The Audit Instructions relating to the Government of India Act, the Audit Resolutions and the Devolution Rules are contained in sections IV to VI of the Manual of Audit Instructions, 1926.

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**PART I.**  
**CHAPTER I.**  
**DEFINITIONS.**

In this part—

**1. *Local Government*** means the Governor in Council or the Governor acting with Ministers according as the subject administered is a Reserved or a Transferred provincial subject—see section 134 (4) of the Government of India Act.

**NOTE.**—In regard to the administration of central subjects, “*Local Government*” means the Governor in Council—see rule 46-A of the Devolution Rules.

**2. *Provincial subjects*** means subjects classified as provincial in Part II of Schedule I to the Devolution Rules—see also Devolution Rules 3 to 5.

**3. *Transferred subjects*** means provincial subjects transferred to the administration of the Governor acting with Ministers appointed under the Act. These are enumerated in Schedule II to the Devolution Rules—see also section 45-A of the Act and Rules 6 to 13 of the Devolution Rules.

**4. *Reserved subjects*** means all provincial subjects which are not Transferred.

**5. *Voted expenditure*** means expenditure which is subject to the vote of the Legislative Council under section 72-D of the Government of India Act.

**6. *Non-voted expenditure*** means expenditure which is not subject to the vote of the Legislative Council—see section 72-D (3) of the Act.

**7. *Appropriation*** means a sum of money allotted for expenditure on a specific item or object or a group of items or objects. It is intended to cover all the charges, including the liabilities of past years, to be paid during the year or to be adjusted in the accounts of that year—see also paragraph 65 of the Madras Budget Manual.

**8. *Grants and units of appropriation.***—A grant or supplementary grant may be in respect of expenditure falling under one or more major heads or sections of major heads. For purposes of accounts classification and financial control, each major head of account is divided into minor heads, which are further subdivided into sub-heads. Each sub-head of account is subdivided into “primary units of appropriation,” which are further subdivided, as may be necessary, into “secondary units of appropriation.”

**9. *Reappropriation*** means the transfer of funds from one unit of appropriation to another such unit.

## CHAPTER II.

### POWERS OF THE MADRAS GOVERNMENT—PROVINCIAL SUBJECTS.

#### A. Introductory.

10. The powers of the Local Government to sanction expenditure from provincial revenues are defined in the Provincial Audit Resolution and Rules 27 and 28 of the Devolution Rules and Schedule III thereto. These are reproduced below for convenience of reference. The exercise of the powers is subject to previous consultation with the Finance Department where it is prescribed under the Devolution Rules and orders thereunder—see Chapter III of this volume.

NOTE.—The orders in rules III, 10 (7) and (9) of the old Provincial Audit Resolution (Government of India, Finance Department, No. 361-E.A., dated the 24th July 1916) regarding grants of lands and alienations of land revenue continue to be in force until revised orders on the subject are issued—vide Audit Instruction 8 of Section V of the Manual of Audit Instructions, 1926, and Appendix No. III.

#### B. Expenditure on Reserved subjects—Audit Resolution.

11. Resolution of the Government of India, Finance Department (Salaries, Establishments, etc.—Rules and General Matters), No. 1449-E.A., dated Simla, the 29th September 1922, as amended by Resolutions of the Government of India, Finance Department, No. 1958-Ex., dated 11th June 1924, No. F. 35-Ex./26, dated 9th March 1926, and No. F. 115-8-Ex./25, dated 29th June 1926.

His Majesty's Secretary of State for India in Council has been pleased to make the rules appended to this Resolution, defining the classes of expenditure on reserved provincial subjects which a Governor in Council may not sanction without the previous consent of the Secretary of State in Council. These rules supersede all previous rules of a similar nature and, subject to their observance, orders regarding specific cases of expenditure passed by the Secretary of State in Council or the Governor General in Council under regulations previously in force will no longer be binding.

2. If the sanction of the Secretary of State in Council is required by these rules to any expenditure, such sanction should ordinarily be obtained before the Legislative Council is asked to vote supply to meet the expenditure. The Governor in Council may depart from this rule in cases of extreme urgency, where the time available is so short that sanction cannot be obtained by telegraph; but in such a case a statement showing all schemes for which supply has been asked before sanction has been obtained must be submitted to the Secretary of State in Council as soon as possible after the presentation of the demands to the Council.

3. The Governor in Council may sanction any excess over an estimate which has, prior to the introduction of these rules, received the sanction of the Secretary of State in Council or the Governor General in Council if the total cost of the estimate, as increased by the excess, is within the powers of



sanction conferred upon the Governor in Council by these rules; and may sanction the extension of a temporary post which has received similar sanction if he would, under these rules, be competent to sanction the creation of such a post for the full term as extended.

4. Subject to the observance of these rules and to the provisions of section 72-D of the Government of India Act, the Governor in Council has full power to sanction expenditure upon reserved provincial subjects and, with the previous consent of his Finance Department, to delegate such power upon such conditions as he may think fit to any officer subordinate to him. \* Any sanction given under this rule will remain valid for the specified period for which it is given, subject, in the case of voted expenditure, to the voting of supply in each year.

#### ANNEXURE.

#### *Rules relating to expenditure by a Governor in Council on reserved provincial subjects.*

1. The previous sanction of the Secretary of State in Council is necessary—

(1) \* To the creation of any new or the abolition of any existing permanent post, or to the increase or reduction of the pay drawn by the incumbent of any permanent post, if the post in either case is one which would ordinarily be held by a member of an All-India service; or to the increase or reduction of the cadre of an All-India service (but see footnote on page 6).

(2) \* To the creation of a permanent post on a maximum rate of pay exceeding Rs. 1,200 a month, or the increase of the maximum pay of a sanctioned permanent post to an amount exceeding Rs. 1,200 a month (but see footnote on page 6).

(3) \* To the creation of a temporary post on pay exceeding Rs. 4,000 a month, or the extension beyond a period of two years (or, in the case of a post for settlement operations, of five years) of a temporary post or deputation on pay exceeding Rs. 1,200 a month (but see footnote on page 6).

NOTE.—If the holder of a temporary post created by the Governor in Council, the rupee pay of which does not exceed Rs. 3,000, would have drawn overseas pay in sterling if he had not been appointed to this post, the Governor in Council may permit the holder of that post to draw in addition to the rupee pay sanctioned for the post the overseas pay in sterling not exceeding the amount to which he would have been entitled had he not been appointed to the temporary post. †

(4) \* To the grant to any Government servant or to the family or other dependants of any deceased Government servant of an allowance, pension, or gratuity which is not admissible under rules made or for the time being in force under section 96-B of the Government of India Act, except in the following cases :—

(a) compassionate gratuities to the families of Government servants left in indigent circumstances, subject to such annual limit as the Secretary of State in Council may prescribe; and

\* See next page.

† The intention of the note under rule 1 (3) of the Provincial Audit Resolution is that the authorities granting sterling overseas pay should consider whether the rupee pay of the temporary posts in question should not be reduced (Government of India, Finance Department, No. F. 115-9-Ex./25, dated 10th July 1926, recorded in G.O. Mis. No. 601, Finance, dated 27th July 1926).

- (b) pensions or gratuities to Government servants wounded or otherwise injured while employed in Government service or to the families of Government servants dying as the result of wounds or injuries sustained while employed in such service, granted in accordance with such rules as have been or may be laid down by the Secretary of State in Council in this behalf (but see footnote below).

\* \* \* \* \*

(6) To capital expenditure upon irrigation and navigation works, including docks and harbours, and upon projects for drainage, embankment and water-storage and the utilization of waterpower, in any of the following cases, namely :—

- (a) where the project concerned materially affects the interest of more than one Local Government ;
- (b) where the original estimate exceeds 50 lakhs of rupees ;
- (c) where a revised estimate exceeds by 15 per cent an original estimate sanctioned by the Secretary of State in Council ; and
- (d) where a further revised estimate is proposed, after one revised estimate has already been sanctioned by the Secretary of State in Council.

(7) \* To a revision of permanent establishment involving additional establishment charges exceeding Rs. 5 lakhs a year ; provided that, if a resolution has been passed by the Legislative Council recommending an increase of establishment charges for this purpose, the sanction of the Secretary of State in Council shall not be required unless the expenditure so recommended exceeds Rs. 15 lakhs a year (see footnote below).

(8) To any increase of the contract, sumptuary or furniture grant of a Governor.

(9) (a) To any original work on the residences of a Governor of which work the estimated total cost exceeds Rs. 50,000 ;

- (b) to a revised estimate for such a work exceeding by 5 per cent or by Rs. 10,000 whichever is less, the original estimate, if this was sanctioned by the Secretary of State in Council ;

\* Rules 1 (1) to (4) and (7) above are partially superseded by Rule XII-A (2) of the Civil Services (Governors' Provinces) Classification Rules and rule 4 (1) of the Civil Services (Governors' Provinces) Delegation Rules, 1926, reproduced in Appendices I and II and by the Secretary of State's despatch No. 28, Services, dated 7th April 1927 (see Government of India, Home Department, No. F. 272/23, dated 2nd May 1927), the substance of which is extracted below. (The necessary amendments to the Audit Resolution and Schedule III to the Devolution Rules are under the consideration of the Government of India) :—

Provincial Governments are empowered to grant special pay and personal pay as defined in Fundamental Rule 9 (23) (b) to officers whose scales of pay are prescribed by the Secretary of State in Council subject to the conditions :—

- (a) that their total emoluments (i.e., pay and special or personal pay combined) do not exceed Rs. 4,000 a month,
- (b) that such special or personal pay is not given for a longer period than two years without the sanction of the Secretary of State in Council, and
- (c) that the special or personal pay granted should not exceed one-fifth of the officer's pay or Rs. 10 a day, whichever is less.

(c) to expenditure in any year in excess of Rs. 50,000 on all original works on the residences of a Governor. (See also footnote.\*)

The Governor General in Council shall, if necessary, decide whether a charge falls under the head of original works.

(10) To any expenditure upon railway carriages or water-borne vessels specially reserved for the use of high officials, otherwise than in connexion with the maintenance of such carriages or vessels already set apart with the sanction of the Secretary of State in Council for the exclusive use of a Governor.

2. (1) Every application for the sanction of the Secretary of State in Council required by rule 1 shall be addressed to the Governor General in Council, who shall, save as hereinafter provided, forward the same with his recommendations, and with such further explanations of the proposal as he may have seen fit to require from the Local Government, to the Secretary of State in Council.

