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TAMIL NADU ARCHIVES

GOVERNMENT OF TAMIL NADU

Jail DEPARTMENT

G.O. No.	1706.	Press.
~~B.P. No.~~		Mis.
Dated 13	-9-1881	~~197~~ .

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Not to be folded or roughly handled

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B.S.K

1706
1

GOVERNMENT OF MADRAS.

FINANCIAL DEPARTMENT.

13th September 1881, No. 1706.

Stationery.

Read the following paper :—

From T. C. HOPE, Esq., Officiating Secretary to the Government of India, Department of Finance and Commerce (Stores), to the Secretary to the Government of Bengal, dated Simla, 25th August 1881, *No.* 2613 [*Current No.* 2421].

I am directed to acknowledge the receipt of your letters, No. 69, dated the 1st July, and No. 69½, dated the 7th July 1881.

In the first of these letters the Government of Bengal forwards a detailed statement of the cost of each article obtained by the Stationery Office by local purchase for the supply of 1881-82, showing a net saving of Rs. 39,378 on the estimated prices of the same articles if they had been obtained through the agency of the Store Department of the India Office, and His Honor the Lieutenant-Governor strongly recommends the continuance of the system of employing local agency through which the supplies for 1880-81 and 1881-82 were obtained.

In the second letter the results of the local arrangements for the supplies of 1881-82 are again set forth, and a recommendation is made for the grant of Rs. 500 as a bonus to the Assistant Superintendent and the Store-keeper of the Stationery Office for the additional work imposed on them by the new system of supply.

2. The Governor-General in Council regrets that he is unable, on the information as yet before him, to adopt the recommendation made by His Honor in the 8th paragraph of your letter of the 1st July, and move the Secretary of State to reconsider the orders under which all supplies which cannot be commonly obtained in the local market or of local manufacture, must be obtained through the Store Department of the India Office. That there has been any deviation at all from those orders is due, as His Honor will have learnt from the Resolution of this Department, dated the 10th June, No. 953, to a misapprehension, and Her Majesty's Secretary of State for India has lately repeated the orders in a despatch to the Government of Madras, No. 5, dated the 2nd June, copy of which is enclosed herewith, and also in a letter to the Government of India, No. 192, dated 23rd June, of which copy is also enclosed.

3. In this last-mentioned letter the Secretary of State, it will be observed, sees reason to doubt whether there was any real saving in the arrangement by which the supplies for 1880-81 were obtained locally by the Stationery Office, and whether in fact there was not a real loss. I am to request that the statements* enclosed in the Secretary of State's letter may be examined, and that any further remarks which the Government of Bengal may consider the case to require may be furnished to the Government of India.

* Sent in original; to be returned.

4. The Governor-General in Council, I am to add, is not satisfied that the arrangements for the supplies for 1881-82 have in reality been more satisfactory than those for 1880-81 as now judged by comparison of the prices paid locally with those which would have actually been paid in England during the period when the purchases were made. His Honor the Lieutenant-Governor admits that, for the reasons given in paragraph 3 of your letter of the 1st July, comparison of the prices with those which would have been paid in England cannot be wholly satisfactory. Assuming, however,

that the English prices are correctly stated, and that the calculations based thereon and the assumed charges for freight and other items are accurate, the net result is, the invoice prices thus calculated amounting to Rs. 10,28,053, a saving of Rs. 39,378, or less than 4 per cent. It is doubtful whether even this small saving could reasonably be expected to continue, for it appears from the detailed statements which accompany your letter that for a considerable number of articles the prices paid locally exceeded the estimated prices which would have been paid if the goods had been obtained in the regular way. These articles consist to a great extent of writing papers of the kind mostly used in the public offices, which bear a large proportion to the other items comprising the annual indents, and it is evident that if in any year the proportion of such articles to the remainder exceeded the proportion borne in the list of supplies for 1881-82, the saving would diminish, and might even disappear. Moreover, the prices of the Store Department invoices are at present enhanced by 2½ per cent., being the commission paid to Her Majesty's Stationery Office, through which all the supplies of paper and stationery sent to India are obtained, and the Secretary of State has recently been requested to arrange for the cessation of this charge, and the purchase of stationery by direct public tenders to the India Office. If this can be effected, the saving by local purchase, if it exists at all, will be so reduced as not to be worth consideration in deciding upon the system to be adopted for the future.

