

No. 604. Read the following letter from the Acting Chief Engineer for Irrigation, to the Secretary to Government, Public Works Department, dated Fort St. George, 19th December 1871, No. 92 :—

In forwarding letter No. 368, dated 29th August, from the Agent and Manager, Madras Irrigation and Canal Company, I have the honour to inform you that, owing to the large amounts which appeared in the statements of surplus and deficiency, I deemed it right to call upon the Agent to afford some explanation

No. 179 of 30th November.
,, 453 of 11th December.

relative to the more important items. Copies of my letter and of his reply are enclosed. From the latter it would

appear that the three first items under Surplus are due to inaccurate debits to works, etc., or to carelessness or ignorance in keeping the accounts. Items 1 and 2, under Deficiencies, are similarly due to inaccuracies in keeping the accounts.

* Rupees 296-7-5.

The larger portion* of the item of Rupees 416-9-6 to be debited to works,

appears to have been the value of an experimental shutter. It is not clear how an error as to the number of shutters could affect this item, as the amount expended on the shutter should have been debited to Works when the experimental shutter was built. It appears, however, not to have been so debited, and the adjustment of its value is now to be made.

2. With regard to the large item of Rupees 627-14-10 on account of broken, damaged, missing, waste, and unserviceable articles, it is explained that the greater portion of the articles, the value of which are included in this sum, are of a perishable nature, and that a large portion, Rupees 232-10-10, is the value of beam scales, which are said to have become valueless from decay. Amongst the items, however, appears Rupees 33-0-2, the value of two boxes of telegraph tools, which are said never to have been handed over by the late Mr. Brunton. My proposition that the unserviceable, etc., articles should be sold, and that the difference between the sum realized and their value in the stock books should be carried to "profit and loss," is stated by the Agent to be "neither correct nor practicable." I would observe, however, that the course proposed is always followed in the Department Public Works, and it has this advantage that the damaged articles are not lost sight of, as they are very apt to be if their full value is struck out of the stock account.

3. There appear to be a number of tools, etc., in the divisional stores. These are the tools which have been used upon Works, and which, under the ruling of the late Consulting Engineer for Irrigation, were not brought again on to the stock list when no longer required on the works, but were carried to a separate divisional list. No proper check appears to have been exercised over the tools, etc., brought on to the divisional list and the value of these articles is unknown, and to ascertain their value, it is said, "would involve an inspection and a detailed valuation

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31st January 1872.*

by a competent person, an operation of much labour and time." This is a most unsatisfactory state of things. Lists at least of all articles, tools, etc., brought on to these divisional lists should have been maintained, and the value of the tools should have been entered therein. These lists should have been carefully checked by the divisional officers from time to time, and have been handed over from one divisional officer to another when a relief took place. Preparatory to the disposal of the tools, etc., in the divisional stores, lists must be made of them, and those articles which are not likely to realize anything like a fair value, and can bear the cost of transit to Madras, had better be sent to Madras and be there disposed of, articles which are of little value being sold where they now are, or being conveyed to Cuddapah or Kurnool if they are likely to be able to be sold to greater advantage at one or the other of those stations than at the localities at which the tools, etc., are now stored.

4. As with the stores, the value of which it is proposed to debit to "profit and loss," these tools have been lost sight of, as their value was debited to the works for which they were issued and on which they were used. Hence it is desirable that the value of all unserviceable, etc., tools should not be struck off under "profit and loss" until the articles have been disposed of, and all that can be realized from their sale has been obtained.

5. Under the circumstances I would recommend that the differences referred to may be adjusted as follows:—

Surplus.

	RS.	A.	P.
To be credited to Works...	106	11	0
Do. to Telegraph Department ...	92	0	7
„ be removed ...	600	15	7
„ be credited to "profit and loss" ...	74	1	8

Deficiencies.

	RS.	A.	P.
To be added to count ...	873	12	10
„ debited to Telegraph Department ...	174	0	2
„ „ to Executive „ ...	2,822	9	5
„ „ to Works ...	51	8	8
„ „ to "profit and loss" ...	416	9	6
	23	8	5
	173	6	11

3,661 11 1

and that the articles "broken, missing, etc.," the original stock value of which was Rupees 627-14-10, should be sold, and that, when the sum realized by their sale is reported, the difference between that sum and their stock value should be debited to "profit and loss" after a further reference to Government.

