

(1) Number of pages _____

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MADRAS RECORD OFFICE.

Government of Madras.

Public works DEPARTMENT.

G.O. No. 794	Press Mis.
418-19	
Dated 16. 3	1871.

Not to be folded or roughly handled

*Proceedings of the Madras Government, Public Works Department,
16th March 1871.*

No. 418. 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 March 1871, No. 133-A.R :—

I AM now directed to reply to your letters marginally quoted, regarding the working of the orders contained in Public Works Department Circular No. 31 of 1869, under which the loss upon stores damaged while in stock should form a charge against Revenue.

No. 1,604, dated 4th July 1870.
" 2,171, " 9th Sept. "
" 2,223, " 15th "
" 221, " 25th Jan. 1871.

2. The stores which the Government of India had in view when issuing the orders contained in that Circular, are general stores kept for general purposes. When a Railway is in operation, these general purposes are maintenance and working, and if the stores are consumed in regular course, they are, as a rule, paid for by Revenue, so that if there is a loss on them, it should be borne by Revenue.

3. Some of the stores may doubtless be used for works paid for from Capital, but as it cannot be said what the legitimate share of loss on *Capital* will be, and as it is not expedient to swell the Capital Account if it can be avoided, the safe general rule is to charge all loss on stores in stock to Revenue. If, however, stores are actually issued for Capital purposes, and a loss subsequently arises on them, it is not opposed to the intention of the rules in question to charge such loss to Capital.

4. As stores for Capital purposes should be obtained only in anticipation of actual requirements, there should not, with proper management, be any extensive accumulation of such stores; nor should such stores be long enough in stock to deteriorate, as a rule. The cases in which loss may arise, which cannot be conveniently dealt with by an adjustment of the book values, should therefore be exceptional, and when they occur, if it be thought necessary to write them off as a charge against Capital, may be referred for the orders of the Government of India.

5. As regards the loss of Rupees 12,532-13-2 incurred by the sale of stores at Ghooty, referred to in your No. 2,223, dated 15th September 1870, the Governor-General in Council is of opinion that as the stores were provided and actually issued for Construction purposes, the loss should be charged to Capital, and accordingly sanctions this being done.

6. Adverting to the method of stock-taking pursued on the Great Southern of India Railway, from which it would appear that the practice is followed of counting the articles and noting down the same value as is shown in the books of the Company, without regard to the condition of the articles, I am to state that the Consulting Engineer should be requested to see that all losses due to deterioration or other causes are written off, according to the rules in force. There is no objection to small losses of this nature, which will not materially affect the value of the stores in hand, such as those referred to in your No. 221, of the 25th January 1871, being distributed over the stock as is done in the Public Works Department; but large items of loss should ordinarily be written off to Profit and Loss (Revenue) under the orders of Government, thus preventing the value of stock being unduly enhanced.

For Railways: M. W. D. 16/3/71

Proceedings of the Madras Government, Public Works Department,
16th March 1871.

No. 419. ORDER THEREON, 16th March 1871, No. 791.

RAILWAY, No. 39.

COMMUNICATED to the Consulting Engineer for Railways with reference to the Orders marginally noted.

- 4th July 1870, No. 1,603.
9th Sept. " " 2,170.
15th " " 2,222.
25th Jan. 1871, " 220.
2. It will be seen from paragraph 5 that sanction is accorded to the loss of Rupees 12,532-13-2 incurred by the sale of stores at Ghooty being charged to Capital.
3. Major Prendergast's special attention will be called to the instructions in paragraph 6.

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

To the Acting Consulting Engineer for Railways.

Exd. S. T. Augustin.

Recd. No 791 Public Works Department

Proceedings of the Madras Government
Recd. Sept 16 March 71.
Read the following

The Secy to Govt of India
P. W. Department

(H. E. 84133-D. P. 74 March 1871)

July 1870. No. 1603
Sept. " " 2170
Do - " " 2222
Jan'y 1871 - 220.

Communicated
to the Consulting Eng^r.
for Railways with re-
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The Comd^g
Eng^r for Railways
Recd. Sept 16/3/71

Ch. A. Orr

C/2/117^h
Govt. of 1871 Madras.

PUBLIC WORKS.

To the Consulting Eng^r
for Railways

Dated

Recd.

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Stores - Letter from the Govt of
India issuing instructions
regarding the manner of
charging losses upon Guaranteed
Railway Stores Damaged
in white in stock, Comd.
to the Eng^r for Railways
with instructions.