5. It appears then that, in the first place, the Secretary of State does not wish that the change recommended by the Government of Bengal should be made, and that, in the second place, the Government of Bengal has not as yet shown sufficient reason on the ground of economy for the change proposed. His Honor the Lieutenant-Governor indeed urges the permanent adoption of the system of the last two years on other grounds than that of economy. These reasons, so far as they are properly applicable to the particular supplies now in question, are also applicable to all other supplies of all kinds required for the public service, and the Government of India is doubtful whether there would be any real advantage in changing the whole system of supply and departing from the directions prescribed in the Resolution of the 10th June referred to above. In regard to one of these reasons, however, urged as specially applicable to paper and stationery, I am desired to point out that the Government of Bengal is under a misapprehension in supposing (paragraph 8 of your letter) that the Superintendent of Stationery "dealing directly with the manufacturers must be able to select more suitable articles than any official of the India Office can do." The articles ordered for India are obtained by the India Office through Her Majesty's Stationery Office, where the goods supplied by manufacturers are examined and tested by an expert before they are accepted as suitable; and even if it be decided to dispense with the agency of that department, care will, without doubt, be taken that all supplies are subjected at the India Office to tests and examination not less stringent than those at present applied.

6. On the whole, as far as the Governor-General in Council is at present enabled to judge from the information before him, there is no sufficient reason to do more than has already been decided. This is to substitute local manufactures in every possible case, due regard being had to price and quality, for imported goods, and to obtain through the agency of the India Office only goods which cannot be manufactured locally. But His Excellency in Council is quite prepared and willing to consider on its merits any case in which it can be satisfactorily shown that the agency of the India Office Store Department produces results which are less economical and less efficient than the direct purchase of goods by the departments requiring them.

7. In regard to the bonus recommended to the two officers of the Stationery Stores mentioned in your letter of the 7th July, I am directed to state that the Governor-General in Council cannot consider the grant of such extra remuneration unobjectionable; and though a similar application was granted in the letter from this department of the 8th September last, No. 2725, in connection with the local purchase of supplies for 1880-81, His Excellency in Council does not think it would be right to make that grant a precedent, and he regrets that he cannot comply with the present recommendation.

1706/2

ENCLOSURE No. 1.

Despatch from the Secretary of State for India, to the Government of India, dated 23rd June 1881, No. 192 (Financial).

I have considered in Council your letter in the Finance and Commerce Department, No. 315, dated 21st September 1880, forwarding papers showing the result of the local purchase in Calcutta of stationery for the year 1880-81, and stating that, in view of the instructions contained in my despatch, No. 166, dated the 27th May 1880, the arrangements for the local supply of stationery stores will not be repeated. I approve of this resolution.

Accts. Abs. October 1880, No. 3035-42.

2. I now forward, for your information, a report by the Director-General of Stores of this office, on the alleged saving effected by the above local purchase.

3. From this report it would appear that, in the opinion of the Director-General, the experiment in question has entailed a loss of about 4,370*l.* instead of a gain of Rs. 55,000, as set forth in the papers which accompany your letter.

4. I do not, however, attach any great importance to these figures. The loss, even as estimated by the Director-General, would not have been considerable, as compared with the large amount annually spent on stationery in Bengal, and if it had been due to the supply of satisfactory articles by the local market, or the substitution of articles of Indian manufacture for those now supplied from Europe, it might have been, in the words of my despatch of the 27th May 1880, a justifiable "encouragement, consistent with true economy," to that system of supply. But, in the instance under review, no such encouragement was, in fact, afforded, as it appears that the stores were specially procured from England, and, moreover, that the contracts were almost wholly entered into with the agents of English firms, or with such firms directly.

5. I have informed the Government of Madras that I should request you to communicate to them the purport of this despatch and its enclosures, as I have recently received from "Madras an indent for stationery stores required for 1882-83, from which it appears that Europe articles" to the value of 19,737*l.* out of an estimated total of 21,211*l.* have been bought locally, and that further purchases of a similar nature are under consideration. As the bulk of the stores thus purchased are not likely to be purchased in the local market after inspection, and must be manufactured by firms in this country, the course taken by the Government of Madras is, apparently, in contravention of my despatch of the 27th May 1880, and of your Resolution* of the 3rd November 1880, prescribing the revised rules for the supply of stores.