(2) If the application relates—

(a) to the grant in an individual case of any increase in pay, or

(b) to the creation or extension of a temporary post,

the Governor General in Council may, at his discretion, on behalf of the Secretary of State in Council, sanction the proposal, or may, and, if he dissents from the proposal, shall, forward the application with his recommendations, and with such further explanations of the proposal as he may have seen fit to require from the Local Government, for the orders of the Secretary of State in Council.

### C.—Expenditure on Transferred subjects.

12. The relevant provisions of the Devolution Rules are reproduced below :—

#### *Devolution Rule 27—Powers of sanctioning Transferred expenditure.*

(1) The Local Government of a Governor's Province shall not, without the previous sanction of the Secretary of State in Council or of the Governor General in Council, as the case may be, include any proposal for expenditure on a Transferred subject in a demand for a grant, if such sanction is required by the provisions of Schedule III to these rules.

(2) Subject to the provisions of sub-rule (1), the Local Government of a Governor's Province shall have power to sanction expenditure on Transferred subjects to the extent of any grant voted by the Legislative Council.

\* Clauses (a) and (b) of rule 1 (9) limit power in respect of estimates and clause (c) in respect of expenditure, both operating separately and independently, that is to say, that any expenditure in a year in excess of Rs. 50,000 requires the sanction of the Secretary of State in Council by whatever authority the estimate may have been sanctioned. (Government of India, Finance Department, Letter No. 2415-Ex., dated 9th July 1924.)

For the procedure to be adopted when the expenditure contemplated in a year is in excess of Rs. 50,000, see Government of India, Home Department No. F. 619-25, Public, dated 26th January 1927, recorded in G.O. No. 19, Political, dated 9th, February 1927.

(3) The Local Government of a Governor's Province shall have power to sanction any expenditure on Transferred subjects which relates to the heads enumerated in section 72-D (3) of the Act subject to the approval of the Secretary of State in Council or of the Governor General in Council if any such approval is required by any rule for the time being in force.

*Devolution Rule 28—Delegation of powers of sanction.*

(1) The powers of a Local Government under the preceding rule to sanction expenditure may be delegated by the Local Government to an authority subordinate to it, after previous consultation with the Finance Department, to such extent as may be required for the convenient and efficient despatch of public business.

*Note.—As regards delegations, see paragraph 2 of the Introductory note on page 1.*

(2) Any sanction accorded under these rules shall remain valid for the specified period for which it is given, subject, in the case of voted expenditure, to the voting of grants in each year.

*Schedule III to the Devolution Rules—Rules relating to Transferred Subjects.*

1. The previous sanction of the Secretary of State in Council is necessary

(1) \* to the creation of any new or the abolition of any existing permanent post, or to the increase or reduction of the pay drawn by the incumbent of any permanent post, if the post in either case is one which would ordinarily be held by a member of an All-India service; or to the increase or reduction of the cadre of an All-India service;

(2) \* to the creation of a permanent post on a maximum rate of pay exceeding Rs. 1,200 a month, or the increase of the maximum pay of a sanctioned permanent post to an amount exceeding Rs. 1,200 a month;

(3) \* to the creation of a temporary post with pay exceeding Rs. 4,000 a month, or to the extension beyond a period of two years of a temporary post or deputation with pay exceeding Rs. 1,200 a month;

*NOTE.*—If the holder of a temporary post created by the Local Government, the rupee pay of which does not exceed Rs. 3,000 a month, would have drawn overseas pay in sterling had he not been appointed to this post, the Local Government may permit the holder of that post to draw, in addition to the rupee pay sanctioned for the post, overseas pay in sterling not exceeding the amount to which he would have been entitled had he not been appointed to the temporary post (*Government of India Notification No. F. 326/3-26, dated 30th June 1926 (see footnote †).*)

(4) \* to the grant to any Government servant or to the family or other dependants of any deceased Government servant of an allowance, pension or

\* Rules 1 (1) to (4) of Schedule III to the Devolution Rules are partially superseded by rule XII-A (2) of the Civil Services (Governors' Provinces) Classification Rules, Rule 4 (1) of the Civil Services (Governors' Provinces) Delegation Rules, 1926, and the Secretary of State's Despatch No. 28-Services, dated 7th April 1927—vide footnote on page 6.

† The intention of the Note under rule 1(3) of Schedule III to the Devolution Rules is that the authorities granting sterling overseas pay should consider whether the rupee pay of the temporary posts in question should not be reduced (*Government of India, Finance Department, No. F/115-9-Ex./25, dated 10th July 1926, recorded in G.O. No. 601, Finance, dated 27th July 1926*).

gratuity which is not admissible under rules made or for the time being in force under Section 96-B of the Act; except in the following cases:—

- (a) compassionate gratuities to the families of Government servants left in indigent circumstances subject to such annual limit as the Secretary of State in Council may prescribe; and
- (b) pensions or gratuities to Government servants wounded or otherwise injured while employed in Government service or to the families of Government servants dying as the result of wounds or injuries sustained while employed in such service, granted in accordance with such rules as have been or may be laid down by the Secretary of State in Council in this behalf.

2. (1) Every application for the sanction of the Secretary of State in Council required by paragraph 1 shall be addressed to the Governor General in Council, who shall, save as hereinafter provided, forward the same with his recommendations, and with such further explanations of the proposal as he may have seen fit to require from the Local Government, to the Secretary of State in Council.

(2) If the application relates to

- (a) the grant in an individual case of any increase of pay; or
- (b) the creation or extension of a temporary post,

the Governor-General in Council may, at his discretion, on behalf of the Secretary of State in Council, sanction the proposal, or may, and if he dissents from the proposal shall, forward the application with his recommendations, and with such further explanations of the proposal as he may have seen fit to require from the Local Government, for the orders of the Secretary of State in Council.

#### **D.—Grants, Appropriations and Reappropriations.**

**13.** Except in cases falling under section 72-D (3) of the Government of India Act, sanctions to expenditure are subject generally to the vote of the Legislative Council. Section 72-D (2) of the Act and rules 26, 31 and 32 of the Madras Legislative Council Rules defining the relation of the Local Government with the Council in the matter of grants and appropriations, together with Devolution Rule 38 defining the powers of the Finance Department, Members of Council, and Ministers to sanction reappropriations within the grants voted by the Council, are reproduced below:—

##### *Section 72-D (2) of the Government of India Act.*

The estimated annual expenditure and revenue of the province shall be laid in the form of a statement before the Council in each year, and the proposals of the Local Government for the appropriation of provincial revenues and other moneys in any year shall be submitted to the vote of the Council in the form of demands for grants. The Council may assent, or refuse its



assent, to a demand, or may reduce the amount therein referred to either by a reduction of the whole grant or by the omission or reduction of any of the items of expenditure of which the grant is composed :—

Provided that—

- (a) the Local Government shall have power, in relation to any such demand, to act as if it had been assented to, notwithstanding the withholding of such assent or the reduction of the amount therein referred to if the demand relates to a reserved subject, and the Governor certifies that the expenditure provided for by the demand is essential to the discharge of his responsibility for the subject ; and
- (b) the Governor shall have power in cases of emergency to authorise such expenditure as may be in his opinion necessary for the safety or tranquillity of the province, or for the carrying on of any department ; and
- (c) no proposal for the appropriation of any such revenues or other moneys for any purpose shall be made except on the recommendation of the Governor, communicated to the Council.

*Madras Legislative Council Rule 26—Demands for Grants.*

(1) A separate demand shall ordinarily be made in respect of the grant proposed for each department of the Government, provided that the Finance Member may in his discretion include in one demand grants proposed for two or more departments, or make a demand in respect of expenditure, such as Famine Relief and Insurance and Interest, which cannot readily be classified under particular departments. Demands affecting Reserved and Transferred subjects shall, so far as may be possible, be kept distinct.

(2) Each demand shall contain, first, a statement of the total grant proposed, and then a statement of the detailed estimate under each grant divided into items.

(3) Subject to these rules, the budget shall be presented in such a form as the Finance Member may consider best fitted for its consideration by the Council.

*Madras Legislative Council Rule 31—Excess Grants.*

When money has been spent on any service for which the vote of Council is necessary during any financial year in excess of the amount granted for that service and for that year a demand for the excess shall be presented to the Council by the Finance Member and shall be dealt with in the same way by the Council as if it were a demand for a grant.

*Madras Legislative Council Rule 32—Supplementary or Additional Grants.*

(1) An estimate shall be presented to the Council for a supplementary or additional grant when—

- (i) the amount voted in the budget of a grant is found to be insufficient for the purposes of the current year, or

(ii) a need arises during the current year for expenditure for which the vote of the Council is necessary upon some new service not contemplated in the budget for that year.

(2) An estimate may be presented to the Council for an additional or supplementary grant in respect of any demand to which the Council has previously refused its assent or the amount of which the Council has reduced either by a reduction of the whole grant or by the omission or reduction of any of the items of expenditure of which the grant is composed.

(3) Supplementary or additional estimates shall be dealt with in the same way by the Council as if they were demands for grants.

*Devolution Rule 38—Powers of Finance Department with  
reference to reappropriation.*

(1) After grants have been voted by the Legislative Council—

(a) the Finance Department shall have power to sanction any reappropriation within a grant from one major, minor or subordinate head to another;

(b) the Member or Minister in charge of a department shall have power to sanction any reappropriation within a grant between heads subordinate to a minor head which does not involve undertaking a recurring liability, provided that a copy of any order sanctioning such a reappropriation shall be communicated to the Finance Department as soon as it is passed.

(2) The Finance Department shall have power to sanction the delegation by a Member or Minister to any officer or class of officers of the power of reappropriation conferred on such Member or Minister by clause (1) (b) above.

(3) Copies of orders sanctioning any reappropriation which does not require the sanction of the Finance Department shall be communicated to that department as soon as such orders are passed.

## CHAPTER III.

FUNCTIONS OF THE FINANCE DEPARTMENT OF THE LOCAL GOVERNMENT  
UNDER THE DEVOLUTION RULES AND SUBSIDIARY RULES UNDER  
DEVOLUTION RULE 45 AND FUNDAMENTAL RULE 7.

14. The exercise of the powers described in the last chapter is subject to the concurrence of or consultation with the Finance Department, as the case may be, to the extent prescribed in Devolution Rules 28, 37 to 43 and 45 and paragraph 4 of the Provincial Audit Resolution (Chapter II). Further, the exercise of all powers under the Fundamental Rules by the Local Government is subject to consultation with the Finance Department. Under Devolution Rule 45 and Fundamental Rule 7, it is open to the Finance Department to issue general or special orders stating the cases or class of cases in which their assent may be presumed to have been given. The relevant sections of the Devolution Rules and the detailed rules and orders of the Finance Department are reproduced below. The rules and orders made under Fundamental Rule 7 will be found in the Madras edition of the Fundamental Rules and the subsidiary rules thereunder. In all doubtful cases, the Finance Department should be previously consulted.

