M.R.O. 1—77,006—8-3-37.

(1) Number of pages 27

(2) Date of repair

(3) Initials of the Referencer

MADRAS RECORD OFFICE.

Government of Madras.

Public Works **DEPARTMENT.**

G.O. No. 220-21 Press / Mis.

446-47-48

Dated 25-1- 1871.

Not to be folded or roughly handled

Proceedings of the Madras Government, Public Works Department, 25th January 1871.

No. 446. Read the following letter from the Acting Consulting Engineer for Railways, to the Secretary to Government, Public Works Department, dated Madras, 17th December 1870, No. 487:—

I HAVE the honour to report that two sums of Rupees 374-9-5 and Rupees 389-10-11, have been charged to "Stores" in the Madras Railway Accounts, which represent losses on stores between England and this country.

2. Captain Filgate, in his report on the accounts of the Madras Railway, refers to the "Materials Lost" Account, as being an accumulation of the losses incurred in transit from England to India, but the greater portion of which, if not the whole, would probably be recovered by the Board of Directors. Sums of money are added to this account as losses occur, and other sums are removed as recoveries are effected, the Agent and Manager receiving instructions from the Board in London.

G. O., No. 1,414, dated 7th June 1870.

The two sums mentioned above are for short delivery and damage to stores on board ship, and they are the balances of larger sums from which no further recoveries can be made. The Agent and Manager considers that, under advice from the Board of Directors, communicated in letters, of which copies are sent direct to the Government, he should transfer irrecoverable sums to the debit of the Stores Account, without making any representation to the Government for sanction for the amount so placed to a capital head.

3. The question does not appear to have attracted attention, whether losses, such as from short delivery of stores and breakage, etc., are to be put down to the Capital Account.

The Government of India have clearly expressed their views that losses on stores remaining on hand should be charged to Revenue; and as the Board of Directors of the Madras Railway Company have made objections to this ruling, the subject having been referred not long since to the Government of India, there is little doubt but that the Directors would also oppose the proposition to losses on the voyage being debited to Revenue.

G. O., No. 2,222, dated 15th September 1870.

4. It may be said, on the one hand, that all reasonable precautions being taken in the way of packing, insurance, etc., any casual losses which are unavoidable should be treated as a contingent charge to Capital, on which account the stores are purchased. But on the other hand, these losses, small though they may be, if debited to Capital, remain as a charge to the Government, on which there is payment made in perpetuity, of 5 per cent., while no corresponding value at all has been received. Again, the same items, though now merged as a matter of account in the debit to General Stores, are small additions to the Capital Account, the continuance of which endeavours are constantly being made to obviate.

5. Again, the Government require that no expenditure shall be passed to the Capital Account, except on an estimate and budget allotment; and if ship losses are debitable to Capital, I am of opinion that in every case the sanction of the Government should be obtained also, on the Agent and Manager's explanation of the circumstances. There is certainly a distinction between departmental expen-

diture in this country, and adjustment of outlay incurred in England by the Directors; but as all indents for stores sent Home are previously sanctioned, and the Government thus retain the control over the purchase of stores, I think that control is not complete unless sanction is given for the unavoidable deficiency in value received.

6. I therefore beg to be favoured with the orders of the Government as to the incidence of the charges, and whether or not the Government require that they should be reported by the Railway Company for sanction.

No. 447. ORDER THEREON, 25th January 1871, No. 220.

RAILWAY, No. 53.

ORDERED that this letter be forwarded for the consideration and orders of the Government of India:—

(Here enter No. 221, dated 25th January 1871.)

(True Extract.)

Colonel, R.E.,

Secretary to Government.

To the Acting Consulting Engineer for Railways.

Exd. S. T. Augustin.

PUBLIC WORKS DEPARTMENT,
FORT ST. GEORGE, 25*th January* 1871.

No. 448.

No. 221.

To

THE SECRETARY TO THE GOVERNMENT OF INDIA,
PUBLIC WORKS DEPARTMENT.

RAILWAY, No. 54.

SIR,—Adverting to your letters marginally noted on the subject of accounting for the proceeds from sale and the loss from deterioration of stores on Railways, I am directed to forward for the consideration and orders of the Government of India the accompanying letter of the Acting Consulting Engineer.

No. 31, dated, 11th October 1870.
,, 56, A. R., dated, 4th February 1870.

2. It will be observed that the sums* referred to by Captain Prendergast as representing the irrecoverable balances of the value of stores lost or damaged in transit between England and India are, under the general authority of the Board of Directors, charged by the Agent of the Madras Railway to a capital head of account, and, as this procedure appears to be opposed to the principles of the rules promulgated in the letters above referred to, which provide that the loss incurred on all stores that have not been issued to a definite head is to be borne solely by Revenue, His Excellency in Council suggests that the matter be laid before the Secretary of State with a view to its final settlement in communication with the Board of Directors in England. The subject might be considered, His Excellency thinks, in connection with the question raised in my letter of the 15th September 1870, No. 2,223.

* Rupees 374-9-5.
,, 389-10-11.

I have the honour to be,
Sir,
Your most obedient servant,

Colonel, R.E.,

Secretary to Government.

Exd. S. T. Augustin.

CONSULTING ENGINEER'S OFFICE.

Railway Department.

No. 487.

From Captain H. L. Prendergast R.E.
Acting Consulting Engineer for Railways,

To Colonel C. A. Orr R.E.
Secretary to Government,
Public Works Department,
Fort Saint George.

SIR,

I have the honour to report that two sums of Rupees 374-9-5 and Rupees 389-10-11 have been charged to "Stores" in the Madras Railway Accounts, which represent losses on Stores between England and this Country.