* Forwarded with letter, dated 9th November 1880, No. 366.

Report by Director-General of Stores, India Office, dated 11th April 1881.

With reference to the accompanying letter from India in the Finance and Commerce Department, No. 315, dated 21st September 1880, the second paragraph of which draws attention to the alleged saving of Rs. 55,000 by the supply through local agency, as compared with indents on this office of the stationery required in the Bengal Presidency in 1880-81, I have to report that considerable difficulty has been experienced in checking these figures.

2. In the printed statement of the comparative cost which has been prepared in India, there is a column headed "Stationery Office value on Secretary of State's prices." The amounts entered in rupees in this column are in no case, however, found to agree with the respective prices actually paid to Her Majesty's Stationery Office, when these latter are brought into rupees at the rate current in 1879-80, and with the necessary additions to cover packing, freight, and the percentage charged by the Stationery Office. In order that a proper comparison might be made, I have therefore caused a revised calculation to be prepared on the basis of the prices actually paid to the Stationery Office on indents previous to 1879-80. (These figures are the only ones which could have been properly available in India for the purposes of the comparison). Omitting certain items, marked O, on the statement from India, the Stationery Office prices of which are unknown owing to absence of recent demands, and also certain minor items, marked +, usually purchased by this department without the intervention of the Stationery Office, it is shown that the aggregate cost of the remaining supplies would have been 63,528*l.*, if they had been obtained by indent on this office, while the local contract amount for the same supplies, as shown in the printed statement received from India, brought into pounds at the rate of 1s. 7¼*d.* per rupee, is 62,768*l.*

3. The details on which this comparison is founded are given in Columns A and C of the enclosed manuscript statement.

4. But as prices of paper in 1879-80, when the Indian contracts were made, were lower than in the immediately preceding years, I have caused a Column B to be inserted in the statement,

showing as nearly as can be judged what would have been the cost of the various articles if actually obtained in 1879-80 by Her Majesty's Stationery Office, with proper additions for freight and other charges. The aggregate of this column is 59,042*l.* (It includes the prices of 1878-79 where the Stationery Office has been unable to give or to estimate the prices for 1879-80. *See* foot-note on statement).

5. It, therefore, appears that, instead of a saving of about Rs. 55,000, the system of local purchase resulted in a loss of at least 3,726*l.* I have no doubt that the items for which there have been no previous demands on the Stationery Office, as well as those usually purchased by this department, have been bought in India at a similar loss. (If we take these omitted items at their Indian contract value Rs. 1,57,274, while the total contract value is Rs. 10,64,562, and if we assume the same proportion or loss for the omitted items as has been proved for the remainder, then the loss of 3,726*l.* becomes 4,370*l.*).

6. As observed by the Controller of Her Majesty's Stationery Office in his annexed letter of the 3rd March 1881, it is most important that, in such comparisons, quality as well as price should be taken into account. A system under which the supplies are carefully examined by experienced officers prior to shipment ought surely to lead to more satisfactory results than one under which there is no examination or payment until the stores are delivered in India. Their rejection at this latter stage would cause inconvenience to the service by delaying the supply, and would throw heavy loss on the Contractors. These considerations might seriously hamper the local officers in India in their examination of the supplies, even supposing that they had the same special knowledge and experience as are possessed by the paper examiners in this country. Other points of this nature are sufficiently referred to in the enclosures to Financial Despatch, No. 166, of the 27th May 1880.

7. A copy of the Controller's report, referred to in Mr. Pigott's letter, is annexed.

8. I may add that it has come to my knowledge that several of the large manufacturers in this country would have nothing to do with the Bengal contracts, unless they received payment, in London on shipment, without any liability in case of rejection in Calcutta; and that they made supplies on these terms, in some cases through two or three middlemen, of articles which would inevitably have been rejected by the Stationery Office.

