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MADRAS RECORD OFFICE.

Government of Madras.

Public works DEPARTMENT.

G.O. No.	1626	Press
114.115		Mis.
Dated	5.7.12	18/12

Not to be folded or roughly handled

No. 114. Read the following letter from the Secretary to the Government of India, Public Works Department (Account—Railway), to the Secretary to the Government of Madras, Public Works Department, dated Simla, 17th June 1872, No. 798 A. R. :—

I AM directed to acknowledge the receipt of your letter No. 911 of the 5th April last, forwarding, for consideration and orders, certain correspondence relative to the per-centages to be fixed for the apportionment of general charges of Guaranteed Railways between Capital and Revenue, and, with reference thereto, to communicate the following remarks explanatory of the rules on the subject which were circulated with Public Works Department Resolution No. 234-9 A. R. of the 5th March last.

2. The proposals sent forward for the Great Southern of India and Carnatic Railways are based solely on the old system of dividing the general charges between Capital and Revenue on the basis of the outlay on the two accounts, but what is wanted is that a fair per-centage on the actual Indian outlay for the time being should be substituted for the old system which has been found to work very unfairly. The case stated by the Agent, Great Southern of India Railway, gives an illustration of this undue charge. In the case of that line 168 miles are open and earning revenue, and the construction of 216 miles more has just commenced. The agency on this line embraces the Accounts, Audit, and Traffic Audit Departments. The Engineering Department is employed almost exclusively on the Southern Extension, the outlay on which is dealt with as a separate capital work. The "Agency" so called if increased at all in strength owing to the extension cannot be increased much, and yet if the present system is followed while the traffic or revenue work of the agency will be largely increased by the extra work of hauling the construction material, it is probable, if the construction work is pushed on, that by this time next year the general charges will be divided in the proportion of 15 or 20 per cent. to Revenue and 85 or 80 per cent. to Capital, in lieu of 62 per cent. to the former and 38 per cent. to the latter as at present. The requirements of the case would appear to the Government of India to be sufficiently met if a certain lump sum on account of the Agency Establishment could be set aside for the *bona fide* Revenue work and the remainder charged to Capital, a certain per-centage on actual work done on Revenue account being subsequently credited to Capital and debited to Revenue on account of the revenue share of the general establishment. The per-centage that should be thus set aside should be carefully looked into by the Consulting Engineer and, after due investigation of the circumstances of the case, that officer's opinion, with any remark considered necessary by the Local Government, should be sent forward to the Government of India for approval. The adjustments should, I am to state, be made monthly.

I am to add that, while the Government of India is quite willing to allow Capital to bear its proper share of Establishment charges, it cannot allow that account to be burdened by charges properly belonging to Revenue and incurred for revenue with the effect of showing an enhanced and undue amount of profits. Such enhancement undoubtedly goes to the credit of Government on the one hand, but, on the other, the State has to pay 5 per cent. thereon to the shareholders,

*Proceedings of the Madras Government, Public Works Department,
5th July 1872.*

while by the transaction the cost of the line is unfairly increased and its chances of ultimately proving remunerative are diminished.

I am further to add that the principles herein enunciated should be applied to the establishments employed on general work in all departments.

From the manner in which the per-centage of working charges to gross receipts increased on the railways in Madras as construction work slackened, it appears clear that construction has been heavily over-charged and revenue enhanced in past years by following the old system of dealing with these charges. A change of system is, therefore, essential, and the Government of India feels assured that the Government of Madras will give effect to it as early as possible.

The principles herein enunciated should be applied, as far as possible, to all the railways in Madras. In the case of the Carnatic Railway, the present debit to revenue on account of general charges will, of course, be small, but care must be taken that, as the line is extended, Revenue bears its due share of the cost of the managing and superintending establishments.

No. 115.

ORDER THEREON, 5th July 1872, No. 1,626.

RAILWAY, No. 28.

COMMUNICATED to the Consulting Engineer for Railways with reference to G. O., No. 910, dated 5th April 1872.

2. Adverting to the remarks of the Government of India as to the probable effect of the proposed method of apportioning the Establishment charges on the Great Southern of India Railway which would result in unduly enhancing the per-centage equitably debitable to Capital, the Consulting Engineer will arrange, in communication with the Agent of the Company and the Examiner of Railway Accounts, to fix a lump sum which shall represent the amount to be charged to Revenue on account of the Agency Establishment, Capital being charged with the remainder. Capital should be subsequently credited and Revenue debited, on account of the Revenue share of the general establishment, with a certain per-centage on actual work done for revenue.

3. Lieutenant-Colonel Shaw-Stewart will report in due course the percentages to be fixed under these orders, the manner in which they may have been arrived at, and the circumstances which induce their adoption.

4. It will be observed that the principles laid down by the Government of India should be applied to the establishments employed on general work in all departments and, as far as possible, on all railways, the adjustments being made monthly.

(True Extract.)

(Signed) G. W. WALKER, Colonel, R.E.,
Secretary to Government.

