

(1) Number of pages 12
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MADRAS RECORD OFFICE.

Government of Madras.
Public Works DEPARTMENT.

G.O. No. <u>578</u>	Press Mis.
Dated <u>1-13</u>	18

Not to be folded or roughly handled

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*Proceedings of the Madras Government, Public Works Department,
1st March 1871.*

No 3 Read the following Proceedings of the Government of India, Public Works Department, (Account—Railway,) dated Fort William, 6th February 1871, No. 49-A R —

Accounts of Guaranteed Railways

Read again —

Public Works Department Circular, No 69, dated 14th July 1862
Despatch from the Government of India, to the Secretary of State, No 38, dated 14th July 1862

Public Works Department Circular, No 38, dated 14th August 1863
Despatch from the Government of India, to the Secretary of State, No 7, dated 7th February 1863

Despatch to the Government of India, from Secretary of State, No 25, dated 17th June 1863
Public Works Department Resolution to Local Governments, etc, Nos 2,301—7, dated 23rd September 1863

Public Works Department Circular to Local Governments, etc, No 8-R, dated 6th June 1864.
Despatch from Secretary of State, to the Government of India, No 58, dated 29th September 1864.

Public Works Department Resolution to Local Governments, etc, Nos 738—44-R, dated 18th December 1864

Despatch to Secretary of State, No 37, dated 3rd April 1867
" from Secretary of State, No 74, dated 24th October 1867
Public Works Department Resolution Nos 12—18 A-R, dated 14th January 1868

" " Circular to Local Governments, etc, No 10-R, dated 29th April 1868.
Read also —
Despatch from the Secretary of State, to Governor-General of India in Council, Financial, No 357, dated 4th November 1870

RESOLUTION —As the principal works of construction, contemplated under the original contracts, on the guaranteed undertakings noted in the margin are now completed or approaching completion, the Governor-General in Council considers that the time has arrived for making up the Capital Accounts of these undertakings in the manner contemplated in the contracts with the several Companies, namely —

East Indian Railway	Madras Railway
Eastern Bengal Railway	Great Southern of India Railway
Great Indian Peninsula Railway	Sindh, Punjab and Delhi Railways
Bombay, Baroda and Central India Railway	Indus Steam Flotilla

"That a Capital Account relating to the construction of the said line of Railway and the works conveniences and telegraphs thereto belonging and relating to the original cost of engines carriages and the plant and machinery shall be kept by the said Railway Company, to which account all monies paid by the said Railway Company the expenditure of which shall have received the sanction and approval of the East India Company shall from time to time be carried, and when and so soon as the said Railway and works shall have been completed and finished with the necessary rolling stock and plant the said Capital Account shall be made up and a statement shall be furnished to the East India Company of the aggregate amount of Capital which according to such account shall have been expended, and such amount shall by examination of such account be ascertained and certified by the East India Company and thenceforth and from the opening of the said line of Railway the cost of maintaining it with its machinery and stock in good working condition shall be payable by the Railway Company out of the Revenue of the said Railway including

mitted without delay

*Proceedings of the Madras Government, Public Works Department,
1st March 1871.*

any interest to be received from the East India Company as hereinafter is mentioned, but upon any additions alterations or improvements such as shall properly be chargeable to the Capital Account being thereafter made with the sanction and approval of the East India Company to, of or in the said Railway or the works conveniences or telegraphs thereto belonging or the engines carriages and other plant and machinery, and cost necessarily incurred in executing such additions alterations or improvements shall be added to the said Capital Account, and the said Capital Account shall from time to time be made up and stated afresh as occasion shall require and be ascertained and certified accordingly "

2 His Excellency in Council is consequently pleased to direct that immediate steps be taken for having this carried out with effect from the 31st December 1870 That is to say, that all sums expended by the Companies specified, under sanctions that may have been given up to that date for works or operations for the construction and stocking of the several undertakings, and that may be regularly approved and passed by Government, shall be debited to an account to be termed "Construction Account, 1870 " All further sums that may be expended against sanctions accorded by Government after that date shall in the first place be debited to an account to be called "Additional Construction Account " Such amounts as have been expended by the Companies on stores in stock on the 31st of December 1870 shall appear in the Railway books as advances by Government on "Stores Suspense Account," and the unexpended amounts of advances from Capital funds in the hands of the Companies shall be noted as receipts on "Capital Advance Account "