9. With regard to the intimation in the third paragraph that instructions have been given to prevent the further adoption of local purchase of stationery, I have to remark that no requisition has since been received, although the Annual Indent for Bengal Stationery has usually arrived in January. A telegram was sent to India on the 30th ultimo, drawing attention to the non-arrival of the three Presidency indents.

P.S.—The Bombay indent has now been received, on the 5th instant.—A. A. J.

From A. ABERCROMBIE JOPP, Esq., Director-General of Stores, to the Controller, Her Majesty's Stationery Office, dated 25th January 1881.

Referring to our recent conversation, I have now the honor to forward, herewith, copy of letter from the Government of India, No. 315, in the Finance and Commerce Department, dated 21st September 1880, and enclosures, relative to the purchase, through local agency, of all articles of stationery manufactured in Europe, except loan and water-marked paper, required in the Bengal Presidency in 1880-81.

2. I also forward a statement prepared in this office, in which the Indian estimate of the cost of stationery supplied from this country has been converted into pounds sterling (the rupee being taken at 1*s.* 7½*d.*). It is stated in the enclosures to the letter from India that this estimate is based on invoices from your department, between March 1878 and February 1879. I have been unable absolutely to verify this estimate, or to identify the prices or transactions in this country on which it may have been based. I have, therefore, prepared a statement showing, it is believed, the prices which were actually paid for similar articles obtained through your department during the period in question.

3. But in order to arrive at a comparison of the Indian prices with those which would have been paid by you for transactions at the time when the Indian contract was entered into, columns have been prepared, which I have the honor to request may be, as far possible, filled up.

4. A list is also appended of articles which are bought through your department, but of which no invoice can be traced during the period about 1878-79, and I shall be obliged if the blank columns can be similarly filled up.

5. I have further the honor to request that you will favor me with any observations you may desire to make on the arrangements referred to in the enclosed letter.

1706/3

From T. D. PIGOTT, Esq., Controller, Her Majesty's Stationery Office, to the Director-General of Stores, India Office, dated 3rd March 1881, No. 223.

With reference to your letter of the 25th January last, enclosing a copy of a letter from the Government of India, dated the 21st September 1880, relative to the purchase, through local agency, of all articles of stationery manufactured in Europe, except "loan" and "water-marked" paper, required in the Bengal Presidency in 1880-81, I have the honor to return the accompanying statement.

2. In the first column of the sub-head of the statement, described as "Stationery Office prices if supplies had been made when Indian contracts were entered into," the figures asked for have, as far as possible, been filled in. Those entered in *black ink* show the actual rates at which supplies answering to the descriptions given were purchased during the year 1879-80, for the Bombay and Madras Governments; those in *red ink* show the probable prices at which the goods described would at the time have been bought by the department.

3. Several of the items in the list, being special, fluctuate so much in value that it is impossible to quote any figure which would enable you to institute any trustworthy comparison.

4. You will understand that the figures quoted are on the assumption that the actual goods described were delivered; but there is, perhaps, no article in which an unscientific examiner may be more easily misled than paper.

5. The difference, for instance, between papers of the same weight and general quality if "loft-dried" or "cylinder dried" is from 40 to 50 per cent. in price. If "vegetable size" is substituted for "animal size," the saving in cost to the Contractor is from 1*d.* to 2*d.* per lb. "Hand-made" paper costs from 30 to 40 per cent. more than the best "loft-dried machine-made" paper of the same weight, or probably not less than 100 per cent. more than "ordinary machine-made" paper; which, though far less durable, would, to an untrained eye, appear almost identical.

6. The general views of the department with regard to the probable effect of the change of system adopted by the Bengal Government are stated at page 13 of the First Report on Her Majesty's Stationery Office recently presented to Parliament.

Copy of the foregoing letter, and of the despatches from the Secretary of State mentioned in paragraph 2, forwarded to the Government of Bombay for information and guidance.

Copy, with copy of the despatch from the Secretary of State, No. 192, dated 23rd June, forwarded to the Government of Madras for information and guidance.

(Signed) J. E. O'CONOR,
Asst. Secy. to the Govt. of India.

ORDER THEREON, 13th September 1881, No. 1706.

Communicated to the Superintendent of Stationery.

(True Extract.)