2. Captain Filgate in his report on the Accounts of the Madras Railway, refers to the "Materials lost" account, as being an accumulation of the losses incurred in transit from

G.O. No. 1414 dated 7th June 1870.

England to India; but the greater portion of which; if not the whole, would probably be recovered by the Board of Directors. Sums of money are added to this account, as losses occur, and other sums are removed, as recoveries are effected; the Agent and Manager receiving instructions from the Board in London.

The 2 sums mentioned above are for short deliveries and damages to Stores on board ships; and they are the balances of larger sums, from which no further recoveries can be made. The Agent and Manager considers, that under advice from the Board of Directors, communicated in letters of which copies are sent direct to the Government, he should transfer

irrecoverable sums to the debit of the Stores Account, without making any representation to the Government, for sanction for the amount so placed to a Capital head.

3. The question does not appear to have attracted attention, whether losses, such as from short deliveries of Stores and breakage, &c., are to be put down to the Capital Account.

The Government of India have clearly expressed their views, that losses on Stores remaining on hand should be charged to Revenue; and as the Board of Directors of the Madras Railway Company, have made objections to this ruling, the subject having been

G.O. No 2222 of 15 Sept 95

referred not long since to the Govern=
=ment of India; there is little doubt
but that the Directors would also
oppose the proposition to lose on the
voyages being debited to Revenue.

4. It may be said, on the
one hand, that all reasonable precau=
=tions being taken in the way of insuring,
insurance, &c., any casual losses which
are unavoidable, should be treated
as a contingent charge to Capital, on
which account the stores are purchased.
But on the other hand, these losses,
small though they may be, if debited
to Capital, remain as a charge to the
Government on which there is payment
made in perpetuity of 5 per cent, while
no corresponding value at all has been
received. Again, the same item, tho'
now merged, as a matter of account in
the debit to General Stores, are small
additions to the Capital Account, the
continuance of which, endeavours are
constantly being made to obviate.

5. Again, the Government
requires that no expenditure shall be
passed to the Capital Account, except
on an estimate and Budget allotment;
and, if ship losses are debitable to Capital,
I am of opinion that in every case the
sanction of the Government should be
obtained also, on the Agent and
Manager's explanation of the circum=
=stances. There is certainly a dis=
=tinction between Departmental expenditure

in this country, and adjustment of outlay incurred in England, by the Directors: but as all indents for Stores sent home, are previously sanctioned, and the Government thus retain the Control over the purchases of Stores, I think that Control is not complete; unless sanction is given for the unavoidable deficiencies in values received.

6. I therefore beg to be favoured with the orders of the Government, as to the incidence of the charges; and whether or not, the Government require that they should be reported by the Railway Company for sanction.

I have the honour to be,
Sir,
Your most obedient servant
Henry Prendergast Captain R.E.
Acting Cons: Engr for Railways

Address
17th December
1850

P.W. Dept. 1871

No. 220 Railway

Proceedings of the Madras Government
Under date the 28th December 1870
Received 2nd January 1871
Read the following

From the Court of Directors
for Railways (P&C No 4987) 27th December 1870

Ordered that this
letter be forwarded for the
consideration and orders
of the Board of Trade.

(Sd.) H. Fane
Secretary to Government

No. 221.

Dated 26th January 1871

Ans. 31 & 11 Oct 1870
- 56 R.R. & T. Feby 1/70.

P.W. 1870 Rept
Proc. of Govt for January

RAILWAY DEPARTMENT.

From No. 5141
The Consulting Engineer
for Railways,

To
The Secretary to Government,
P. W. Department,
Fort St. George.

Dated 17th December 1870.
Received 19th

No. 487.

Reporting that
two sums have been
charged to "stores" in the
Madras Railway Accounts
which represent Copper
on Stores between England
and this country.

No 220. 221-225 Ley/71

No 116

C. No. Inwd 1/71 B. 95

for the consideration and orders of the Govt of India the accompanying letter of the Acting Cons Engineer.

It will be observed that the sums referred to by Captn Prendergast as representing the irrecoverable balances of the value of stores lost or damaged in transit between England and India are under the general authority of the Board of Directors, charged by the Agent of the Madras Railway to a Capital head of account, and, as this procedure appears to be opposed to the principles of the rules promulgated

× Rs 374-9-5
" 389-10-11

promulgated in the letters above referred to, which provide that the loss incurred on all stores that have not been issued to a definite head is to be borne solely by Revenue, His Excellency in Council suggests that the matter be laid before the Secretary of State with a view to its final settlement in communication with the Board of Directors in England. The subject might be considered by His Excellency thereto,

in

in connection with the question raised in my letter of the 15th Sept/70 No 2223.

Desp 26/1/71 enter 7
Copies of Encs 220 of 1871.

C.O. Land 1/71 82. 9th

17th

Further Rolls 794 of 16-3-71
" 1242-16-6-71
" 1406-22-6-71

Listed

Submitting for consideration a letter from the Agents for Railways in the Island of Dominica & Capitals, Makers & Revenue, Certain Bonds as representing the Unredeemed Balances of the value of Notes lost or damaged in transit between England & Dominica

Suggests that the matter be laid before the Secretary of State for Trade & Settlement in order that Bank of Directors

Cp 5741

Govt. of {1871} Madras.

PUBLIC WORKS.

To The Acting Consulting Engineer for Railways

&

To The Secretary to the Government of India

Dated

Read. Encl.

G. O. 25 Jany 1871, No. 220-221

Nos. 446-447 & 448

Books

Stores. Passing orders on the letter from the Engineer for Railways regarding the debiting to Capital Certain sums as representing the irrecoverable balances of the value of stores lost or damaged in transit between England & India