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From the Agent and Manager of the Madras Irrigation and Canal Company, to the Acting Chief Engineer for Irrigation, dated Madras, 29th August 1871, No. 368.

I HAVE the honour to subjoin an analysis of surplus and deficiency exhibited in the stock-taking of 30th June 1870 of Hindry Division, and shall be glad to be favoured with your instructions for the adjustment of the differences.

<i>Surplus.</i>		RS.	A.	P.
To be credited to Works ...	...	106	11	0
Do. do. Telegraph Department...	...	92	0	7
Do. do. removed ..	...	600	15	7
Unexplained ...	...	74	1	8
		873	12	10

<i>Deficiency.</i>		RS.	A.	P.
To be added to count ...	...	174	0	2
Do. debited to Telegraph Department ...	...	2,822	9	5
Do. do. Executive Department ...	...	51	8	8
Do. do. Works ...	...	416	9	6
Lost by oxidization ...	...	23	8	5
Broken, damaged, missing, waste, and unserviceable ...	...	627	14	10
Unexplained ...	...	173	6	11
		4,289	9	11

From the Acting Chief Engineer for Irrigation, to the Agent and Manager of the Madras Irrigation and Canal Company, dated Fort St. George, 30th November 1871, No. 179.

I HAVE the honour to inform you that the Government Examiner was requested to check the entries in your letter, No. 368, dated 29th August 1871, by comparing them with the entries in the stock books, and he has reported that the analysis of surplus and deficiency in the stock-taking of 30th June of the Hindry Division is correct. In looking over the details, however, it appears to me that there are a few points relative to which explanation is necessary, and they are as follows:—

2. Under Surplus the first item is Rupees 106-11-0, "to be credited to Works." The details are as follow, and a brief explanation relative to each item is attached:—

Screws, Iron, for wood ... Rupees 17 10 4 Originally issued to works, but returned to Stores not being required.

Zinc ... 51 12 3 This is the value of zinc removed from old jumpers issued to works.

Blasting Powder... 37 4 5 The value of powder issued to 1st Section cutting, but returned not being any longer required.

3. Of the above items 1 and 3, I presume, were charged to the Works when the articles were issued, and their value was not again credited to the Works when they were returned into Store. Hence, in stating now that the amount is "to be credited to Works," all that is meant, I presume, is that the value of the articles is to be struck off the stock list, and that the tools, etc., are to be placed on the list of divisional tools; if so, I would be glad to know what check is exercised over the tools, etc., brought on to this account, and what is the value of the articles standing in the accounts of the several divisions under this head.

4. Item No. 2.—Rupees 92-0-7 "to be credited to the Telegraph Department." This sum, it appears, was debited to the Telegraph Department but was not issued, and is now to be credited to that department; but as the articles cannot be brought again on to the stock lists, what becomes of them, and in what account are they to be brought forward?

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5. *Item No. 3.*—Rupees 600-15-7 “to be removed.” This sum appears to be the value of surplus tools, etc., found in the Stores, and they have probably been returned into Stores; in removing them from the stock list are they carried to the divisional list adverted to in letter No. 176 of 24th October 1868. Their full amount was, I presume, charged to the works for which they were issued.

Under Deficiency.

6. *Item No. 1.*—Rupees 174-0-2, to be added to count, appear to be the value of tools, etc., found subsequent to the previous occasion on which stock was taken, and the details are, it appears, to be again brought on to the books.

7. *Item No. 2.*—Rupees 2,822-9-5 “to be debited to Telegraph Department.” This sum appears to be the value of telegraph stores transferred to Plant, and now to be debited to telegraph stores. From this it would appear that the telegraph stores are not included in the general stores and plant account, but under a separate head; if so, is stock ever taken of the telegraph stores, and what is the value of stores under that head?

8. *Item No. 4.*—Rupees 416-9-6. Of this sum Rupees 296-7-5 appear to have been expended upon “shutters experimental,” and the amount appears to have been brought forward in stock-taking in December 1867 as surplus stock. The amount, it is presumed, was expended in making certain experiments with reference to shutters, and to have been erroneously brought forward as stock.