R. DAVIDSON,
Chief Secretary.

To the Superintendent of Stationery.

Exd. J. Wright.

Govt. of [1881] Madras.

FINANCIAL.

To

THE SUPERINTENDENT OF STATIONERY

Dated September, 1881.

Issued

Read.

G.O., 13th September 1881, No. 1706.

SEPTEMBER.

Stationery.—Communicating endorsement of Government of India forwarding copy of letter to Bengal Government, &c., regarding the local purchase of Europe stationery.

CURRENT No. 2421

1706/4

No. 2010.

GOVERNMENT OF INDIA.

DEPARTMENT OF FINANCE AND COMMERCE.

STORES.

To

THE SECRETARY TO THE GOVERNMENT OF BENGAL.

Simla, the 25th August 1881.

SIR,

I AM directed to acknowledge the receipt of your letters No. 69, dated the 1st July, and No. 69½, dated the 7th July 1881.

In the first of these letters the Government of Bengal forwards a detailed statement of the cost of each article obtained by the Stationery Office by local purchase for the supply of 1881-82, showing a net saving of Rs. 39,378 on the estimated prices of the same articles if they had been obtained through the agency of the Store Department of the India Office, and His Honour the Lieutenant-Governor strongly recommends the continuance of the system of employing local agency through which the supplies for 1880-81 and 1881-82 were obtained.

In the second letter the results of the local arrangements for the supplies of 1881-82 are again set forth, and a recommendation is made for the grant of Rs. 500 as a bonus to the Assistant Superintendent and the store-keeper of the Stationery Office for the additional work imposed on them by the new system of supply.

2. The Governor General in Council regrets that he is unable, on the information as yet before him, to adopt the recommendation made by His Honour in the 8th paragraph of your letter of the 1st July, and move the Secretary of State to reconsider the orders under which all supplies which cannot be commonly obtained in the local market or of local manufacture, must be obtained through the Store Department of the India Office. That there has been any deviation at all from those orders is due, as His Honour will have learnt from the Resolution of this Department, dated the 10th June, No. 953, to a misapprehension, and Her Majesty's Secretary of State for India has lately repeated the orders in a despatch to the Government of Madras, No. 5, dated the 2nd June, copy of which is enclosed herewith, and also in a letter to the Government of India, No. 192, dated 23rd June, of which copy is also enclosed.

3. In this last-mentioned letter the Secretary of State, it will be observed, sees reason to doubt whether there was any real saving in the arrangement by which the supplies for 1880-81 were obtained locally by the Stationery Office, and whether in fact there was not a real loss. I am to request that the statements* enclosed in the Secretary of State's letter may be examined, and that any further remarks which the Government of Bengal may consider the case to require may be furnished to the Government of India.

* Sent in original; to be returned.

4. The Governor General in Council, I am to add, is not satisfied that the arrangements for the supplies for 1881-82 have in reality been more satisfactory than those for 1880-81 as now judged by comparison of the prices paid locally with those which would have actually been paid in England during the period when the purchases were made. His Hon[illegible] the Lieutenant-Governor admits

that, for the reasons given in paragraph 3 of your letter of the 1st July, comparison of the prices with those which would have been paid in England cannot be wholly satisfactory. Assuming, however, that the English prices are correctly stated, and that the calculations based thereon and the assumed charges for freight and other items are accurate, the net result is, the invoice prices thus calculated amounting to Rs. 10,28,053, a saving of Rs. 39,378, or less than 4 per cent. It is doubtful whether even this small saving could reasonably be expected to continue, for it appears from the detailed statements which accompany your letter that for a considerable number of articles the prices paid locally exceeded the estimated prices which would have been paid if the goods had been obtained in the regular way. These articles consist to a great extent of writing papers of the kind mostly used in the public offices, which bear a large proportion to the other items comprising the annual indents, and it is evident that if in any year the proportion of such articles to the remainder exceeded the proportion borne in the list of supplies for 1881-82, the saving would diminish, and might even disappear. Moreover, the prices of the Store Department invoices are at present enhanced by 2½ per cent., being the commission paid to Her Majesty's Stationery Office, through which all the supplies of paper and stationery sent to India are obtained, and the Secretary of State has recently been requested to arrange for the cessation of this charge, and the purchase of stationery by direct public tenders to the India Office. If this can be effected, the saving by local purchase, if it exists at all, will be so reduced as not to be worth consideration in deciding upon the system to be adopted for the future.