In no case in which a previous reference to the Finance Department is prescribed under these rules may orders issue without such previous reference. Orders on all such cases should be communicated to the Accountant General through the Finance Department.

*Cases in which a previous reference to the Finance Department is prescribed under the Devolution Rules, the Provincial Audit Resolution and the Subsidiary Rules of the Finance Department.*

*Devolution Rule 28 (1) and (2).*

“Delegation of powers of sanction—28 (1). The powers of a Local Government under the preceding rule to sanction expenditure may be delegated by the Local Government to an authority subordinate to it, after previous consultation with the Finance Department, to such extent as may be required for the convenient and efficient despatch of public business.

(2) Any sanction accorded under these rules shall remain valid for the specified period for which it is given, subject, in the case of voted expenditure, to the voting of grants in each year.”

*Paragraph 4 of the Provincial Audit Resolution.*

“Subject to the observance of these rules and to the provisions of section 72-D of the Government of India Act, the Governor in Council has full power to sanction expenditure upon reserved provincial subjects and, with the previous consent of his Finance Department, to delegate such power upon such conditions as he may think fit to any officer subordinate to him. Any sanction given under this rule will remain valid for the specified period for which it is given, subject, in the case of voted expenditure, to the voting of supply in each year.”

*Finance Department's Rule.*

The assent of the Finance Department may not be presumed to any proposal under the above rules to delegate powers to an authority subordinate to the Local Government to sanction expenditure. All such proposals require a previous reference to the Finance Department.

*Note.*—All existing delegations will be held to have received the requisite assent except in so far as they may be in conflict with the Devolution or the Fundamental Rules.

*Devolution Rule 37 (a) to (e).*

“Functions of Finance Department—37. The Finance Department shall perform the following functions, namely —

- (a) it shall be in charge of the account relating to loans granted by the Local Government, and shall advise on the financial aspect of all transactions relating to such loans;
- (b) it shall be responsible for the safety and proper employment of the famine insurance fund;
- (c) it shall examine and report on all proposals for the increase or reduction of taxation;
- (d) it shall examine and report on all proposals for borrowing by the Local Government; shall take all steps necessary for the purpose of raising such loans as have been duly authorized; and shall be in charge of all matters relating to the service of loans;
- (e) it shall be responsible for seeing that proper financial rules are framed for the guidance of other departments, and that suitable accounts are maintained by other departments and establishments subordinate to them.”

*Finance Department's Rule under Devolution Rule 37 (e).*

1. The existing financial rules in the several authorized codes, viz., the Civil Account Code, the Public Works Department Code, the Forest Department Code, etc., will be held to be the financial rules issued under Devolution

Rule 37 (e) until the Codes are replaced, except in so far as they have been amended or superseded by subsequent orders or by the Devolution Rules, the Provincial Audit Resolution, etc.

2. No financial rule may be issued or amended except with the concurrence of the Finance Department.

3. When any doubt arises as to the interpretation of a financial rule, the question should be referred to the Finance Department.

4. Every proposal involving the relaxation of any financial rule, whether general or special, should be referred to the Finance Department, except in so far as a relaxation has been contemplated in the rule itself.

5. Every proposal involving a change in the classification of accounts should be referred to the Finance Department (see also rule 19 of the Auditor-General's Rules).

*Devolution Rule 37 (f), (g) and (h).*

"(f) The Finance Department shall prepare an estimate of the total receipts and disbursements of the province in each year, and shall be responsible during the year for watching the state of the Local Government's balances.

(g) In connexion with the budget and with supplementary estimates—

(i) it shall prepare the statement of estimated revenue and expenditure which is laid before the Legislative Council in each year and any supplementary estimates or demands for excess grants which may be submitted to the vote of the Council;

(ii) for the purpose of such preparation, it shall obtain from the departments concerned material on which to base its estimates and it shall be responsible for the correctness of the estimates framed on the material so supplied;

(iii) it shall examine and advise on all schemes of new expenditure for which it is proposed to make provision in the estimates, and shall decline to provide in the estimates for any scheme which has not been so examined.

(h) On receipt of a report from an audit officer to the effect that expenditure for which there is no sufficient sanction is being incurred, it shall require steps to be taken to obtain sanction or that the expenditure shall immediately cease."

*Devolution Rule 37 (i).*

"The Finance Department shall lay the audit and appropriation reports before the committee on public accounts, and shall bring to the notice of the committee all expenditure which has not been duly authorized and any financial irregularities."



*Finance Department's Rule.*

1. Every proposal to write off the irrecoverable value of stores or of public money lost by fraud or by the negligence of individuals or by other causes should be referred to the Finance Department, except when the loss (1) does not exceed Rs. 1,000 or (2) does not disclose a defect of system or of rules.
2. All orders on the Accountant General's reports (1) under article 807 of the Audit Code and (2) on the inspection of Public Works divisions should be referred to the Finance Department.

*Devolution Rule 37 (j).*

“The Finance Department shall advise departments responsible for the collection of revenue regarding the progress of collection and the methods of collection employed.”

*Devolution Rule 38.*

“38. Powers of Finance Department with reference to reappropriation.—

(1) After grants have been voted by the Legislative Council—

(a) the Finance Department shall have power to sanction any reappropriation within a grant from one major, minor or subordinate head to another ;

(b) the Member or Minister in charge of a department shall have power to sanction any reappropriation within a grant between heads subordinate to a minor head which does not involve undertaking a recurring liability, provided that a copy of any order sanctioning such a reappropriation shall be communicated to the Finance Department as soon as it is passed.

(2) The Finance Department shall have power to sanction the delegation by a Member or Minister to any officer or class of officers of the power of reappropriation conferred on such Member or Minister by clause (1) (b) above.

(3) Copies of orders sanctioning any reappropriation which does not require the sanction of the Finance Department shall be communicated to that department as soon as such orders are passed.”

*Devolution Rule 39.*

“39. Matters to be referred to Finance Department.—No expenditure on any of the heads detailed in section 72-D (3) of the Act, which is in excess of the estimate for that head shown in the budget of the year, shall be incurred without previous consultation with the Finance Department.

*Finance Department's Rule.*

The consent of the Finance Department may be presumed under Devolution Rule 45 to the exercise by a Member or Minister of the same powers of reappropriation under non-voted heads as in the case of voted expenditure, but a copy of the orders should be forwarded to the Finance Department in each case.

*Devolution Rule 40.*

**"40. Establishment charges.**—No office may be added to, or withdrawn from, the public service in the province and the emoluments of no post may be varied except after consultation with the Finance Department; and, when it is proposed to add a permanent or temporary post to the public service, the Finance Department shall, if it thinks necessary, refer for the decision of the Audit Department the question whether the sanction of the Secretary of State in Council is, or is not, necessary."

*Finance Department's Rules.*

1. Devolution Rule 40 applies also to proposals for keeping an office in abeyance or for the subsequent revival of an office which has been kept in abeyance.

2. The assent of the Finance Department may be presumed to have been given in the case of sanctions—

(a) to the employment of temporary establishments, provided that

(i) the cost of the establishment is covered by the budget provision for the year;

(ii) the sanction does not involve expenditure in the ensuing financial year;

(iii) no post is sanctioned the pay or maximum pay of which exceeds Rs. 250;

(iv) no post carries a pay higher than the minimum sanctioned for corresponding permanent posts; and

(b) to the continuance of temporary posts sanctioned with the concurrence of the Finance Department provided that

(i) there is budget provision and

(ii) the sanction does not involve expenditure in the ensuing financial year.

*Note.*—The restriction in proviso (iv) under clause (a) above does not apply in the case of temporary establishments the cost of which is met by private contribution provided that

(i) the necessary contribution is recovered within the year in which the charges are incurred, or

(ii) the expenditure can be met within the appropriation for the year or by reappropriation not requiring the sanction of the Finance Department.

*Devolution Rule 41.*

**"41. Allowances and pay.**—No allowance and no special or personal pay shall be sanctioned for any post or class of posts or for any Government servant without previous consultation with the Finance Department."

*Finance Department's Rule.*

Quarters wholly or partially rent-free are looked upon as compensatory allowances. A previous reference to the Finance Department is necessary to the construction of, or to additions and improvements to, quarters which are rent-free or occupied at concession rates, except in cases where the concession of wholly or partially rent-free quarters to particular officers or classes of officers, such as police constables, has been accepted in the Finance Department and the quarters to be constructed are based on accepted type-designs.

*Note.*—The assent of the Finance Department may be presumed to orders sanctioning improvements to wholly or partially rent-free quarters up to a limit of Rs. 200 in each case.

*Devolution Rule 42.*

"42. Grants and concessions.--No grant of land or assignment of land revenue, except when the grant is made under the ordinary revenue rules of the province, shall be given without previous consultation with the Finance Department; and no concession, grant or lease of mineral or forest rights, of right to water-power or of right-of-way or other easement, and no privilege in respect of such rights shall be given without such previous consultation."

*Finance Department's Rules.*

1. The assent of the Finance Department may be presumed to such concession, grant or lease of mineral or forest rights as may be made under the Mining Rules framed by the Secretary of State for India in Council or the rules in the Forest Department Code in force, as the case may be, from time to time.

2. For the purpose of this rule, all assignments of land by District Officers and the Board of Revenue in accordance with the Board's Standing Orders other than B.S.O. No. 24 may be regarded as falling under the ordinary revenue rules of the province. Proposals involving the grant of concessions by Government other than that the grantee should get the land in preference to others do not come under the ordinary revenue rules of the province and should be referred to the Finance Department.

Similarly, alienations of land and land revenue sanctioned in accordance with B.S.O. No. 24 for public purposes may be regarded as falling under the ordinary revenue rules of the province. Proposals for the alienation of land and land revenue to individuals either for public services done or to be done or for their private benefit do not fall under the ordinary revenue rules and should be referred to the Finance Department.

*Devolution Rule 43.*

"43. No proposal involving an abandonment of revenue for which credit has been taken in the budget, or involving expenditure for which no provision has been made in the budget, shall be submitted for the consideration of the Local Government or the Legislative Council nor

shall any orders giving effect to such proposals issue without a previous reference to the Finance Department."