To the Consulting Engineer for Railways.

„ Examiner of Railway Accounts.

Exd. E. C. Shunker.

All communications
to be addressed to the
Secretary.

No. 798 A. R.
GOVERNMENT OF INDIA.
PUBLIC WORKS DEPARTMENT.
ACCOUNT.

Railway-

To
The Secretary to the Govt of Madras
Public Works Department.

Trinila, 17th June 1872.

Sir,

I am directed to acknowledge the receipt of your letter No 911 of the 5th April last, forwarding, for consideration and orders, certain correspondence relative to the per centages to be fixed for the apportionment of general charges of Guaranteed Railways between Capital and Revenue, and with reference thereto to communicate the following remarks explanatory of the rules on the subject which were circulated with Public Works Department Resolution No 284/9 A.R. of the 5th March last.

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The proposals sent forward for the Great Southern of India and Carnatic Railways are based solely on the old system of dividing the general charges between Capital and Revenue on the basis of the outlay on the two accounts, but what is wanted is that a fair percentage on the actual Indian outlay for the time being should be substituted for the old system which has been found to work very unfairly.

The case stated by the Agent, Great Southern of India Railway, gives an illustration of this undue charge. In the case of that line 168 miles are open and earning Revenue and the Construction of 216 miles more has just commenced. The agency on this line embraces the Accounts, Audit & Traffic Audit Departments. The Engineering Department is employed almost exclusively on the Southern extension, the outlay on which is dealt with as a separate Capital work. The "Agency" so called if increased at all in strength owing to the extension cannot be increased much and yet if the present system is followed while the traffic

traffic or revenue work of the agency will be largely increased by the extra work of hauling the construction material it is probable, if the construction work is pushed on, that by this time next year the general charges will be divided in the proportion of 15 or 20 per cent to Revenue and 85 or 80 per cent to Capital in lieu of 62 per cent to the former and 38 per cent to the latter as at present. The requirements of the case would appear to the Government of India to be sufficiently met if a certain lump sum on account of the Agency Establishment could be set aside for the bona fide Revenue work and the remainder charged to Capital, a certain percentage on actual work done on Revenue account being subsequently credited to Capital and debited ^{on account of the Revenue} to Revenue share of the general establishment. The percentage that should be thus set aside should be carefully looked into by the Consulting Engineers and after due investigation of

of the circumstances of the case, that Officer's opinion with any remark considered necessary by the Local Government should be sent forward to the Government of India for approval - The adjustments should I am to state be made monthly -

I am to add that while the Government of India is quite willing to allow Capital to bear its proper share of establishment charges, it cannot allow that account to be burdened by charges properly belonging to Revenue and incurred for Revenue with the effect of shewing an enhanced and undue amount of profits - Such enhancement undoubtedly goes to the credit of Government on the one hand, but on the other, the State has to pay 5 per cent thereon to the shareholders, while, by the transaction the cost of the line is unfairly increased and its chances of ultimately proving remunerative are diminished -

I am further to add that the principles herein enunciated should be applied to the establishments employed on general work in all Departments -
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The principles herein enunciated should be applied as far as possible to all the Railways in Madras - In the case of the Carnatic Railway the present debit to Revenue on account of general charges will of course be small, but care must be taken that as the line is extended Revenue bears its due share of the cost of the managing and superintending establishments -

I have the honor to be,
Sir,

Your most obedient servant

W. Dickins Col. R.A.
Secretary to Government of India

He

Establishment Charges
on the Great Southern of
India Railway which
would result in unduly
enhancing the percentage
equitably debitable to
Capital, the Consulting
Engineer will arrange
in communication with
the Agent of the Com-
pany and the Examiner
of Railway Accounts
to fix a lump sum
which shall represent
the amount to be charged
to Revenue on account
of the Agency Establish-
ment, Capital being
charged with the remain-
der. Capital should be
subsequently

subsequently credited
and Revenue debited,
on account of the Re-
venue share of the
general Establishment,
with a certain percentage
on actual work done
for Revenue.
Hobart
Chas. Shaw

Stewart will report
in due course the per-
centages to be fixed
under these orders, the
manner in which they
may have been arrived
at, and the circum-
stances which induce
their adoption.

It will be
observed that the principles
laid

monthly. 1911 1911

11/20/2011 11/20/2011

Yours &c &c &c

Blanche and Mrs. M.

Ed. W. H.

10/10/1944

Rec'd 10/7/72

Recd 10/7/72

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1/10/3/12

Gobt. of (1872) Madras.

PUBLIC WORKS. ✓

*The Accounting Dept
for Railways*

Date

Recd.

Enc.

G. O. 5th July 1872. No 1626.

Nos. 1149/15

Apportionment of General
Charges of Guaranteed
Railways between Capital
& Revenue. Letter from
the Comptroller India Communi-
cating explanatory remarks
relative to the percentages
to be paid for the appor-
tionment of general charges of
Guaranteed Ry's between
Capital & Revenue, Com^d W. H.
me G. O. with instructions.