5. It appears then, that in the first place, the Secretary of State does not wish that the change recommended by the Government of Bengal should be made, and that, in the second place, the Government of Bengal has not as yet shown sufficient reason on the ground of economy for the change proposed. His Honour the Lieutenant-Governor indeed urges the permanent adoption of the system of the last two years on other grounds than that of economy. These reasons, so far as they are properly applicable to the particular supplies now in question, are also applicable to all other supplies of all kinds required for the public service, and the Government of India is doubtful whether there would be any real advantage in changing the whole system of supply and departing from the directions prescribed in the Resolution of the 10th June referred to above. In regard to one of these reasons, however, urged as specially applicable to paper and stationery, I am desired to point out that the Government of Bengal is under a misapprehension in supposing (paragraph 8 of your letter) that the Superintendent of Stationery "dealing directly with the manufacturers must be able to select more suitable articles than any official of the India Office can do." The articles ordered for India are obtained by the India Office through Her Majesty's Stationery Office, where the goods supplied by manufacturers are examined and tested by an expert before they are accepted as suitable; and even if it be decided to dispense with the agency of that department, care will, without doubt, be taken that all supplies are subjected at the India Office to tests and examination not less stringent than those at present applied.

6. On the whole, as far as the Governor General in Council is at present enabled to judge from the information before him, there is no sufficient reason to do more than has already been decided. This is to substitute local manufactures in every possible case, due regard being had to price and quality, for imported goods, and to obtain through the agency of the India Office only goods which cannot be manufactured locally. But His Excellency in Council is quite prepared and willing to consider on its merits any case in which it can be satisfactorily shewn that the agency of the India Office Store Department produces results which are less economical and less efficient than the direct purchase of goods by the departments requiring them.

7. In regard to the bonus recommended to the two officers of the Stationery Stores mentioned in your letter of the 7th July, I am directed to state that the Governor General in Council cannot consider the grant of such extra remuneration unobjectionable; and though a similar application was

granted in the letter from this Department of the 8th September last, No. 2725, in connection with the local purchase of supplies for 1880-81, His Excellency in Council does not think it would be right to make that grant a precedent, and he regrets that he cannot comply with the present recommendation.

I have the honour to be,

SIR,

Your most obedient Servant,

T. C. HOPE,

Offg. Secretary to the Government of India.

COPY of the foregoing letter, and of the despatches from the Secretary of State mentioned in paragraph 2, forwarded to the Government of Bombay for information and guidance.

COPY, with copy of the despatch from the Secretary of State, No. 192, dated 23rd June, forwarded to the Government of Madras for information and guidance.

J Eo'Conor

Assistant Secretary to the Govt. of India.

Order 13 September 1881
No 1700.
Communicated to
the Supt. of
Stationery
for
Info.

1881

GOVERNMENT OF INDIA.

DEPARTMENT OF FINANCE AND COMMERCE.

STORES.

R. D.

8 SEP 81

To

THE SECY. TO THE GOVT. OF BENGAL

No. 2613.

Dated Simla, the 25th August 1881.

Received — 7 Sept

CURRENT No. 214

For the Supt. of Stationery
for
Info
6 7911

Local purchase of European stationery

1 E & O-36

GOVERNMENT OF INDIA.

DEPARTMENT OF FINANCE AND COMMERCE.

1796/6

Enclosure of Letter No. 2613 of 1881.

No. 5 (Financial—Stores), dated 2nd June 1881.

From—The Secretary of State for India.

To—The Government of Madras.

I HAVE considered in Council your letter in the Financial Department, No. 2, dated 8th March, forwarding an indent for articles of stationery required during the season 1882-83, and I have sanctioned compliance with the indent.

2. From the information furnished in enclosure to your letter, it appears that a large proportion of the stationery stores required in your Presidency for the season referred to have been purchased through local agencies. As I am led to understand that these articles were not obtained by purchases in the local market, this course is a departure from the intention of the rules laid down in my despatch in the Financial Department, to the Government of India, No. 166 of 27th May 1880, and in the Resolutions of the Government of India of the 3rd November last. I have therefore requested, in a despatch which I am now addressing to the Government of India, on the subject of stationery supplies, that the purport thereof, and its enclosures may be communicated to you.

