M.R.O. 1—77,006—8-6-37.

(1) Number of pages_____

(2) Date of repair_____

(3) Initials of the Referencer_____

MADRAS RECORD OFFICE.

Government of Madras.

Public works **DEPARTMENT.**

G.O. No. 554 Press ~~Mis.~~

346-47

Dated 17 2 1870.

Not to be folded or roughly handled

No. 346. Read the following letter from the Deputy Secretary to the Government of India, Public Works Department, (Account—Railway,) to the Secretary to the Government of Madras, Public Works Department, Railway Branch, dated Fort William, 4th February 1870, No. 56 A-R:—

I AM directed to acknowledge the receipt of your letter, No. 4,000, of the 21st December 1869, forwarding certain documents relating to the rules promulgated by the Government of India in Railway Circular No. 31, dated 11th October 1869, for accounting for the proceeds from sale and the loss from deterioration of stores.

2. I am to observe that the principle which it was desired to embody in these rules is one which is applied to the fullest extent in keeping the Government accounts, namely, that gross charges and gross receipts should be exhibited as far as possible, and although it is admitted that equally correct results would be obtained by showing only net receipts and expenditure; that is, if in the present case the proceeds derived from the sale of stores debited to Revenue were credited to the departments concerned, instead of to the general Revenue Account, the Government of India considers that the former method is to be preferred, and I am to ask that the Government of Madras may be moved to take measures accordingly.

3. As the rule is to be uniformly applied, the main objection taken to this procedure by the Chief Accountant of the Madras Railway will vanish.

4. With reference to what is said by the Chief Accountant in the 4th paragraph of his letter, I am to remark that, in the case of working the Erode Junction Station put forward by him, the whole expenditure both for wages and stores should be treated as part of the working expenses of the Madras Railway, and the amount received from the Great Southern of India Railway, as their share of the expenses, should be credited *per contra* as part of the earnings of the Madras Railway. This procedure is fully provided for in the new form of half-yearly accounts now about to issue.

5. I am to add that the second rule has been laid down, in a great measure, to do away with the very practice which the Chief Accountant states is now followed on the Madras Railway, namely, that loss from the deterioration of stores while in stock is distributed between Capital and Revenue. The Government of Madras will, it is thought, agree with the Government of India that it is not desirable to go on paying five per cent. interest in perpetuity on money expended on stores which have not been actually wanted for the construction of the guaranteed Railways and their appurtenances; in this view, it has been ruled that the loss incurred on all stores that have not been issued to a definite head is to be borne solely by Revenue. This is simply an application of the principle that Capital should not be called upon to bear more than the prime cost of original construction, all subsequent repairs and renewals falling on Revenue, and clearly it should be applied to all stores kept in stock for whatever purpose. This will answer the question put by the Agent of the Great Southern of India Railway.

6. I am further to observe that it is obviously wrong to charge stores in the first instance to Capital, when they are (after the opening of a line) essentially

needed for Revenue purposes, and that proposals for changing this system will probably be shortly referred to the Government of Madras. It rests entirely with Government to permit additions to the Capital Account under guarantee, and the Government of Madras will no doubt agree with the Governor-General in Council in desiring to put an end to the small gradual additions to the Capital Accounts of the Indian Railways, which have until now been permitted, and His Excellency in Council considers that from this view of the question such charges as those referred to in Rule II. will properly be charged against Revenue.

No. 347. ORDER THEREON, 17th February 1870, No. 554.

RAILWAY, No. 36.

COMMUNICATED to the Consulting Engineer for Railways for information and guidance with reference to G. O., No. 3,999, of the 21st December 1869. The Government presume that, in accordance with paragraph 2 of those orders, the rules sanctioned by the Government of India in their Circular No. 31, of the 11th October 1869, are now in force.

(True Extract.)

(Signed) CHARLES A. ORR, Colonel, R. E.,
Secretary to Government.

To the Consulting Engineer for Railways.

Exd. J. Wright.

No. 56 A—R.

GOVERNMENT OF INDIA.

PUBLIC WORKS DEPARTMENT.

ACCOUNT.
Railway.