9. *Item No. 6.*—Rupees 627-14-10 appears to be a large amount to write off on account of broken, damaged, missing, waste, and unserviceable articles. May not something be realized by the sale of these articles; if so, the amount which they may fetch should be credited to sale of stock, and the balance only would have to be written off to “profit and loss.” If the total value of the articles is now written off, to what account will the sum realized by the sale of these articles be credited?

10. From a perusal of the correspondence noted in the margin, I am of opinion that it would have been well had your proposition to carry to stock the value of all articles returned from the works been acceded to. It appears, however, unnecessary now to alter the system which has prevailed of carrying such articles to the head of Divisional Tools, but I would wish to be informed what is the nature of the check exercised over the stock thus attached to each division, and what is the value of stock in each division.

From you, No. 252 of 6th October 1868.

To “ ” 159 of 9th “ ”

From “ ” 272 of 22nd “ ”

To “ ” 176 of 24th “ ”

11. If I have misapprehended the meaning of any of the entries under “Surplus” and “Deficiency,” as explained above, will you be good enough to set me right.

From the Agent and Manager of the Madras Irrigation and Canal Company, to the Acting Chief Engineer for Irrigation, dated Madras, 11th December 1871, No. 453.

I HAVE the honour to acknowledge your letter No. 179 of 30th November 1871, and to reply upon the several points raised by you as follows:—

2. *Excesses.*—With reference to the amount to be credited to Works (Rupees 106-11-0), I have to remark that the three items composing it are in excess of the store balances. Items 1 and 3 are excesses which have accrued by an over debit to Works, and as Stores are, by the stock account, now debited with such excess, a credit becomes necessary. That credit naturally goes to Works, at whose expense the excess was created.

3. *Item 2* is the value of old material derived from tools which had been debited to Works, and the proceeds of which, as a matter of accounting, belong to Works. The material properly is not stores, and ought not to have been included in the stock account, but having once been placed in that account (although it was through the ignorance of the parties employed in the operation) it would have been objectionable to disturb the entry.

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4. The question which you raise at the close of your paragraph upon these items will be answered when I come to deal with the final paragraph of your letter.

5. In regard to the next amount, Rupees 92-0-7, you are under a misapprehension in supposing that “these articles cannot be brought again into the stock lists.” As a fact they are brought into the stock list again, and on the authority of that list are re-debited in the Stores’ Ledgers, and it is owing to this circumstance alone that we are enabled (as proposed in my letter) to credit the Telegraph Works which had been improperly charged with the articles. This explanation disposes of the question with which your paragraph closes.

6. The next amount, Rupees 600-15-7, is made up of items in a variety of categories. The bulk of the articles were not stores and wholly inadmissible in the store account, being inserted therein solely through the ignorance of the parties who took the account.

7. A small portion of the amount consists of the value of tools previously charged to, and used on the works, which, under the ruling of the late Consulting Engineer, we were precluded from bringing again into the stock account.

8. *Deficiencies.*—The first item to which you refer, Rupees 174-0-2, is the value of articles not shown in the stock account, but which, on inquiry and proper examination, were found to be in stock, and to have been omitted from the account by an oversight. It is therefore proposed that they shall be “added to count,” that is, that they shall be included in the stock list from which they had been by a mistake omitted.

9. The next item is Rupees 2,822-9-5 “to be debited to Telegraph.” This amount is the value of stores and materials issued to, and used upon, the telegraph and omitted to be charged, and the proposal made is not to debit them to “Telegraph stores” as you seem to suppose, but to the telegraph works upon which they were used. In reply to your question I beg to say that an account was taken of the telegraph stores, and that you will find it included in the account to which your remarks refer.

10. The next item is Rupees 296-7-5, the value of an experimental shutter, and the circumstances which led to the proposal to debit the amount to Works are not such as you suppose. One experimental shutter had been in stock a good many years at a cost of Rupees 296-7-5. At the previous stock-taking to the one now under discussion, two shutters were entered in the account, and, as the entry was supported by the Government Inspector, no doubt was entertained of its accuracy. Such an excess could only have arisen from previous over debit to Works, and therefore the amount of the (supposed) excess was credited to Works. At the next stock-taking, that to which your remarks refer, one shutter only was found, and it was then discovered that at the previous stock-taking the shutter, having somewhat the appearance of two articles, had been carelessly entered as two. Works having been credited with the supposed (but really now existent) surplus, that credit will be reversed by the proposed debit to which your inquiry refers.