*Finance Department's Rules.*

1. The assent of the Finance Department required under the above rule may be presumed to sanctions accorded by the Board of Revenue and authorities subordinate thereto under the Board's Standing Orders to write off irrecoverable arrears of land revenue or to suspend or remit revenue, provided that all proposals involving the abandonment of an appreciable amount of revenue as a result of widespread calamities, such as famine, flood, etc., which require the sanction of Government under the Board's Standing Orders, and all proposals to

- (i) vary the prescribed rates of taxes ;
- (ii) enhance or reduce settlement rates ;
- (iii) introduce at the prescribed time or postpone the introduction of revised settlement rates,

are referred to the Finance Department.

2. The assent of the Finance Department may be presumed to sanctions accorded by the Excise Commissioner and authorities subordinate to him to write off irrecoverable arrears of revenue or to suspend or remit revenue under the rules in the Excise Manual. All other cases and all proposals to vary the prescribed rates of taxes require a previous reference to the Finance Department.

3. The assent of the Finance Department may also be presumed to the write-off of irrecoverable arrears of revenue or the suspension or remission of revenue by the Chief Conservator of Forests and other authorities under the Forest and other authorized Codes. All other cases require a previous reference to the Finance Department.

4. No expenditure may be sanctioned on 'works' in the following cases without a previous reference to the Finance Department :—

(1) Major head " 55 "—

(a) Irrigation, Navigation, Embankment and Drainage projects not charged to Revenue—New projects or new major works within a project not provided for in the budget.

(2) Major head " 15. Other Revenue Expenditure financed from Ordinary Revenues "—New major works not provided for in the budget.

(3) " 41. and 60. Civil Works "—New major works not provided for in the budget.

(4) Excesses over estimates in cases in which

- (i) an original minor work becomes converted into a major work ;
- (ii) where the original estimate for a work which costs more than Rs. 50,000 is subsequently exceeded by more than 10 per cent ;
- (iii) the original estimate for a work which did not exceed Rs. 50,000 is subsequently revised so as to cost more than Rs. 50,000 and when the excess is more than 10 per cent of the original estimate.

*Devolution Rule 44.*

**"44. Disposal of reports by Finance Department.—**Every report made by the Finance Department on any matter on which it is required to advise or report under these rules shall be forwarded to the department concerned and shall, if the Finance Department so require, be submitted by the department concerned to the Governor for the orders of the Local Government. The Governor may, if he thinks fit, direct that any such report shall be laid before the committee on public accounts."

*Devolution Rule 45.*

**"45. Presumption of assent of Finance Department.—**Wherever previous consultation with the Finance Department is required by these rules, it shall be open to that department to prescribe, by general or special order, cases in which its assent may be presumed to have been given."

*Finance Department's Rule.*

The orders issued by the Finance Department under this rule will be found under the relevant Devolution Rules. In cases in which a previous consultation has been prescribed and the assent of the Finance Department may not be presumed under the orders mentioned above, the subject should be referred to the Finance Department before Government are actually committed to the expenditure.

**15.** The rules in paragraph 14 above define only the classes of cases in which a reference to the Finance Department has been prescribed under the Devolution Rules, the Audit Resolution and the Fundamental Rules. It is of course open to all departments to consult the Finance Department even in other cases in which doubt or difficulty may be felt or on which the advice of that department may be considered useful.



## PART II.—MISCELLANEOUS RULES.

### PREFATORY.

This part is a compilation of some of the more important rules and orders of a miscellaneous nature.

#### A. Powers to raise money and execute assurances, etc., • involving liabilities on the State.

16. The powers of the Local Government to raise loans and execute assurances, etc., are regulated by section 30 of the Government of India Act and rules made thereunder which are reproduced below for purposes of reference:—

##### (i) *Extract from the Government of India Act.*

30. (1) The Governor General in Council and any Local Government may, on behalf and in the name of the Secretary of State in Council, and subject to such provisions or restrictions as the Secretary of State in Council, with the concurrence of a majority of votes at a meeting of the Council of India, prescribes, sell and dispose of any real or personal estate whatsoever in British India, within the limits of their respective Governments, for the time being vested in His Majesty for the purposes of the Government of India, or raise money on any such real (or personal)-estate by way of mortgage, (or otherwise) and make proper assurances for any of those purposes, and purchase or acquire any property in British India within the said respective limits, and make any contract for the purposes of this Act.

(1-a) A Local Government may on behalf and in the name of the Secretary of State in Council raise money on the security of revenues allocated to it under this Act, and make proper assurances for that purpose, and rules made under this Act may provide for the conditions under which this power shall be exercisable.

(2) Every assurance and contract made for the purposes of sub-section (1) of this section shall be executed by such person and in such manner as the Governor General in Council by resolution directs or authorizes, and if so executed may be enforced by or against the Secretary of State in Council for the time being.

(3) All property acquired in pursuance of this section shall vest in His Majesty for the purposes of the Government of India.

##### (ii) *Local Government's (Borrowing) Rules.\**

Extract of rules under section 30 (1-a) of the Government of India Act.

1. (1) These rules may be called the Local Government (Borrowing) Rules.

(2)

\* Borrowings from the Government of India are governed by the rules relating to the "Provincial Loans Fund" contained in Appendix 23 of the Madras Financial and Account Code.

2. A Local Government may raise loans on the security of the revenues  
 Purposes for, which allocated to it for any of the following purposes,  
 loans may be raised. namely :

(a) to meet capital expenditure on the construction or acquisition  
 (including the acquisition of land, maintenance during construction, and  
 equipment) of any work or permanent asset of a material character in connec-  
 tion with a project of lasting public utility, provided that

(i) the proposed expenditure is so large that it cannot reasonably be  
 met from current revenues, and

(ii) if the project appears to the Governor General in Council  
 unlikely to yield a return of not less than such percentage as  
 he may from time to time by order prescribe, arrangements  
 are made for the amortisation of the debt ;

(b) to meet any classes of expenditure on irrigation which have under  
 rules in force before the passing of the Act been met from loan funds ;

(c) for the giving of relief and the establishment and maintenance of  
 relief works in times of famine or scarcity ;

(d) for the financing of the Provincial Loan Account ; and

(e) for the repayment or consolidation of loans raised in accordance  
 with these rules or the repayment of advances made by the Governor General  
 in Council.

3. (1) No loan shall be raised by a Local Government without the  
 Sanction to loans. sanction (in the case of loans to be raised in India) of  
 the Governor General in Council, or (in the case of  
 loans to be raised outside India) of the Secretary of State in Council, and in  
 sanctioning the raising of a loan the Governor General in Council, or the  
 Secretary of State in Council, as the case may be, may specify the amount of the  
 issue and any or all of the conditions under which the loan shall be raised.

(2) Every application for the sanction of the Secretary of State  
 required by this rule shall be transmitted through the Governor General in  
 Council.

4. Every loan raised by a Local Government in accordance with these rules  
 Priority. shall be a charge on the whole of the revenues allocated  
 to the Local Government and all payments in connection  
 with the service of such loans shall be made in priority to all payments by the  
 Local Government other than the payments of—

(i) the fixed provincial contribution payable to the Governor General  
 in Council ;

(ii) interest due on sums advanced to the Local Government by the  
 Governor General in Council from the revenues of India ; and

(iii) interest due on all loans previously raised by the Local Govern-  
 ment.

(iii) *Powers to enter into or sanction contracts and agreements  
 involving Liabilities on the State.*

The Secretary of State for India has decided that the Statutory rules are  
 still in force which were prescribed by the Secretary of State in Council to  
 regulate the powers of the Government of India and of Local Governments

and Administrations to enter into or sanction contracts and agreements involving liabilities on the part of the State and which were published with Finance and Commerce Department Resolution No. 933-Ex., dated 20th February 1894, and subsequently amended by Finance Department Resolution No. 5751-Ex., dated 31st October 1910. (*Auditor General's letter No. 49-A-328-23, dated 29th January 1926, to all Account Offices*). The Resolution as amended is reproduced below :—

*Resolution.*

The following provisions and restrictions are prescribed by the Secretary of State in Council in exercise of the power reserved to him by Statute 22 and 23 Vict. Cap. 41, section 1, and shall apply to all concessions, grants, leases, and contracts (except such as may be made under any special legislative sanction) made or entered into by the Government of India, or by a Local Government or Administration or other authority in India, to or with any person, firm, company, syndicate, municipality or other public body who or which has applied for the same for mining, milling or any other industrial or manufacturing purposes or for the purpose of any railway, tramway, water-works or other undertaking of a like nature, not being for ordinary agricultural or settlement purposes or for the purpose of securing the exploitation of forest produce from State forests.

I. No concession, grant, or lease of land, of mineral or forest rights, of right to water power, or of right of way or other easement, or of any privilege in respect of land, of mineral or forest rights, of right to water power, or of an easement and

no contract involving the execution or maintenance by Government of works,

shall be made or entered into by the Government of India to, with or in favour of any person, firm, syndicate, company, municipality or other public body for any of the purposes above mentioned without the express sanction of the Secretary of State in Council, if such concession, grant, lease or contract

- (a) is intended to endure for a period exceeding ten years, and is not accompanied by an unconditional power of revocation or cancellation by the Government of India at any time during such period on the expiry of six months' notice to that effect and imposes on the revenues of India an annual liability in excess of fifty thousand rupees; or
- (b) imposes on such revenues a charge or expenditure or liability to damages in excess of twelve lakhs of rupees; or
- (c) involves the cession of property or rights of which the estimated value exceeds twelve lakhs of rupees.

II. No concession, grant or lease of land, of mineral or forest rights, of right to water power, or of right of way or other easement, or of any privilege in respect of land, of mineral or forest rights, of right to water power, or of an easement, and

no contract involving the execution or maintenance by Government of works

shall be made or entered into by any Local Government or Administration or other authority in India to, with, or in favour of any person, firm, company, syndicate, municipality, or other public body for any of the purposes above

mentioned without the express sanction of the Government of India and of the Secretary of State in Council, if such, concession grant, lease or contract

- (a) is intended to endure for a period exceeding ten years, and is not accompanied by an unconditional power of revocation or cancellation by the Government of India at any time during such period on the expiry of six months' notice to that effect, and imposes on the revenues of India an annual liability in excess of fifty thousand rupees ; or
- (b) imposes on such revenues a charge or expenditure or liability to damages in excess of twelve lakhs of rupees ; or
- (c) involves the cession of property or rights of which the estimated value exceeds twelve lakhs of rupees.