3. The Governor-General in Council further considers that this occasion may properly be taken to re-consider the system under which sanctions to the increase of Railway Capital are given, with the desire of obtaining more complete security against the undue growth of the Capital, the consequences of which have long been recognized as financially objectionable and dangerous in the highest degree. The gradual and almost unperceived expansion of the Capital by the addition of many items of small individual importance, but which form large amounts in the aggregate, calls for special check The correct principle to follow unquestionably is, that no addition to the Capital outlay should be permitted after a Railway has been opened for traffic which is not directly conducive to increased revenue, and every possible precaution should be taken to ensure this principle being acted up to It is quite as much to the interest of the Companies as to that of the Government, that this rule should be followed, and the Governor-General in Council is glad to be able to say that the more influential Companies have recognized the truth of this

4 The Governor-General in Council is accordingly pleased to rule, that until the 31st March 1871 the existing system of sanction shall be maintained After that day no sanctions for expenditure on the Capital Accounts of the Railways noted shall be accorded without the special orders of the Government of India as hereinafter provided, and detailed lists (for the several Companies), of the unexpended portions of sanctions accorded whether by the Supreme or Local Government, before the 1st April 1871, should be prepared and sent to the Government of India as soon after that date as practicable No outlay from Capital Funds should be incurred on items that do not appear in these lists until the estimates in each case shall have specially received the approval of the Governor-General in Council as chargeable to Capital.

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1st March 1871.*

5 In cases of portions of a Railway that have not been opened to traffic for two years, schedules of works required to complete them should be prepared without delay and submitted to Government of India, (if this has not been already done), and until the expiration of two years from the date of opening, Local Governments will be authorized to sanction such new requirements as may present themselves, provided their estimated cost do not exceed Rupees 5,000 each When in excess of that sum, the estimate should be submitted for the orders of the Government of India

6 In future no new work, or addition, or improvement to an existing work, or increase to rolling-stock, or the like, will, as a rule, be sanctioned as a charge against Capital on an open line, unless it be demonstrated that such new or additional work is required for some purpose which will lead to a direct increase of Revenue, or which is contingent to some addition having that character Nor shall the estimate for any work be passed against Capital on lines that have been opened for more than two years if less than Rupees 5,000.

7. The several Local Governments concerned should take immediate steps towards having the accounts of each undertaking made up in accordance with these orders, and the amounts standing on 31st December 1870 against the heads, Construction Account, 1870, Stores Suspense Account, and Capital Advance Account, reconciled with the advances made from the Government Treasuries in India, and the debits received in transfer from the India Office Treasury through the Boards of Directors of the several Companies. This information should be sent forward to the Government of India with as little delay as possible, accompanied by such remarks as may be considered necessary.

8 With regard to the amount of Capital locked up in Stores, the Governor-General in Council considers that a limit should be placed on the sum thus invested, and purposes immediately to invite the attention of the Governments concerned to the matter, with a view to proposals being submitted as to the amount that should be thus assigned to each Railway. His Excellency in Council considers that the limit in each case should represent the value of the normal stock required to be kept for the regular working of the Railway, and be proportionate to the mileage and average traffic of each Company. Stores when issued, whether finally chargeable to Capital or Revenue, would be re-placed so far as necessary by means of advances against Capital within the authorized limit, and beyond that limit, by means of advances against Revenue. Pending the settlement of this question, the Governor-General in Council is pleased to rule that no indent for the purchase of stores shall be sanctioned against Capital otherwise than for specific works duly sanctioned against Capital, unless with the authority of the Government of India

ORDER — Ordered, that this Resolution be communicated to the Local Governments of Madras, Bengal, Bombay, and Punjab, and the Chief Commissioner of Oudh noted for information and guidance, and to the Financial Department for information

(Signed) R STRACHEY, Colonel, R E,
Officiating Secretary to the Government of India.

mitted without delay

*Proceedings of the Madras Government Public Works Department,
1st March 1871.*

No 4

ORDER THEREON, 1st March 1871, No. 595

RAILWAY, No. 1.

