

(1) Number of pages 8

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MADRAS RECORD OFFICE.

Government of Madras.

Public Works DEPARTMENT.

G.O. No.	1054	Press
		~~Ms.~~
174-75		
Dated	15-4-	1871.

Not to be folded or roughly handled

*Proceedings of the Madras Government, Public Works Department,
15th April 1871.*

No. 174. Read the following Proceedings of the Government of India in the Public Works Department, (Account—General,) dated Fort William, 23rd March 1871, No. 248-A. G :—

Treatment of charges for losses of stock.

Read :—

Letter No. 7 A—42, dated 11th January 1871, from Secretary to Government of Bombay, Public Works Department.

Letter No. K—11, dated 5th January 1871, from Contraller, Public Works Accounts, Bombay, to Secretary to Government of Bombay, Public Works Department, being enclosure to above.

Public Works Department letter No. 157 A.—G, dated 8th March 1871, to Secretary to Government of Bombay, Public Works Department.

Letter No. 61, dated 4th March 1871, from Resident, Hyderabad.

RESOLUTION.—The Governor-General in Council observes that the letters just read, and similar cases which have occurred from time to time, indicate that the principle on which the rules concerning the treatment of charges for losses of stock are based are not generally or fully understood.

2. The head of charge, Profit and Loss, is one which is intended to exhibit as losses those only which are absolute and *bona fide* losses for which there is no return, and which do not come within calculation as ordinary risks of the operations of the department, such as losses by theft, or stores destroyed by calamity. All ordinary losses usually contingent on engineering operations, should be distributed over the cost of the works executed by the department.

3. This can be done either directly, *i.e.*, by direct charges to the works for which the stores were procured ; or indirectly, by raising the rates of stores either of special items, or of certain sub-heads, or of stores generally, according to the circumstances of the case. Losses of the kind under reference are either real loss of property from deterioration, or book losses from one of two causes—either the omission to charge off stores actually used, or the charging for them at too low rates. In the case of the book losses, it is clear that some works must have been under-charged, and the proper remedy is to debit some additional charges to them. In the case of the real losses, such should be provided by a proper margin in the rates, and where this has not been done, it will depend entirely on the facts of the case what items, whether works or stores, should be debited so as to clear the loss. The details, whether of works or of stores, which are to bear the incidence of such charges, rest with the Heads of the Local Governments or Administrations.

4. It is to be distinctly understood that nothing is further from the desire of the Governor-General in Council than to require that unreasonable charges should be made to secure attention to symmetry in accounts, that a work should be unduly burdened with the cost of stock with which it has had no concern whatever, or that the rate of one article should be exaggerated on account of the losses on another.

5. What His Excellency in Council desires is that the broad principles, as above described, on which such losses ought to be adjusted, should be recognized, and that they should be applied and the incidence of the charges distributed in a just and intelligent manner so as to give full effect to their spirit.

*Proceedings of the Madras Government, Public Works Department,
15th April 1871.*

6. In connection with one of the cases that has come under his notice, the Governor-General in Council observes that it has been urged that if the rates of stock are increased by sums due to proportion of stock that has been lost, they are apt to exceed the ordinary market rates. On this point, His Excellency remarks that such a circumstance will be the result, not of this system or principle, but of bad arrangements for materials. It is manifestly unwise that articles should be brought on and kept in stock at all, at any rate to any great extent, which are readily obtainable in the market, and it can only be bad management which can cause the accumulation of stock at rates likely to lead, when all contingent expenses are included and provided for, to the issuing rates being in excess of local market rates which have to cover the very same contingencies besides allowing a margin of profit.

Governments of Madras, Bombay, Bengal, North
Western Provinces, and the Punjab.
Chief Commissioners, Central Provinces, British
Burmah, Oudh and Mysore.
Resident, Hyderabad.
Agents to Governor-General, Rajpootana and
Central India.
Superintendent, Port Blair.

ORDER.—Ordered, that the foregoing Resolution be forwarded to the Local Governments and Administrations noted in the margin, for information and guidance, and to Financial Department for information.

(Signed) J. J. McLEOD INNES,
Depty. Secretary to the Govt. of India.

No. 175. ORDER THEREON, 15th April 1871, No. 1,054.

ACCOUNT, No. 20.

COMMUNICATED to the Superintending Engineers and to the Controller of Public Works Accounts for information and guidance.

(True Extract.)

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

To the Chief Engineer for Irrigation.

To Superintending Engineers.

„ Major R. B. Kennedy.

To the Controller of Public Works Accounts.

„ General Superintendent of Public Works Stores and Workshops.

Exd. S. T. Augustin.

*All communications
should be addressed to
the Secretary.*

No. 248 A—G.

GOVERNMENT OF INDIA.

PUBLIC WORKS DEPARTMENT.

ACCOUNT.

General.

FORT WILLIAM, MARCH 23, 1871.

Treatment of charges for losses of stock.

Read :—

Letter No. 7 A—42, dated 11th January 1871, from Secretary to Government of Bombay, Public Works Department.

Letter No. K—11, dated 5th January 1871, from Controller, Public Works Accounts, Bombay, to Secretary to Government of Bombay, Public Works Department, being enclosure to above.

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3. This can be done either directly, *i. e.*, by direct charges to the works for which the stores were procured; or indirectly, by raising the rates of stores either of special items, or of certain sub-heads, or of stores generally, according to the circumstances of the case. Losses of the kind under reference are either real loss of property from deterioration, or book losses from one of two causes—either the omission to charge off stores actually used, or the charging for them at too low rates. In the case of the book losses, it is clear that some works must have been under-charged, and the proper remedy is to debit some additional charges to them. In the case of the real losses, such should be provided by a proper margin in the rates, and where this has not been done, it will depend entirely on the facts of the case what items, whether works or stores, should be debited so as to clear the loss. The details, whether of works or of stores, which are to bear the incidence of such charges, rest with the Heads of the Local Governments or Administrations.

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ORDER.—Ordered, that the foregoing Resolution be forwarded to the Local Governments of Madras, Bombay, Bengal, North Western Provinces and the Punjab, Chief Commissioners, Central Provinces, British Burmah, Oudh and Mysore, Resident, Hyderabad, Agents to Governor General Rajpootana and Central India, Superintendent, Port Blair, Governments and Administrations noted in the margin, for information and guidance, and to Financial Department for information.

Wm. L. S. Lums

Depy. Secretary to the Govt. of India.

*To
The Government of Madras*

P. W. 1871 Dep. Wt.
No. 1054

GOVERNMENT OF INDIA.
PUBLIC WORKS DEPARTMENT.

ACCOUNT.
General.

To

No. A-G.

Dated March 23, 1871.

Received 3^d April

of my accounts for information & guidance.

Communicated to the Deputy Engineer & to the Controller

1054

W. A. George
100 April 1871

Treatment of charges for losses of stock.

P. W. D. Press—24-3-71—114.

1054 8/10 April 1871

Copy sent to Controller
of Public Works
for information & guidance
100 April 1871

Recd 17/4/71

W. A. George

3/15/4
Govt of 1871 Madras.

PUBLIC WORKS.

The Chief Engineer for
Irrigation

Dated

For

6. 0. 15 April 1874

Nos 174 & 175

Shri C. M. of the Government
Madras, forwarding a copy
of the Resolution regarding
the treatment of charges
for losses of Road. C. & Co.
D. D. P. & Co. & Co.