III. No such concession, grant, lease or contract shall be made by any Local Government or Administration or other authority in India to, with, or in favour of any person, firm, company, municipality or other public body for any of the purposes above mentioned without the express sanction of the Government of India, if such concession, grant, lease or contract

- (a) is intended to endure for a period exceeding five years, and is not accompanied by an unconditional power of revocation by the Government at any time during such period on the expiry of six months' notice to that effect, and imposes on the revenues of India an annual liability in excess of five thousand rupees ; or
- (b) imposes on such revenues a charge or expenditure or liability to damages in excess of one lakh of rupees ; or
- (c) involves the cession of property or rights, of which the estimated value exceeds one lakh of rupees.

IV. No such concession, grant, lease, or contract shall be made by any Local Government or Administration or other authority in India to, with or in favour of any joint stock company, except with the sanction of the Government of India, and subject to these rules so far as the same may be applicable.

V. No transfer of any such concession, grant, lease or contract, or of any part thereof, or any interest therein, or any under-letting, shall be recognized as valid except it be made with the express assent of

- (a) the Secretary of State in Council in cases falling within Rule I or II ;
- (b) the Government of India in cases falling within Rule III ; and
- (c) the Local Government or Administration in any other cases ; with the proviso that a transfer or under-letting to a company will in all cases require the sanction of the Government of India.

And the Secretary of State in Council and the Government of India, as the case may be, may in his or their absolute discretion refuse such assent.

VI. In every writing intended to express any concession, grant, lease or contract, which falls within these Rules, it shall be expressly declared that such concession, grant, lease, or contract is granted or made subject to them.

VII. When the assent of the Secretary of State in Council is rendered by these Rules necessary to the validity of any concession, grant, lease or contract or to the transfer thereof, it shall be signified under the hand of an

Under Secretary of State; and when the assent of the Government of India is so required, it shall be signified under the hand of a Secretary of that Government.

VIII. The foregoing Rules I to VII inclusive, shall not apply to any concession, grant, lease or contract for any of the purposes mentioned in Rule I, if made under any special rules, issued or approved by the Secretary of State in Council.

#### *Supplementary Rules.*

*Rule A.*—In cases where it is considered expedient to grant concessions or to make agreement, such as those contemplated in the Statutory Rules, the deed of concession or agreement, if the rights under it are transferable, must be so framed that it will be beyond the power of the grantees or contractees to transfer their rights, or any part of them, except with the sanction of the Government of India, or of Local Governments and Administrations in cases coming within their cognizance.

*Rule B.*—All such concessions and agreements will further be subject to any special provisions made by Government to meet particular cases or particular class of cases.

*Rule C.*—Before any concession or agreement of the class referred to is submitted for the approval of the Government of India, its terms should be considered in the Judicial Department of the Local Government, and by the highest legal adviser to that Government.

*Rule D.*—The foregoing rules shall not apply to any concession, grant, lease or contract for any of the purposes mentioned in the Statutory Rules, if made under any special rules issued or approved by the Secretary of State in Council.

### **B. Transfer of State lands and buildings between the Government of India and the Local Government.**

*Extract from the Government of India, Finance Department, Notification No. 3428-A, dated 17th December 1925, recorded in G.O. No. 179, Revenue, dated 2nd February 1926.*

17. It shall not be competent to a Local Government to sell to a third party or otherwise dispose of land situate within the limits of its Government which is in the occupation of the Governor General in Council save in accordance with the instructions contained in the Resolution by the Governor General in Council in the Finance Department, No. D-3428-A, dated the 10th December 1925; see Appendix IV.

### **C. Remissions of Revenue.**

18. Except when an abandonment of revenue is made by express statutory provision or by action taken under statutory authority, any measure resulting in abandonment of revenue in which an

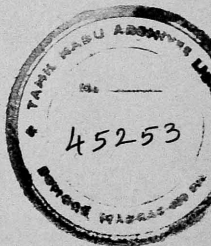
important question of policy is involved should be referred to the Secretary of State in Council for previous sanction (*Secretary of State's Despatch No. 30, Finance, dated 17th June 1926, recorded in G.O. No. 727, Finance, dated 15th September 1926*).

#### D. Construction of Vessels.

19. The existing shipbuilding rules (vide Appendix VI, Marine Regulations, India, Vol. III) do not apply to the construction or purchase of vessels acquired for the administration of Transferred subjects in regard to which the Local Government have now full powers. The rules, however, still apply on administrative grounds to vessels required for Central and Provincial Reserved subjects. [*Government of India, Marine Department, letter No. 1018-M., dated 17th August 1923, recorded in G.O. No. 474-A, Finance (Marine), dated 4th October 1923.*]

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## PART III.—POWERS OF THE LOCAL GOVERNMENT TO INCUR EXPENDITURE OTHER THAN PROVINCIAL.

### A. Powers of the Local Government—Central (Agency).

20. The financial powers of authorities subordinate to the Governor General in Council, *inter alia* of the Local Government acting as agents to the Governor General in Council to incur expenditure from central revenues, are defined in Part II of the Book of Financial Powers of the Government of India. Relevant extracts therefrom are reproduced below for purposes of reference:—

*Extracts from Part II of the Book of Financial Powers of the  
Government of India.*

#### CHAPTER I—GENERAL.

##### *Definitions.*

1. (a) *Appropriation* means the assignment, to meet specified expenditure, of funds at the disposal of the assigning authority.

(b) *Class of Government servants* means—

(1) All Government servants, other than ministerial servants, holding posts bearing the same designation in the same department or service, and

(2) all Government servants holding posts which have been declared by the Governor General in Council to be in a single class.

(c) *Finance Department* means the Finance Department of the Government of India.

(d) *Grade of Government servants* means a subdivision, according to pay, of a class of Government servants.

\* \* \*

(g) *Non-recurring expenditure* means expenditure sanctioned as a lump sum charge, whether the money be paid as a lump sum or by instalments.

(h) *Primary unit of appropriation* means a lump sum of money placed by the Governor General in Council at the disposal of a subordinate authority by the method prescribed in rules 5 to 7 below.

(i) *Public Works* means civil works and irrigation, navigation, embankment and drainage works.

(j) *Public Works Department* means the Public Works Branch of the Department of Industries and Labour of the Government of India.

(k) *Reappropriation* means the transfer of funds from one unit of appropriation to another such unit.

(l) *Recurring expenditure* means all expenditure which is not non-recurring.

(m) *Subordinate authority* means a department of the Government of India or any authority subordinate to the Governor General in Council.

*Sanction to expenditure.*

2. (a) A subordinate authority may sanction expenditure or advances of money in those cases only in which it is authorized to do so by—  
General limitation of power to sanction expenditure.

(i) the provisions of any legislative enactment for the time being in force or of rules made under such an enactment; or

(ii) the Civil Account Code or any other code issued by, or with the approval of, the Governor General in Council; or

(iii) any order of the Governor General in Council delegating to it financial powers with reference to the provisions of a legislative enactment or to rules approved or orders issued by the Secretary of State in Council; or

(iv) any order of the Governor General in Council laying down a scale or maximum scale of expenditure; or

(v) these rules.

(b) Nothing contained in clause (a) of this rule shall empower any subordinate authority to sanction, without the previous consent of the Finance Department, any expenditure which involves the introduction of a new principle or practice likely to lead to increase of expenditure.

3. Sanction to any given expenditure becomes operative as soon as funds have been appropriated to meet the expenditure and does not become operative until funds have been so appropriated.  
Effect of sanction.

4. Sanction to recurring expenditure covering a specified term of years becomes operative when funds are appropriated to meet the expenditure of the first year, and remains in operation for each year of the specified term subject to appropriation in such year.

*Procedure by which funds are placed at the disposal of subordinate authorities.*

5. When the budget estimates for a year have been passed, the amount of funds which the Governor General in Council places at the disposal of a subordinate authority will be communicated to that authority by the Finance Department in the shape of lump sum allotments under a number of heads.  
Communication of funds allotted.

6. Each lump sum so allotted will constitute a primary unit of appropriation. A primary unit may include provision for both voted and non-voted expenditure, and in that case the total amount of each class of provision will be separately communicated by the Finance Department. A grant voted by the Legislative Assembly will be distributed over a number of primary units, but no primary unit will contain portions of more than one such grant.  
Primary units of appropriation.

Any estimated recoveries which are not creditable to revenue and any other deductions from expenditure will be exhibited, not as separate units, but as deductions either from the amounts allotted in particular units, or from the total of a grant.

7. The primary unit which will ordinarily be adopted in the case of each authority with which these rules deal are detailed in the following chapters of this Part. It will, however, be open to the Finance Department (Government of India) to prescribe other units in communicating the amounts allotted for any particular purpose or to prescribe an entirely different set of units where such a course appears desirable.

#### *Appropriation.*

8. All powers of appropriation conferred upon subordinate authorities (*see the relevant extracts that follow*) are subject to the condition that, without the previous consent of the Finance Department,—

(a) except as provided in rule 37, funds may not be appropriated to meet any item of expenditure which has not been sanctioned by an authority empowered to sanction it ; and

(b) funds allotted for non-voted items of expenditure may not be appropriated to meet votable items, and funds allotted for voted items may not be appropriated to meet non-votable items.

#### *Reappropriation.*

9. All powers of reappropriation conferred upon subordinate authorities (*relevant extracts given later*) are subject to the condition that, without the previous consent of the Finance Department,—

(a) an authority may not meet by reappropriation expenditure which it is not empowered to meet by appropriation ;

(b) no reappropriation may be made from one grant voted by the Legislative Assembly to another such grant ;

(c) funds allotted for non-voted items of expenditure may not be reappropriated to meet votable items, and funds allotted for voted items may not be reappropriated to meet non-votable items ;

(d) no reappropriation may be made to meet any expenditure, other than contingent expenditure, which is likely to involve further outlay in a future financial year ; and

(e) no reappropriation may be made from a primary unit allotted under the head "Pay of officers" to a primary unit allotted under any other head.

#### *Delegation and redelegation of powers.*

10. Any authority which is empowered by or under the rules in this part to delegate or redelegate powers of appropriation or reappropriation may, in the exercise of its power, subdivide the primary units of appropriation into such secondary units as it thinks fit and may impose such restrictions as it thinks fit upon the use by the authority, to which it makes the delegation, of the delegated powers of appropriation or reappropriation.

*Sanction or consent of a department of the Government of India.*

11. Wherever the consent or sanction of the Finance Department or of another department of the Government of India is required by the rules in this part, such consent or sanction must be expressed in writing and communicated to the audit officer or officers concerned. It will, however, be open to such department to prescribe, by general or special order, cases in which its consent may be presumed to have been given; but a copy of any such order must be communicated to the audit officer or officers concerned.

CHAPTER II.

*Powers of departments of the Government of India.*

CHAPTER III.

*Powers of the Public Works Department (Government of India) in relation to expenditure upon Public Works.*

CHAPTER IV.