COMMUNICATED to the Consulting
Engineer for Railways, who will at once
place himself in communication with the

Agents of the Madras and Great Southern of India Railways with a view to the
Capital Accounts of those undertakings being made up in the manner prescribed
in paragraph 2, and submitted without delay after being reconciled, as directed in
paragraph 7, with the advances made from Indian Government Treasuries and the
debts received in transfer from the India Office Treasury through the Boards of
Directors of the several Companies

2 It will be observed that after the 31st March 1871 the special sanction of
the Government of India will be required for all expenditure against Capital The
detailed lists, called for in paragraph 4, of the unexpended portions of sanctions
accorded prior to the 1st April should be submitted as soon after that date as possi-
ble, and the particular attention of the Railway authorities should be drawn to the
instructions that no outlay should be incurred on items that do not appear in those
lists until the estimates in each case shall have received the sanction of the Govern-
ment of India.

3. Schedules of works required to complete any portion of a Railway that
has not been opened to traffic for two years should be submitted as early as practi-
cable in accordance with paragraph 5, and, with reference to paragraph 6, the Con-
sulting Engineer will be careful in laying before Government any proposals for
new works, or additions, or improvements to an existing work, or increase to
rolling stock or the like, which it may be proposed to charge to Capital, to furnish
the fullest explanation regarding such new or additional work being designed to
secure an increase of Revenue It will be seen that on lines that have been opened
for more than two years the estimate for any work will not be passed against
Capital if less than Rupees 5,000

4. Attention is directed to paragraph 8 in which it is ruled that for the pre-
sent no indent for the purchase of stores shall be sanctioned against Capital other-
wise than for specific works duly sanctioned against that head, unless with the
authority of the Government of India.

(True Extract)

Colonel, R.E.,

Secretary to Government

To the Acting Consulting Engineer for Railways
,, Accountant-General

Exd S T Augustin

55/595 P. M. S. 52
Proceedings of the Madras Government
Read the following

From

The Govt of India (R. E. No. 49 R. R. 36-4 July/71)

Communicated
to the Consulting En-
gineer for Railways,
who will at once place
himself in commun-
ication with the Agents
of the Madras and
Great S. of India
Railways with a view
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of those undertakings
being made up in
the manner prescribed
in para 2, and sub-
mitted without

after being reconciled,
as directed in para 7,
with the advances
made from Indian
Government Treasuries,
and the debits received
in transfer from the
India Office Treasury
through the Boards
of Directors of the
several companies.

It will be observed
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March 1871 the special
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penditure against
Capital - The details

76 7
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be incurred on items
that do not appear
in those lists until
the estimates in each
case shall have re-
ceived the sanction
of the Govt. of India.

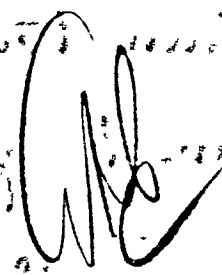
W. H. Schuchler

Schedules of work
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any portion of a Railway
that has not been
opened to traffic for
two years should be
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with para 5, and, with
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or additions, or im-
provements to an ex-
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to rolling stock, or the
like.

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than Rs. 5000 -

Attention is direct-
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To the Secy for
 Railways
 Accountant General

Further Rs. 2713.91 9/3 71
 11511 - 24-4-71
 1374 - 14-5-71
 134 - 14-5-71
 1628 - 14-5-71
 1628 - 14-5-71

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Govt. of 1871 Madras.

PUBLIC WORKS.

To Hon^{ble} Consulting Eng^r
Railways

D^o

R^o

6 of March 1871, No 595

No. 394

Local accounts -
in the form of a statement
of the accounts of the
Railways