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MADRAS RECORD OFFICE.

Government of Madras.

DEPARTMENT.

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Proceedings of the Madras Government. Public Works Department, 8th July 1871.

No. 143. Read the following Circular from the Government of India, Public Works Department, (Account—General,) dated Simla, 9th June 1871, No. 25 P—W :—

Mode of accounting for the cost of land, kilns, etc., in connection with manufacturing operations.

READ the following :—

Note by LIEUT.-COLONEL J. J. MCLEOD INNES, R.E., *Accountant-General, Public Works Department, on accounting for the cost of land, kilns, etc., dated Calcutta, the 8th March* 1871.

THE present arrangement for outlay on the land required for brick and lime kilns, and for digging kunkur, and on the erection of the kilns themselves, is, that it should be charged, in the case of road metal, to the estimate for the road, and, in the other cases, to the "Manufacture of Stock."

2. In the former case, the estimate may be for the annual repairs of the road, and the cost of the land which may serve for many years' supply is thus charged off in one year, unduly enhancing the charges against the work of the year.

3. In the other cases the tendency is, after having charged the item manufacture with the full amount, to relieve that item by degrees, in a succession of years by charges to the actual items of stock concerned, whether bricks, tiles, lime, etc. This principle is correct, but my experience as Controller in the Punjab has convinced me that it is apt to be abused and to mislead. Under this principle a balance can be always left at debit of manufacture, although the whole outturn has been charged off, and the existence of the balance can be explained as due to uncharged outlay on land, kilns, etc. This decidedly weakens the watch over the proper rating and charging off of stock, and it should be made essential that the sub-head manufacture should be free of all debit balance when the current outturn has been charged off to the proper sub-heads of stock.

4. The question is, then, what should be done, how should such land, etc., be charged and dealt with. My former idea was that the original cost might, as a rule, be with propriety charged off at once finally as tools and plant, and I circulated this proposal among the Controllers and the most intelligent of the Executive Officers.

5. The majority, as will be seen from the accompanying papers, was considerably in favour of the proposal. But some of the objections are important ; among them is this one, that by making such items a final charge, the comparison of the cost of stores manufactured in various ways is either lost sight of, or cannot be made accurately without difficulty.

6. On the whole, therefore, I am of opinion that the present principle of making the stores bear the charge should be adhered to, but that the method of effecting this should be modified.

7. I propose to introduce a new sub-head of stock to be called "Land, Kilns, etc.," and to come after "Manufacture of Stock." All original cost should be charged to this new head, and it should be credited by degrees and according to the merits of each case. Each purchase should have recorded against it in what time the cost is to be cleared, and the credits to the new head should be determined accordingly. But whatever is thus credited to land, kilns, etc., and debited to *manufacture*, should be wholly cleared out of manufacture when the outturn is charged off.

If Government approve of this measure, a Circular might be drafted, to be afterwards made into a Standing Order and eventually embodied in the code. There is no further need to consult Local Governments or Administrations as the views of the Executive Officers have been already obtained.

RESOLUTION.—The Governor-General in Council concurs in the views expressed in the foregoing note, and is accordingly pleased to direct that the Public Works Code and Forms may be modified as follows :—

Public Works Code, Chapter XIX., Section ii., paragraph 70—

After "Manufacture of Stock" *add another sub-head* "Land, Kilns, etc."

For paragraph 75 *substitute*—

Each manufacturing account will be charged with all the current normal expenditure incurred upon it, and will be credited with the actual cost of the outturn month by month. The cost of land taken up, of kilns, and other charges of a similar nature, which really affect or are connected with, the operations of several seasons of manufacture, are not to be treated as current normal expenditure. They will not be debited direct to the manufacturing accounts, but to the new sub-head of stock, "Land, Kilns, etc." These debits will be gradually relieved by credits raised from time to time for corresponding charges against the manufacturing accounts, which will thus be debited by instalments instead of by the lump sums on purchase. These instalments will be determined according to the period in which each purchase should be cleared (which should be recorded against the charge when it first occurs), or according to the merits of each case. The debits to the manufacturing accounts including the sums thus credited to "land, kilns, etc.," must be wholly cleared from time to time as the outturn is charged off.

Add as paragraph 81*A*—

When land is taken up for digging road metal for annual repairs, the cost of it will not be charged direct to the work if the supply of metal be sufficient for a series of years, but it will first be charged to the sub-head of stock 'Land, Kilns, etc.' The credit to this sub-head and debit to each year's estimate will be regulated similarly to the cases of land, etc., for brick-making as laid down in paragraph 75—

Public Works Code Forms, Part I.

In Forms Nos. 9, 10, 23, 30*B*, *and* 31, *after* "Manufacture of Stock" *enter a new sub-head entitled* "Land, Kilns, etc."

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

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

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

Proceedings of the Madras Government, Public Works Department,
8th July 1871.

No. 144. ORDER THEREON, 8th July 1871, No. 1,812.

ACCOUNT, No. 9.

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

(True Extract.)

(Signed) J. CARPENDALE, Colonel, R.E.,
Secretary to Government.

the "Manufacture of Stock."

2. In the former case, the estimate may be for the annual repairs of the road, and the cost of the land which may serve for many years' supply is thus charged off in one year, unduly enhancing the charges against the work of the year.

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graph 81A—

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Deputy Secretary to the Govt. of India.

CIRCULAR No. 25 PUBLIC WORKS.

GOVERNMENT OF INDIA.

PUBLIC WORKS DEPARTMENT.

ACCOUNT.

General.

SIMLA, JUNE 9, 1871.

Mode of accounting for the cost of land, kilns, &c., in connection with manufacturing operations.

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Resident at Hyderabad.
Governor General's Agents for Central India and Rajpootana.
Superintendent of Port Blair and the Nicobars.

C. M. Lees Innes

Deputy Secretary to the Govt. of India.

To
The Secretary to the Government of Madras,
Public Works Department

P. W. 1871 Dept
(10) No 2983.

GOVERNMENT OF INDIA.

PUBLIC WORKS DEPARTMENT.

ACCOUNT.
General.

To

THE GOVERNMENTS OF MADRAS, BOMBAY, BENGAL, THE NORTH-WESTERN PROVINCES, AND THE PUNJAB; CHIEF COMMISSIONERS OF THE CENTRAL PROVINCES, BRITISH BURMAH, OUDH, AND MYSORE AND COORG; RESIDENT AT HYDERABAD; THE GOVERNOR GENRRAL'S AGENTS, CENTRAL INDIA AND RAJPOOTANA; SUPERINTENDENT, PORT BLAIR AND NICOBARS.

CIRCULAR No. 25 PUBLIC WORKS.

Dated Simla, 9th June 1871.

Received 26 June 71

Mode of accounting for the cost of land, kilns, &c., in connection with manufacturing operations.

No 1812 - 8° July 1871

With an order

From A. R. Cummins for information & guidance.

No 1812.

Lol. Sanitary Engineer to the Govt

8° July 1871

To Supdt Bengal Survey

Copy to Supdt Central Provinces

Recd 12/7/71

Recd 22/7/71

Answd R. 4th July.

Govt. of Madras.

PUBLIC WORKS.

To the Superintending Engineer

Dated

Read. Pd.

G. O. 8th July 1871. No. 1812.

Nos. 140 to 144