*Powers of Local Governments acting as agents of the Governor General in Council in the administration of central subjects.*

38. (a) The rules in this chapter define the general financial powers of a Local Government, acting as an agent of the Governor General in Council in the administration of a central subject, in connexion with expenditure from central revenues. They do not affect any larger powers which may be expressly conferred upon the Local Government by special rules regarding the administration of any particular subject.

(b) The powers of a Local Government in connexion with expenditure from central revenues upon public works are governed not by this chapter but by delegations made by the Public Works Department under rule 36. Rules 39 to 45 and 47 apply, however, to expenditure from an allotment for public works.\*

*Powers of sanctioning expenditure and creating and abolishing posts.*

Creation and abolition of posts and increase and reduction of pay.

39. A Local Government may sanction the creation or abolition of a permanent post if the maximum pay of the post does not exceed Rs. 500.

40. A Local Government may increase or reduce the pay of a permanent post or of a Government servant in permanent employ, if the maximum pay of the post or of the Government servant does not exceed Rs. 500 after the increase or before the reduction, as the case may be.

\* The powers delegated to the Local Government in connexion with expenditure from central revenues upon public works under rule 36 of the Book of Financial Powers of the Government of India will be found in Appendix I to the Madras Public Works Department Code.

41. A Local Government may sanction the creation of a temporary post on pay not exceeding Rs. 1,500—

(a) for any specified period, if the pay of the post do not exceed Rs. 500, and

(b) for not more than six months, if the pay exceed Rs. 500.

*Note.*—If the holder of a temporary post created by a Local Government the rupee pay of which does not exceed Rs. 1,500, would have drawn overseas pay in sterling if he had not been appointed to this post, the Local Government may permit the holder of that post to draw in addition to the rupee pay sanctioned for the post the overseas pay in sterling not exceeding the amount to which he would have been entitled had he not been appointed to the temporary post."

42. A Local Government may increase or reduce the pay of a temporary post, provided that the limits imposed by rule 41 are not exceeded.

Revision of the pay of the establishments.

43. A Local Government may sanction the revision of the pay of an establishment, if—

(1) the provisions of rule 40 are observed;

(2) the additional expenditure involved does not exceed Rs. 6,000 a year; and

(3) the revision does not affect a whole class or grade of Government servants.

44. (a) A Local Government may sanction non-recurring expenditure on contingencies and supplies and services and the purchase

Contingent expenditure.

of articles for the public service subject to the provisions of the Civil Account Code and of any orders issued from time to time by the Governor General in Council. It may sanction expenditure on the renting of ordinary office accommodation and the payment of municipal and other taxes; and it may sanction other recurring contingent expenditure up to a limit in each case of Rs. 200 a year.

(b) A Local Government may sanction an increase not exceeding Rs. 6,000 a year in a contract grant for contingent expenditure. It may sanction the substitution of a contract grant for varying budget allotments in respect of heads of contingent expenditure for which countersignature has hitherto been required, on condition that the amount of the contract grant does not exceed by more than Rs. 6,000, the total sum provided under those heads in the budget estimates of the year in which the change is made.

45. A Local Government may sanction expenditure on (a) grants-in-aid or contributions to educational and medical institutions

Grants-in-aid.

and to local bodies, and (b) educational scholarships, in accordance with such scales as may from time to time be prescribed or such orders as may from time to time be issued in this behalf by the Governor General in Council.

Political pensions and gratuities.

46. (a) A Local Government may sanction—

(i) Reduced political pensions to heirs or other representatives of deceased pensioners in cases in which it is already authorized to do so and in accordance with the practice explained in the Financial Despatch of the Government of India to the Secretary of State, No. 222, dated the 9th September 1909.

(ii) A new political life pension up to a limit of Rs. 200 a year.

(iii) An increase in an existing political life pension, if the pension is not thereby raised above Rs. 200 a year.

(iv) A political gratuity not exceeding Rs. 1,000, on condition that a gratuity and a pension are not granted to the same individual.

(v) Non-recurring expenditure not exceeding, in any individual case, Rs. 1,000 on behalf of a political pensioner; such as a grant towards funeral expenses, the provision of dowry for a daughter or travelling allowance on a duly authorized journey.

(b) The powers of a Local Government to sanction expenditure on residences supplied at the cost of the State to political pensioners will be such as may be delegated to it by the Public Works Department of the Government of India, with the previous consent of the Finance Department, under rule 36.

47. In any individual case, a Local Government may sanction recurring expenditure not exceeding Rs. 200 a year or non-recurring expenditure not exceeding Rs. 1,000 on any object for which no scale or limit to its power of sanction is prescribed by any Act, rule, code or order covered by rule 2 if the following conditions are fulfilled, viz.—

(a) the sanction does not involve an express contravention of an existing rule or order of the Governor General in Council, and

(b) the expenditure is within the power of sanction of the Governor General in Council.

48. All sanctions given under rules 39, 40, and 43 must be reported to the Finance Department in an annual statement which should be submitted as soon as possible after the close of the financial year.

#### *Appropriation.*

49. The primary units of appropriation allotted to a Local Government acting as the agent of the Governor General in Council in the administration of a central subject will ordinarily be allotments under some or all of the following heads:—

(a) Pay of Officers, (b) Pay of Establishments, (c) Allowances, honoraria, etc., (d) Supplies and services, (e) Contingencies, (f) Grants-in-aid, Contributions and Donations, (g) Works, (h) Assignments and Compensations, (i) Establishment charges payable to other Governments, Departments, etc., (j) Refunds of Revenue, (k) Reserve, (l) Suspense.

50. Out of the funds allotted to it in each primary unit of appropriation, a Local Government has full power, subject to the provisions of rule 8, to appropriate sums to meet expenditure falling under that unit.

#### *Reappropriation.*

51. Subject to the provisions of rule 9, a Local Government may reappropriate funds from a primary unit of appropriation to any other such unit.



*Delegation of powers of sanction, appropriation and reappropriation.*

52. A Local Government may, with the previous consent of the Finance Department, delegate the powers conferred upon it by rules 39 to 45, 47, 50 and 51 to any officer subordinate to it.

Powers of delegation.

*Application for the consent of the Finance Department.*

53. An application for the previous consent of the Finance Department must be made by the Local Government through that department of the Government of India which administers the Central subject concerned.

To whom made.

54. When a Local Government applies for the previous consent of the Finance Department to reappropriation to a unit allotted under the head "Pay of officers" or "Pay of Establishments", the application must be accompanied by a statement showing all sanctions to expenditure from such unit which have been given during the current financial year under rules 39 to 43.

Accompaniments of application in certain cases.

## **B. Powers of the Local Government in respect of expenditure from local funds.**

21. The powers of the several authorities in the matter of incurring and sanctioning expenditure in respect of "local funds"—see Fundamental Rule 9 (14) and article 160, Madras Treasury Code—will be regulated by the following principles:—

(1) As regards funds constituted by statute, powers of incurring and sanctioning expenditure will be regulated solely by the statute. If the statute is silent on this point, the Governor General in Council or the Local Government as the final administrative authority will have full powers of incurring and sanctioning expenditure and of delegating such powers.

(2) As regards other funds, the authority which constituted the fund will have full powers of incurring and sanctioning expenditure and of delegating such powers.

*(See Audit Instruction 9, Section V of the Manual of Audit Instructions.)*

1. *Writes-off of losses.*—For the powers of the Local Government acting as an agent of the Central Government to write-off and to re-delegate the power to write off finally the irrecoverable value of stores of public money lost by fraud or the negligence of individuals or other causes, see article 227, Civil Account Code.

2. *Remission of disallowances.*—For the powers of Local Government acting as the agent of the Governor General in Council to remit disallowances made by audit officers, see article 228, Civil Account Code.

APPENDIX I] CIVIL SERVICES (GOVERNORS' PROVINCES)  
CLASSIFICATION RULES

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APPENDIX I.

(Vide paragraph 3 of the Introductory note and footnote on page 6.)

*Civil Services (Governors' Provinces) Classification Rules.*

**Notification of the Government of India, Home Department (Public), dated Simla, the 21st June 1924, No. F. 472-II/23, as amended by Notification No. F. 178-9.II/24, dated 1st April 1926.**

The following rules made by the Secretary of State in Council under subsection (2) of section 96-B of the Government of India Act are published for general information. Rules XVI to XXIX . . . have effect from the 21st June 1924. The remaining rules have been in operation with effect from varying dates since the 22nd December 1920.

*Classification of Officers under Administrative Control of local Governments.*

I. Officers under the administrative control of local Governments, other than officers employed on the administration of central subjects and appointed by the Secretary of State or the Government of India, shall be classified in the following divisions, namely :—

- (1) the all-India Services,
- (2) the Provincial Services,
- (3) the Subordinate Services,
- (4) officers holding special posts.

*Definition of all-India Services.*

II. The all-India Services shall consist of—

(a) all officers serving under local Governments who are members of any of the following services—

- (1) the Indian Civil Service,
- (2) the Indian Police Service,
- (3) the Indian Forest Service,
- (4) the Indian Educational Service,
- (5) the Indian Agricultural Service,
- (6) the Indian Service of Engineers,
- (7) the Indian Veterinary Service,
- (8) the Indian Forest Engineering Service,
- (9) Officers of the Indian Medical Service in Civil Employ,

and any other service declared by the Secretary of State in Council to be an all-India Service ;

(b) military officers and other officers holding posts borne on the provincial cadres of the above services.

*Definition of Provincial Services.*

III. (1) The provincial services shall consist of the services shown in the schedule to these rules, and any other service declared by the local Government to be a provincial service.

CIVIL SERVICES (GOVERNORS' PROVINCES) [APPENDIX I]  
CLASSIFICATION RULES

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(2) The services shown in the schedule shall include all appointments at present included in these services, and any appointments which a local Government may add thereto :

Provided that if any service not included in the schedule to these rules is declared to be a provincial service, or if any appointment of a kind or class not at present included in a provincial service, is added thereto, such declaration or addition shall be without prejudice to the rights and prospects of members of provincial services affected who were appointed before these rules were made.

*Definition of Subordinate Services.*

IV. The subordinate services shall consist of all minor administrative, executive and ministerial posts to which appointments are made by the local Government or by an authority subordinate to the local Government.

*Special Posts.*

V. Special posts shall include all posts of a special or technical character, not included in an all-India or provincial service, which are declared by the local Government to be special posts.

*Appointments to all-India Services.*

VI. All first appointments to an all-India service, other than appointments made by promotion to such service of officers belonging to some other service or of members of the bar appointed to posts ordinarily held by members of the Indian Civil Service, shall be made by the Secretary of State in Council.