No. 192 (Financial), dated 23rd June 1881.

From—The Secretary of State for India,

To—The Government of India.

I have considered in Council your letter in the Finance and Commerce Department, No. 315, dated 21st September 1880, forwarding papers showing the result of the local purchase in Calcutta of stationery for the year 1880-81, and stating that, in view of the instructions contained in my despatch, No. 166, dated the 27th May 1880, the arrangements for the local supply of stationery stores will not be repeated. I approve of this resolution.

Accts. Abs. October 1880, No. 3038-42.

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Government of Madras is, apparently, in contravention of my despatch of the 27th May 1880, and of your Resolution* of the 3rd November 1880, prescribing the revised rules for the supply of stores.

* Forwarded with letter, dated 9th November 1880, No. 306.

Report by Director General of Stores, India Office, dated 11th April 1881.

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In the printed statement of the comparative cost which has been prepared in India, there is a column headed "Stationery Office value on Secretary of State's prices." The amounts entered in rupees in this column are in no case, however, found to agree with the respective prices actually paid to Her Majesty's Stationery Office, when these latter are brought into rupees at the rate current in 1879-80, and with the necessary additions to cover packing, freight and the percentage charged by the Stationery Office. In order that a proper comparison might be made, I have therefore caused a revised calculation to be prepared on the basis of the prices actually paid to the Stationery Office on indents previous to 1879-80. (These figures are the only ones which could have been properly available in India for the purposes of the comparison.) Omitting certain items, marked O, on the Statement from India, the Stationery Office prices of which are unknown owing to absence of record demands, and also certain minor items, marked +, usually purchased by this Department without the intervention of the Stationery Office, it is shown that the aggregate cost of the remaining supplies would have been 63,528*l.*, if they had been obtained by indent on this Office, while the local contract amount for the same supplies, as shown in the printed statement received from India, brought into pounds at the rate of 1*r.* 7½*d.* per rupee, is 62,768*l.*

The details on which this comparison is founded are given in columns A and C of the enclosed manuscript statement.

But as prices of paper in 1879-80, when the Indian contracts were made, were lower than in the immediately preceding years, I have caused a column B to be inserted in the statement, showing as nearly as can be judged what would have been the cost of the various articles if actually obtained in 1879-80 by Her Majesty's Stationery Office, with proper additions for freight and other charges. The aggregate of this column is 59,043*l.* (It includes the prices of 1878-79 where the Stationery Office has been unable to give or to estimate the prices for 1879-80. *See* foot-note on statement).

It, therefore, appears that, instead of a saving of about Rs. 55,000, the system of local purchase resulted in a loss of at least 3,728*l.* I have no doubt that the items for which there have been no previous demands on the Stationery Office, as well as those usually purchased by this Department, have been bought in India at a similar loss. (If we take these omitted items at their Indian contract value Rs. 1,57,274, while the total contract value is Rs. 10,64,582, and if we assume the same proportion or loss for the omitted items as has been proved for the remainder, then the loss of 3,728*l.* becomes 4,370*l.*)

As observed by the Controller of Her Majesty's Stationery Office in his annexed letter of the 3rd March 1881, it is most important that, in such comparisons, quality as well as price should be taken into account. A system under which the supplies are carefully examined by experienced officers prior to shipment, ought surely to lead to more satisfactory results than one under which there is no examination or payment until the stores are delivered in India. Their rejection at this latter stage would cause inconvenience to the service by delaying the supply, and would throw heavy loss on the contractors. These considerations might seriously hamper the local officers in India in their examination of the supplies, even supposing that they had the same special knowledge and experience as are possessed by the paper examiners in this country. Other points of this nature are adequately referred to in the enclosures to Financial despatch No. 166 of the 27th May 1880.

A copy of the Controller's report, referred to in Mr. Pigott's letter, is annexed.