11. The next item, Rupees 627-14-10, would seem a large amount to write off for waste, breakage, etc., etc., if the peculiar conditions of the climate are lost sight of. In India, as you are aware, liquid and semi-liquid articles are liable to rapid evaporation. Other articles take up moisture from the atmosphere and spoil from that cause. Metal goods are rapidly oxidized and soon spoil, especially if not properly protected as has been too much the case with us. Timber again (especially under certain conditions, as when in contact with iron,) decays very rapidly. The bulk of the articles composing this amount are in these classes, and a large proportion of the sum is the value of one article, namely, a pair of beam scales, which, in the course of years, have become, as scales, valueless from decay.

12. Doubtless the remains of these articles would realise something as old materials, and when an opportunity offers they will be sold, but inasmuch as the whole amount of Rupees 627-14-10 is to be debited to “profit and loss,” the proceeds of a sale of the articles must be credited to “profit and loss.”

13. To credit “sale of stocks” with the proceeds, and write off only the balance to “profit and loss” as you propose, would be neither correct nor practicable.

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31st January 1872.*

14. I share very strongly in your regret that the proposal which I made in October 1868, and to which I certainly understood Captain Mullins (in a conversation which I had had with him previously on the subject) to agree as being reasonable and practicable, was not carried into effect, and I the more regret it because I never imagined that the alternative plan suggested by Captain Mullins was feasible as regards the tools. In practice it has turned out an utter failure.

15. That plan was to keep local debit and credit accounts at each place in which tools in use were deposited. This would necessarily involve the maintenance of a writer to keep the accounts in each of such places of deposit, and, as there were not less than eight or ten of such depôts in each division, it will be obvious that the staff at my disposal was wholly inadequate for that purpose. In fact, that staff was already fully occupied with duties quite independent of the new arrangement, and that arrangement could only be carried out by the aid of an entirely new staff at a cost of probably Rupees 2,000 a month.

16. All this was fully explained to Captain Mullins, but it did not seem to alter his views, and ultimately the matter dropped.

17. An effort was made, by the issue of an explanatory circular, to bring the proposed plan into operation, but as it was calling upon the Engineers to "make bricks without straw," ordering them to do a mass of additional work, the means of executing which were not and could not be supplied it will be no matter of surprise that my efforts proved nugatory.

18. So matters have remained. My plan, which would not have involved the expense of more than Rupees 50 a month had been peremptorily negated, and the alternative plan, as proposed by the Consulting Engineer proved, as might have been expected, wholly impracticable, and matters proceeded in the old course.

19. As a consequence the absence of control over stores once issued, which my proposal was intended to obviate, and would have obviated effectually, has continued to prevail, and there can be no doubt that loss to the Company has resulted.

20. Now that the Company's establishments have been reduced to the lowest possible ebb, it is almost needless to say that matters, in respect of control over the property which is scattered over the canal, have not improved, and without an increase of the staff, are not likely to improve.

21. I have for some time had under consideration a proposal for the removal to Madras of such of the Company's stores and materials, whether new or second-hand, as are not required for the purpose of the canal and are worth the expense of removal, but although the plan seems to be a good one, and would probably be feasible, there are some difficulties in the way of arriving at an immediate determination with regard to it. I may mention two important points in favour of removing the property to Madras, first, it could be properly and safely stored here and it would be under proper management and control, and, second, in the event of its being decided to sell the property, it would in Madras be on the spot where alone a market is likely to be found.

22. With reference to your inquiry as to the nature of the check exercised over the stock (of tools) and "what is the value of" (such) "stock in each division," I beg to say that no special check is or can be maintained under existing arrangements, and that to furnish the value of such stocks would involve an inspection and a detailed valuation by a competent person, an operation of much labour and time.