VII. Save as provided in the rules or orders regulating the recruitment of the all-India services, no person may be appointed without the previous sanction of the Secretary of State in Council to any post borne on the provincial cadre of such service except a person who is either a member of such service or is already holding a post borne on the cadre of such service :

Provided that the local Government may appoint a member of the Indian Civil Service to the post of Inspector-General of Police or to the post of Director of Agriculture.

*Promotion of officers of all-India Services.*

VIII. The local Government has authority to promote officers of an all-India service to any post borne on the provincial cadre of such service :

Provided that the prior approval of the Governor General in Council is required to—

(1) the appointment of officers with less than 25 or 18 years' service respectively to the posts of Chief and Superintending Engineers in the province of Assam, and

(2) appointments except in the provinces of Madras and Bombay to the post of—

- (a) Chief Conservator of Forests, and
- (b) Conservators of Forests.

APPENDIX I] CIVIL SERVICES (GOVERNORS' PROVINCES)  
CLASSIFICATION RULES

*Transfer of officers of all-India Services.*

1X. The power to transfer officers of an all-India service from any one post to any other post borne on the cadre of such service, or from any one part of the province to any other part, is vested in the local Government, but may be delegated by the local Government, subject to such conditions as it may prescribe, to any authority subordinate to it, or in the case of officers holding judicial posts, to a High Court or a Chief Court or the Court of a Judicial Commissioner.

*Authority of local Government over Officers of all-India Services.*

X. A local Government may for good and sufficient reasons—

- (1) censure,
- (2) reduce to a lower post,
- (3) withhold promotion from, or
- (4) suspend from his office.

any officer of an all-India service :

Provided that no head of a department appointed with the approval of the Governor General in Council shall be reduced to any lower post without the sanction of the Governor General in Council.

*Military Officers in Civil Employ.*

XI. A military officer may not be reverted from his civil employment except under the orders of the Governor General in Council.

*Special contracts.*

XII. The sanction of the Secretary of State in Council is required to any terms in a special contract, by which any right, privilege or concession not admissible under these rules is secured to an officer.

*Appointments to Provincial Services, Subordinate Services and Special Posts ;  
Cadres of Provincial and Subordinate Services.*

XII-A. (1) All first appointments to a provincial or subordinate service and all appointments to a special post, shall be made by the Local Government, or, in the case of first appointments to a subordinate service, or appointments to a special post, by any authority empowered by the Local Government in this behalf :

Provided that the previous sanction of the Governor General in Council shall be required to—

(a) the appointment to a provincial service, subordinate service, or special post of any person who is not a British subject, or the subject of a State in India in respect of whom the Governor General in Council has made a declaration under section 96-A of the Government of India Act ; and

(b) the making of an appointment to a provincial service which will adversely affect any person who was a member of such service on the 9th March 1926.

(2) The Local Government, or, in the case of a subordinate service, any authority empowered by the Local Government in this behalf, may fix the cadre of a provincial or subordinate service and may increase or reduce the number of posts in such cadre ; provided that such increase or reduction

CIVIL SERVICES (GOVERNORS' PROVINCES) [APPENDIX I  
CLASSIFICATION RULES

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if it would adversely affect any person who was a member of the corresponding All-India Service on the 9th March 1926, shall not be made save with the previous sanction of the Secretary of State in Council, and provided also that a reduction in the number of posts in the cadre of a provincial service if it would adversely affect any person who was a member of such service on the 9th March 1926 shall not be made, save with the previous sanction of the Governor General in Council.

(3) For the purposes of this rule, a person who was holding on the 9th March 1926 in an officiating, provisionally substantive or substantive *pro tempore* capacity a post borne on the cadre of a provincial or subordinate service, and is subsequently confirmed in such post without reverting therefrom, shall be deemed to have been a member of a provincial or a subordinate service, as the case may be, on the said date.

*Authority of local Government over officers of Provincial and Subordinate Services, and officers holding special appointments.*

XIII. Without prejudice to the provisions of any law for the time being in force, the local Government may for good and sufficient reasons—

- (1) censure,
- (2) withhold promotion from,
- (3) reduce to a lower post,
- (4) suspend,
- (5) remove, or
- (6) dismiss

any officer holding a post in a provincial or subordinate service or a special appointment.

*Procedure in cases of Dismissal, Removal or Reduction.*

XIV. Without prejudice to the provisions of the Public Servants Inquiries Act, 1850, in all cases in which the dismissal, removal or reduction of any officer is ordered, the order shall, except when it is based on facts or conclusions established at a judicial trial, or when the officer concerned has absconded with the accusation hanging over him, be preceded by a properly recorded departmental enquiry. At such an enquiry a definite charge in writing shall be framed in respect of each offence and explained to the accused, the evidence in support of it and any evidence which he may adduce in his defence shall be recorded in his presence and his defence shall be taken down in writing. Each of the charges framed shall be discussed and a finding shall be recorded on each charge.

*Delegation.*

XV. A local Government may delegate to any subordinate authority, subject to such conditions if any, as it may prescribe, any of the powers conferred by rule XIII, in regard to officers of the subordinate services :

Provided that every such officer on whom any punishment is inflicted shall be entitled to prefer at least one appeal against such order to such authority as the local Government may prescribe.

APPENDIX I] CIVIL SERVICES (GOVERNORS' PROVINCES)  
CLASSIFICATION RULES

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*Appeals.*

XVI. Every officer against whom an order may be passed under Rules X, XIII and XV, and who thinks himself wronged thereby shall be entitled to prefer at least one appeal against such order.

XVII. Every officer being a member of an all-India service against whom an order may be passed under Rule X and who thinks himself wronged thereby may appeal to the Governor General in Council against such order, and if his appeal relates to an order such as is referred to in sub-heads (2), (3) and (4) of that rule and is rejected by the Governor General in Council may appeal to the Secretary of State in Council.

XVIII. Every officer being a member of a provincial service, or holding a special post as defined in Rule V, against whom an order may be passed under Rule XIII and who thinks himself wronged thereby may appeal to the Governor.

Provided that any officer to whom this rule applies, and who was appointed by the Secretary of State in Council before the commencement of the Government of India Act, 1919, may appeal against any order passed on appeal by the Governor under this rule to the Governor General in Council, and thereafter to the Secretary of State in Council, if his salary is not less than Rs. 500 a month :

Provided further that a further appeal under this rule shall lie to the Governor General from any Deputy Collector to whom, in virtue of section 4 of the Repealing and Amending Act, 1914, the provisions of section 25 of Bengal Regulation IX of 1833 apply.

XIX. Every officer being a member of a subordinate service against whom an order may be passed under Rule XIII by the local Government, or under Rule XV by the subordinate authority to whom the powers conferred under Rule XIII have been delegated and who thinks himself wronged thereby shall have the right of appeal to such authority as the local Government may by rule prescribe.

XX. No appeal shall lie against—

(a) the discharge of a person appointed by an authority in India on probation, if his discharge is ordered before the termination of his probation,

(b) the dismissal or removal of a person appointed by an authority in India to hold a temporary appointment.

XXI. Every Government servant desiring to prefer an appeal shall do so separately.

XXII. Every appeal preferred under these rules shall contain all material statements and arguments relied on by the officer preferring the appeal, shall contain no disrespectful or improper language and shall be complete in itself. Every such appeal shall be submitted through the head of the office to which the officer belongs or belonged, and, if an appeal lies to the Governor General in Council or the Secretary of State in Council, through the local Government.



XXIII. Every appeal to the Governor General in Council, or the Secretary of State in Council, which is not withheld under these rules shall be forwarded by the Local Government to the Governor General in Council with an expression of opinion; and every appeal to the Secretary of State in Council, which is not similarly withheld shall be transmitted by the Governor General in Council with an expression of his opinion and the opinion of the Local Government:

Provided that appeals to the Secretary of State in Council presented through the Government of Madras, Bombay or Bengal, which are not withheld under these rules, shall be forwarded direct to the Secretary of State in Council by the local Government unless the appeal relates to a case which has previously been under the consideration of the Governor General in Council, in which case it shall be forwarded, in the first instance, to the Governor General in Council.

XXIV. Every appeal shall be preferred within six months after the date on which the officer preferring the appeal was informed of the orders against which he appeals:

Provided that the local Government, or the subordinate authority, or the Government of India may at their discretion for good cause shown extend the period to 12 months.

XXV. An appeal may be withheld—

(1) which is an appeal in a case in which under these rules no appeal lies,

(2) which does not comply with one or more of the provisions of Rule XXII,

(3) which does not comply with the provisions of Rule XXIV,

(4) which is a further appeal presented after a decision has been given by the appellate authority prescribed in this rules, and no new facts or circumstances are adduced which afford grounds for a reconsideration of the case:

Provided that in every case in which an appeal is withheld the officer preferring the appeal shall be informed of the fact and the reasons for it:

Provided further that subject to the conditions stated in Rules XXII and XXIV an appeal to the Secretary of State in Council by an officer appointed by him shall not be withheld when the appeal involves a question of the interpretation of the terms of an officer's engagement.

XXVI. No appeal shall lie against the withholding of an appeal by a competent authority:

Provided that an appeal withheld for failure to comply with the conditions stated in Rule XXII shall not be withheld if it is resubmitted in a form which complies with that rule.

XXVII. A list of appeals withheld under Rule XXV, with the reasons for withholding them, shall be forwarded quarterly to the Government of India, in the case of appeals to the Government of India or Secretary of State withheld by a local Government, and, in the case of appeals to the Secretary of State withheld by the Government of India, to the Secretary of State for India.

# APPENDIX I] CIVIL SERVICES (GOVERNORS' PROVINCES) CLASSIFICATION RULES

XXVIII. The Secretary of State may call for any appeal withheld by the local Government or the Government of India which under the rules may be made to him and may pass such orders as he considers fit : the Governor General in Council may send for an appeal withheld by the local Government which under the rules may be made to him, and may pass such orders as he considers fit.

XXIX. Notwithstanding anything contained in the foregoing rules any officer who immediately before the coming into operation of these rules had a right of appeal against a particular order passed by a local Government to the Governor General in Council and thereafter to the Secretary of State in Council and who had appealed against that order to the Governor General in Council before these rules came into operation may appeal against that order to the Governor General in Council and thereafter to the Secretary of State in Council.