I may add that it has come to my knowledge that several of the large manufacturers in this country would have nothing to do with the Bengal contracts, unless they received payment, in London on shipment, without any liability in case of rejection in Calcutta; and that they made supplies on these terms, in some cases through two or three middlemen, of articles which would inevitably have been rejected by the Stationery Office.

With regard to the intimation in the third paragraph that instructions have been given to prevent the further adoption of local purchase of stationery, I have to remark that no requisition has since been received, although the Annual Indent for Bengal Stationery has usually arrived in January. A telegram was sent to India on the 30th ultimo, drawing attention to the non-arrival of the three Presidency indents.

P. S.—The Bombay indent has now been received, on the 5th instant.—A. A. J.

1786/7

Dated 25th January 1881.

From—A. Arbuthnot Jopp, Esq., Director General of Stores,

To—The Controller, Her Majesty's Stationery Office.

Referring to our recent conversation, I have now the honour to forward herewith copy of letter from the Government of India, No. 315, in the Finance and Commerce Department, dated 21st September 1880, and enclosures, relative to the purchase, through local agency, of all articles of stationery manufactured in Europe, except "loan" and "water-marked" paper, required in the Bengal Presidency in 1880-81.

I also forward a statement prepared in this office, in which the Indian estimate of the cost of stationery supplied from this country has been converted into pounds sterling (the rupee being taken at 1*r.* 7½*d.*). It is stated, in the enclosures to the letter from India, that this estimate is based on invoices from your Department, between March 1878 and February 1879. I have been unable absolutely to verify this estimate, or to identify the prices or transactions in this country on which it may have been based. I have, therefore, prepared a statement showing, it is believed, the prices which were actually paid for similar articles obtained through your department during the period in question.

But in order to arrive at a comparison of the Indian prices with those which would have been paid by you for transactions at the time when the Indian contract was entered into, columns have been prepared, which I have the honour to request may be, as far as possible, filled up.

A list is also appended of articles which are bought through your Department, but of which no invoice can be traced during the period about 1878-79, and I shall be obliged if the blank columns can be similarly filled up.

I have further the honour to request that you will favour me with any observations you may desire to make on the arrangements referred to in the enclosed letter.

No. 223, dated 3rd March 1881.

From—T. D. Pigott, Esq., Controller, Stationery Office,

To—The Director General of Stores, India Office.

With reference to your letter of the 25th January last, enclosing a copy of a letter from the Government of India, dated the 21st September 1880, relative to the purchase, through local agency, of all articles of stationery manufactured in Europe, except "loan" and "water-marked" paper, required in the Bengal Presidency in 1880-81, I have the honour to return the accompanying statement.

In the first column of the sub-head of the statement, described as "Stationery Office "prices if supplies had been made when Indian contracts were entered into," the figures asked for have, as far as possible, been filled in. Those entered in *black ink* show the actual rates at which supplies answering to the descriptions given were purchased during the year 1879-80, for the Bombay and Madras Governments; those in *red ink* show the probable prices at which the goods described would at the time have been bought by the Department.

Several of the items in the list, being special, fluctuate so much in value that it is impossible to quote any figure which would enable you to institute any trustworthy comparison.

You will understand that the figures quoted are on the assumption that the actual goods described were delivered; but there is, perhaps, no article in which an unscientific examiner may be more easily misled than paper.

The difference, for instance, between paper of the same weight and general quality if "loft-dried" or "cylinder dried" is from 40 to 50 per cent. in price. If "vegetable size," is substituted for "animal size," the saving in cost to the contractor is from 1*d.* to 2*d.* per lb. "Hand-made" paper costs from 30 to 40 per cent. more than the best "loft-dried machine-made" paper of the same weight, or probably not less than 100 per cent. more than "ordinary machine-made" paper: which, though far less durable, would, to an untrained eye, appear almost identical.

The general views of the Department with regard to the probable effect of the change of system adopted by the Bengal Government are stated at page 15 of the First Report on Her Majesty's Stationery Office recently presented to Parliament.

(True Copy.)

Registrar, Dept. of Finance and Commerce.

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Govt. of 1881 Madras.

Secretariat

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BY G.O. No. 1706

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Stationery Comp: endorsement of G.I. forg: copy of letter to Bengal Govt, &c, regarding the local purchase of European stationery &c