To THE SECY. TO THE GOVT. OF MADRAS,
IN THE P. W. DEPT., RAILWAY BRANCH.

FORT WILLIAM, FEBRUARY 4, 1870.

SIR,

I am directed to acknowledge the receipt of your letter No. 4009 of the 21st ultimo, forwarding certain documents relating to the rules promulgated by the Government of India in Railway Circular No. 31, dated 11th October 1869, for accounting for the proceeds from sale and the loss from deterioration of stores.

2. I am to observe that the principle which it was desired to embody in these rules is one which is applied to the fullest extent in keeping the Government accounts, namely, that gross charges and gross receipts should be exhibited as far as possible, and although it is admitted that equally correct results would be obtained by showing only net receipts and expenditure; that is, if in the present case, the proceeds derived from the sale of stores debited to Revenue were credited to the Departments concerned, instead of to the general Revenue Account, the Government of India considers that the former method is to be preferred, and I am to ask that the Government of Madras may be moved to take measures accordingly.

3. As the rule is to be uniformly applied, the main objection taken to this procedure by the Chief Accountant of the Madras Railway will vanish.

4. With reference to what is said by the Chief Accountant in the 4th para. of his letter, I am to remark that, in the case of working the Erode Junction Station put forward by him, the whole expenditure both for wages and stores should be treated as part of the working expenses of the Madras Railway, and the amount received from the Great Southern of India Railway, as their share of the expenses, should be credited *per contra* as part of the earnings of the Madras Railway. This procedure is fully provided for in the new form of half-yearly accounts now about to issue.

5. I am to add that the second rule has been laid down, in a great measure, to do away with the very practice which the Chief Accountant states is now followed on the Madras Railway, namely, that loss from the deterioration of stores while in stock is distributed between Capital and Revenue. The Government of Madras will, it is thought, agree with the Government of India

that it is not desirable to go on paying 5 per cent. interest in perpetuity on money expended on stores which have not been actually wanted for the construction of the guaranteed Railways and their appurtenances; in this view, it has been ruled that the loss incurred on all stores that have not been issued to a definite head is to be borne solely by Revenue. This is simply an application of the principle that Capital should not be called upon to bear more than the prime cost of original construction, all subsequent repairs and renewals falling on Revenue, and clearly it should be applied to all stores kept in stock for whatever purpose. This will answer the question put by the Agent of the Great Southern of India Railway.

6. I am further to observe that it is obviously wrong to charge stores in the first instance to Capital, when they are (after the opening of a line) essentially needed for Revenue purposes, and that proposals for changing this system will probably be shortly referred to the Government of Madras. It rests entirely with Government to permit additions to the Capital Account under guarantee, and the Government of Madras will no doubt agree with the Governor General in Council in desiring to put an end to the small gradual additions to the Capital Accounts of the Indian Railways, which have until now been permitted, and His Excellency in Council considers that from this view of the question such charges as those referred to in Rule II will properly be charged against Revenue.

I have the honour to be,

SIR,

Your most obedient Servant,

Deputy Secretary

Depy. Secretary to the Govt. of India.

Pub. Wks. Dept.

No. 554

Proceedings of the Madras Government (P.W.) 21

Under date the 7th February 1870

Read the following letter

From the Government of India, P.W.D. No. 56 A.R. dated 4th Feby 1870.

Communicated to the Consulting Engineer for Railways, for information and guidance with reference to G.O. No. 3999 of the 21st December 1869 - The Govt. presume that in accordance with para 2 of those orders the rules sanctioned by the Govt. of India in their Circular No. 31 of the 11th October

1869 one now in
force

26

To
The Comptroller
for Railways

h.s. dated 17/2/70.
P.C. 24/2/70.

1869 one now in
force

26

To
The Comptroller
for Railways

h.s. dated 17/2/70.
P.C. 24/2/70.

Lue 639

Govt. of {1870} Works.

PUBLIC WORKS.

To

The Consulting Engineer for Railways

Dated

Recd. Encl.

G. O., 17 Feby 1870, No. 554

Nos. 916 - 917

Stores Rly Letter from the Govt of India on the subject of accounting for the proceeds from the sale of stores deteriorated in store - Cost &c &c of Stores concerned with observations -