## SCHEDULE OF PROVINCIAL SERVICES.

(Rule III)

### MADRAS.

1. Madras Civil Service.
2. Madras Educational Service.
3. Madras Civil Medical Service.
4. Madras Police Service.
5. Madras Agricultural Service.
6. Madras Agricultural Engineering Service.
7. Madras Engineering Service.
8. Extra Assistant Conservators of Forests.
9. District Registrars.
10. Gazetted officers of the Jail Department not belonging to the Indian Medical Service.
11. Deputy Sanitary Commissioners not belonging to the Indian Medical Service.
12. Gazetted officers of the Survey and Land Records Department not belonging to the Indian Civil Service.
13. Officers above the rank of Assistant Inspectors in the Salt and Excise Department not belonging to the Indian Civil Service.
14. Deputy Superintendents in the Veterinary Department and the Assistant Principal of the Veterinary College.
15. Chief Inspector and Inspectors of Factories.
16. Assistant Registrars of Co-operative Societies.
17. The Chief Boiler Inspector and Boiler Inspectors.

## APPENDIX II.

(Vide paragraph 3 of the Introductory note and footnote on page 6.)

*Civil Services (Governors' Provinces) Delegation Rules, 1926.*

**Notification of the Government of India, Home Department  
(Establishments), dated Delhi, the 1st April 1926, No. F. 178-9-II/24.**

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In exercise of the powers conferred by sub-section (2) of section 96-B of the Government of India Act the Secretary of State in Council, with the concurrence of a majority of votes at a meeting of the Council of India held this 9th day of March 1926, hereby makes the following rules:—

1. These rules may be called the Civil Services (Governors' Provinces) Delegation Rules, 1926.

2. In these rules the expressions "provincial services," "subordinate services," and "special posts" shall have the meanings respectively assigned to them in the Civil Services (Governors' Provinces) Classification Rules.

3. (1) Subject to the provisions of the Civil Services (Governors' Provinces) Classification Rules, and to the provisions hereinafter contained, the power to make rules regulating the method of recruitment to provincial services, subordinate services, and special posts is hereby delegated to the Local Government of Governors' Provinces.

(2) Any rules made in exercise of the powers conferred by sub-rule (1) shall provide that, notwithstanding anything therein contained, the previous sanction of the Governor General in Council shall be required to:—

(a) the making of first appointments to a provincial service otherwise than (i) on the result of a competitive examination, or (ii) on the advice of a permanent Board of Selection appointed by the Local Government or of the Public Service Commission established in accordance with the provisions of section 96 (c) of the Government of India Act; and

(b) the fixing for admission to any existing provincial service of standards lower than the standards regulating admission to that service on the 9th March 1926.

(3) If a question arises whether any rule purporting to be made in exercise of the powers conferred by sub-rule (1) was validly so made, the question shall be referred for the decision of the Secretary of State in Council.

4. (1) Notwithstanding anything contained in any rule made under, or confirmed by, the Government of India Act the power to make rules regulating the conditions of service, pay, allowances and pensions of provincial

APPENDIX II] CIVIL SERVICES (GOVERNORS' PROVINCES)  
DELEGATION RULES, 1926

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and subordinate services and of officers holding special posts is hereby delegated to the Local Governments of Governors' Provinces :—

Provided that no such rule (not being a rule regulating compensatory allowances) shall adversely affect any person who was a member of a provincial or subordinate service or was holding a special post on the 9th March 1926.

(2) For the purposes of this rule, a person who was holding on the 9th March 1926 in an officiating, provisionally substantive or substantive *pro tempore* capacity a post borne on the cadre of a provincial or subordinate service, and is subsequently confirmed in such post without reverting therefrom, shall be deemed to have been a member of a provincial or a subordinate service, as the case may be, on the said date.

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# ASSIGNMENT OF LAND AND ALIENATIONS [APPENDIX III OF LAND REVENUE

## APPENDIX III.

(Vide Note under paragraph 10, Chapter II, Part I.)

### *Assignment of land and alienations of land revenue.*

*Extract of clauses III, 10 (7) and (9) of the old Provincial Audit Resolution (Government of India, Finance Department, Resolution No. 361-E.A., dated 24th July 1916), as amended by Secretary of State's Despatch No. 50, Financial, dated 20th December 1919, communicated with the Government of India, Finance Department, Endt. No. 144-C.S.R., dated 14th February 1919.*

The sanction of the Secretary of State for India is required :—

(7) To the grant to non-officials, on political considerations of (a) land either free of revenue or on favourable terms, or (b) of assignments of land revenue, if the value of the land or land revenue exceeds Rs. 1,000 a year.

Grants of either kind on other than political considerations are subject to : (i) the statutory rules which have been published by the Government of India, under the authority of the Secretary of State, in their Finance and Commerce Department Resolution No. 933, dated the 20th February 1894, and their Finance Department Resolution No. 5751-Ex., dated the 31st October 1910, and which have been reproduced in the appendix to the Finance Department Resolution No. 465-Ex., dated the 26th January 1911; or (ii) the rules published by the Government of India in their Revenue and Agricultural Department Resolutions No. 1-141-151, dated the 6th February 1872 (as amended by Resolution No. 1-127-4, dated the 28th February 1912), No. 21-223-12, dated the 7th October 1895, and No. 12-73-17, dated the 7th September 1897; and (iii) such other general or special orders as the Government of India may have issued from time to time.

(9) To the grant to a civil officer, who is in Government employ or in receipt of a service pension, of—

(a) Land, except where the grant is made under the ordinary revenue rules of the province concerned, and involves no special concession in money or its equivalent beyond the fact that the grantee has received the grant in preference to others; or

(b) An assignment of land revenue when the total amount exceeds Rs. 600 a year, or the assignment, if within that amount, is not limited to three lives and reduced by one-half on each succession. All grants of assignments of land revenue made by a Provincial Government to Civil Officers should be confined to cases in which the services are of a very distinguished and exceptional character, i.e., to cases in which a special pension would be admissible with reference to the orders of the Secretary of State embodied in

• APPENDIX III] ASSIGNMENT OF LAND AND ALIENATIONS  
OF LAND REVENUE

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Appendix 9 of the Civil Service Regulations. An annual return should be submitted by each Provincial Government to the Government of India, showing any assignments of land revenue made by it to Civil officers, and the grounds on which such assignments have been made.

NOTE.—In the case of Civil as well as military grants, Local Governments may, at their discretion, allot the continued pensions after the death of the original grantees among several heirs and in such proportions as may seem most suitable instead of continuing it integrally to a single heir.

## APPENDIX IV.

(Vide Part M, Paragraph 17.)

### *Transfer of State lands and buildings between the Government of India and the Local Government of any Governor's province.*

#### **Resolution of the Government of India, Finance Department (Accounts and Finance—Land and Building), No. D-3428-A, dated the 10th December 1925.**

His Majesty's Secretary of State for India in Council has been pleased to prescribe the following rules to regulate the transfer of State lands and buildings between the Government of India and the Local Government of any Governor's Province :—

1. The ownership of land now or hereafter in the occupation of a Government in India vests in the Crown ; the Government of India or the Local Government, as the case may be, has the right of user for the effective discharge of its duties under the Government of India Act, and section 30 of the Government of India Act has no application to transfers between Government and Government.

2. (a) The Government of India has the right to remain in undisturbed possession of any land in its occupation in any province on the 1st April 1921, subject to the conditions then ruling, so long as such occupation is necessary for the effective discharge of its duties.

(b) A Local Government has no power without the consent of the Government of India to alienate or in any way to interfere in regard to land situate within the provincial boundaries which is in the occupation of the Central Government.

3. If the Local Government is of opinion that land in the occupation of the Government of India is not being used for the purposes originally intended and is not required by that Government for the effective discharge of its duties, the Local Government shall be entitled to make a representation on the subject to the Government of India and in the event of a difference of opinion arising between the two Governments, to request that the matter may be referred for the decision of the Secretary of State in Council.

4. When the Government of India no longer require land which is in its possession, the Local Government of the Province in which it is situate shall be given the option of assuming possession of the whole or any portion thereof, subject to the conditions laid down in the following clauses ; provided that, when the Local Government desires to assume possession of only a portion of the land surrendered, it shall only be entitled to do so if the value of the land not taken over is not materially reduced by the division.

5. In the case of land acquired by the Government of India in any province before the 1st April 1921 and surrendered after that date to the Local Government the amount of compensation, if any, payable to the Government of India by the Local Government to whom possession is



surrendered in any given case shall be determined in accordance with the principles set out below :—

I. (A) In the case of land other than that relinquished by a Railway administration if the surrender of land results in expenditure to the Government of India for the acquisition of an alternative site, or if, in the case of land surrendered by the military authorities the land was actually being used by them for the effective discharge of their duties, the amount of compensation payable by the Local Government shall be limited to the market value of the buildings, if any, *plus*

(a) the cost, if any, of acquisition and improvements of the land, or

(b) half the market value of the land,  
whichever is greater.

(B) In other cases the amount payable by the Local Government shall be limited to the market value of the buildings, if any, *plus*

(a) the cost, if any, of acquisition and improvements, or

(b) the market value of the land,  
whichever is less :

Provided that in the case of land surrendered by the military authorities in Presidency towns, Rangoon, Karachi, or any cantonments in which the land has a specially high value, the terms on which the land shall be transferred shall be decided by mutual arrangement under rule 9 below.

II. In the case of land relinquished by a Railway administration, the Local Government shall be required to pay to the Government of India or the Railway administration, as the case may be, the market value of the land and buildings surrendered.

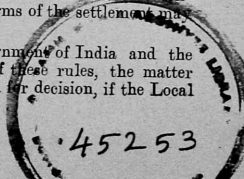
6. In the case of land acquired by the Government of India in any province after the 1st April 1921, the amount payable by the Local Government on retransfer shall be the market value of the land and buildings.

7. If the Local Government does not desire to assume possession on the foregoing terms, the Government of India shall be free to dispose of the land to a third party in such manner as it thinks fit after consultation with the Local Government regarding the manner of disposal and conditions, if any, which should be laid down for the use of the land after sale.

8. A Local Government shall be bound to acquire and hand over to the Government of India any land in the province required by the Government of India for the effective discharge of its duties on payment (a) if the land is not in immediate occupation of the Local Government, of the costs of acquisition, or (b) if the land is in its immediate occupation, the market value: provided that the Government of India shall have the right to refer to a competent tribunal, or with the agreement of the Local Government to arbitration, the question of the reasonableness of the payment demanded.

9. The foregoing rules shall not be held to preclude a settlement by mutual arrangement between the Government of India and the Local Government or Governments concerned, even though the terms of the settlement may be inconsistent with them.

10. If any question arises between the Government of India and the Local Government in regard to the application of these rules, the matter shall be referred to the Secretary of State in Council for decision, if the Local Government so desires.



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