23. Before closing this communication, I may mention that the only really practical objection made by the Consulting Engineer to my proposal to include all articles in the store accounts is one contained in his letter No. 159 of 9th October 1868. That objection is the supposed difficulty which would be experienced in dealing with tools of the same kind but of different degrees of value; but there is no force in the objection, and the difficulty could only have suggested itself to the mind of a person inexperienced in the received methods of dealing with store accounts. That objection, in common with all points bearing upon the question, had been well considered before a communication was made to the Consulting Engineer, and we were fully prepared to take the responsibility of carrying out the arrangement. A system of averages arrived at periodically would

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have accomplished all that was necessary, and this system, Mr. Badham, the Company's General Storekeeper, had successfully carried out for many years before his connection with this Company.

No. 605. ORDER THEREON, 31st January 1872, No. 294.

IRRIGATION, No.

THE Government sanction the adjustment of the differences found by the stock-taking of the 30th June 1870, in

the Hindry Division of the Madras Irrigation and Canal Company's Canal, in the manner proposed by the Acting Chief Engineer for Irrigation in the concluding paragraph of his letter first recorded, and approve of the suggestion made by that

officer to dispose of the articles* reported

* Valued at Rupees 627-14-10.

to be "unserviceable," etc., debiting

"profit and loss" with the difference only between the stock value and the sale proceeds after a further reference to Government.

2. The Governor in Council agrees with the Acting Chief Engineer for Irrigation in considering it very desirable that lists should at once be made of all the tools, etc., referred to in paragraph 3, as being distributed among the divisional depôts, and that the articles should be disposed of to the best advantage.

(True Extract.)

Colonel, R.E.,

Secretary to Government.

To the Acting Chief Engineer for Irrigation.
Agent and Manager of the Madras Irrigation and Canal Company.

Exd. S. T. Augustin.

Office of the Chief Engineer
No 92 Fort St George 19 Dec 1871.

From The Acting Chief Engineer
for Irrigation

To The Secretary to Government
P. W. Department.

For

Enclosure 3.

In forwarding Letter No 368 dated
29th August from the Agent and Manager
Madras Irrigation and Canal Company
I have the honor to inform you that
owing to the large amounts which ap-
peared in the Statements of Surplus
and Deficiency I deemed it right to
call upon the Agent to afford some ex-
planation relative to the more important

Items. Copies of my letter and of his reply
No 179 of 30th Nov. and No 453 of 11th Dec. are enclosed; from the latter it would
appear that the three first items under
Surplus are due to inaccurate debits
to works &c or to carelessness, or ignorance
in keeping the accounts. Items 1 and 2,

wider deficiencies, are similarly due to inaccuracies in keeping the accounts.

The larger portion of the item of $\text{Rs } 296.7.5$ 416-9.6, to be debited to Works, appears to have been the value of an experimental Shutter it is not clear how an error as to the number of Shutters could affect this item as the amount expended on the Shutter should have been debited to Works when the experimental Shutter was built, It appears however not to have been so debited and the adjustment of its value is now to be made.

V. With regard to the large item of $\text{Rs } 627.14.10$ on account of broken, damaged, missing, waste, and unserviceable articles, it is explained, that the greater portion of the articles, the value of which are included in this sum, are of a perishable nature and that a large portion $\text{Rs } 232.10.10$ is the value of beam scales which

are said to have become valueless from decay. Amongst the items however appears $\text{Rs } 33.0.2$ the value of 2 boxes of Telegraph tools, which are said never to have been handed over by the late Mr. Brunton. My proposition that the unserviceable articles should be sold and that the difference between the sum realized and their value in the Stock Books should be carried to "Profit and Loss", is stated by the Agent to be "neither correct nor practicable". I would observe however that the course proposed is already followed in the D. P. W. and it has this advantage that the damaged articles are not lost sight of as they are very apt to be, if their full value is struck out of the Stock account.

3. There appear to be a number of Tools &c in the Divisional Stores, these are the Tools which have been used upon Works and which, under the ruling of

the late Consulting Engineer for Irrigation, were not brought again on to the Stock List when no longer required on the Works, but were carried to a separate Divisional list. No proper check appears to have been exercised over the Tools brought on to the Divisional list, and the value of these articles is unknown, and to ascertain their value it is said, "would involve an inspection and a detailed valuation by a competent person; an operation of much labor and time." This is a most unsatisfactory state of things. Lists at least, of all articles Tools brought on to these Divisional lists, should have been maintained, and the value of the Tools should have been entered therein. These lists should have been carefully checked by the Divisional officers from time to time and have been handed over from one Divisional officer to another when a relief took place - preparatory to the

3
disposal of the Tools in the Divisional Stores, lists must be made of them and those articles which are not likely to realize anything like a fair value, and can bear the cost of transit to Madras, had better be sent to Madras, and be there disposed of, articles which are of little value, being sold where they now are, or being conveyed to Cuddapah, or Kurnool, if they are likely to be able to be sold to greater advantage at one or the other of those Stations, than at the localities at which the Tools are now stored.

4. --- As with the Stores, the value of which it is proposed to debit to "Profit and Loss", these tools have been lost sight of as their value was debited to the Works for which they were issued, and on which they were used, hence, it is desirable, that the value of all unserviceable &c. tools should not be struck

off under "Profit and Loss" until the articles have been disposed of, and all that can be realized from their sale has been obtained.

5. Under the circumstances I would recommend that the differences referred to may be adjusted as follows:

Surplus

To be credited to Works _____ 106.11.
 " " to Telegraph Dept. _____ 92. .7
 To be removed _____ 600.15.7
 To be credited to Profit and Loss _____ 74.1.8.
 873.12.10.

Deficiencies.

To be added to Count _____ Rs 174. .2
 " " debited to Telegraph Dept. _____ 2822.9.5
 " " to Executive Dept. _____ 57.8.8.
 " " to Works _____ 416.9.6
 " " to "Profit and Loss" { 23.8.5
 173.6.11
 3661.11.1.

and that the articles "broken wiring &c" the original Stock value of which, was Rs 627.14.10 should be sold and that

when the sum realized by their sale is reported, the difference between that sum, and their Stock value should be debited to "Profit and Loss" after a further reference to Government.

I have the honor to be
 Sir

Your most Obedt Servt.

M. T. Datta Capt. R. E.
 Acting Chief Engr. for Irriga.

Public Works Dept
No 294
Proceedings of the Madras Government
Read the following

from
The Actg. Chief Engrs
for Irrigation (H. Est. 19th Decr 1891)

The Government
sanction the adjustment of
the differences found by the
Actg. Engrs of the 30th
June 1891 in the Hindry
Division of the Madras
Irrigation and Canal
Company's Canal, in
the manner proposed
by the Actg. Chief
Engineers for Irrigation
in the concluding
paragraph

Oct 1891. 1891. 1891.
1892. 1892. 1892.
The by the by the by the
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Subd. 19 3 Dec. 71
Subd. 19 3 Dec. 71
Subd. 19 3 Dec. 71

Recommendations that
the claims of the
and the deficiency of
liability in the Hindry
Block Sinking might
be adjusted as shown
within -

No 294-31 1891/92

1891/92 A. 11.

1891/92

paragraph of his letter first
recorded, and approve of
the suggestion made by
that Officer to dispose of
the articles reported to be
unserviceable, &c, debiting
Profit and Loss with the
difference only between the
Stock value and the sale
proceeds, after a further
reference to Government.

The Governor in
Council agrees with the
Acting Chief Engineer
for Irrigation in consider-
ing it very desirable that
lists should at once be
made of all the Tools, &c,
referred to in paragraph
3 as being distributed among

* valued at Rs 627-14-10.

the divisional depots,
and that the articles
should be disposed of to
the best advantage.

G. Law: 5th

22
3
To the Chief Engineer
for Irrigation, with
Agent & Manager
M. J. & Co. S
Desp 1/2/72

Cp 6075

Govt. of 1872 Madras.

PUBLIC WORKS.

To the Chief Engineer for
Irrigation

Dated

Recd.

Encl.

1872
G. O. 31st Dec 1871, No. 294

Nos. 602-605

Shore. Taking orders in letter
from the Chief Engineer
regarding the adjustment of
the differences found by the
shaking block. Making of
the M. I. & C. as shown in
the sketch on the 5th
June 1872.