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*Proceedings of the Madras Government, Public Works Department,
3rd February 1872.*

No. 73. Read the following Proceedings of the Government of India, Public Works Department, (Account—Railway,) dated Fort William, 19th December 1871, No. 813-A.—R.:—

Receipts and charges on account of Guaranteed Railways for 1870-71.

Read again—

Public Works Department Resolution Nos. 243-8 A. R., dated 25th March 1871.

Read also—

- (1).—Letter No. 1,624, dated 16th June 1871, and enclosure, from the Government of Madras.
- (2).—Letter No. 1,760, dated 3rd July 1871, and enclosure, from the Government of Madras.
- (3).—Letter No. 685, dated 12th June 1871, and enclosure, from the Government of Bombay.
- (4).—Letter No. 1,338 G., dated 28th June 1871, and enclosure, from the Government of Bengal.
- (5).—Letter No. 451-A. R., dated 21st July 1871, from the Government of India, to the Government of Bengal.
- (6).—Letter No. 1,616 G., dated 9th August 1871, and enclosure, from the Government of Bengal.
- (7).—Letter No. 1,190 R., dated 12th June 1871, from the Chief Commissioner of Oudh.
- (8).—Letter No. 1,433 R., dated 5th July 1871, and enclosure, from the Chief Commissioner of Oudh.
- (9).—Note by the Accountant-General, Public Works Department, No. 323-R., dated 27th October 1871, submitting a statement of the transactions of the Guaranteed Railways with Government Treasuries during the official year 1870-71, with a supplemental statement showing the actual Capital expenditure on these undertakings for the same period.

RESOLUTION.—The annual reviews of the financial operations of Guaranteed Railways that have, under existing orders, to be submitted through Local Governments, were punctually furnished for the Railways in Madras, Bombay, Bengal, and Oudh. The review for the lines in the Punjab has not, however, been yet received, although repeatedly called for, and that for 1869-70, it may be observed, was likewise not furnished. The dissatisfaction of the Government of India with reference to the shortcoming of the Local Officers in this matter was expressed in Public Works Department Resolution Nos. 243-8 A. R., dated the 25th March last. That the same failure to conform to orders should have again occurred without any explanation of the cause thereof being rendered by the Government Railway Officers in the Punjab, appears to call for censure. It is believed, however, that the non-submission of the review is due to a desire to make it include the whole of the transactions of the Company up to date, and this could not be done until the whole of the accounts had been gone through from the first commencement of operations, a work of great labour, but which is now nearly completed. But even, under these circumstances, the facts should have been clearly explained, and an attempt made to comply with the requirements of the Government of India as far as possible.

2. The results of the past year, as exhibited in the statements prepared by the Accountant-General, Public Works Department, show that the actual transactions differed considerably from the Budget Estimates. In some cases the differ-

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ences were due to causes that could not have been foreseen, but yet the Governor-General in Council is persuaded that the exercise of more care and forethought on the part of the Railway Companies and the Government Officers would have resulted in a far closer approximation between the estimates and the actuals of last year.

3. Such particulars as are furnished in the reviews of the different Consulting Engineers in regard to the causes of the differences may be briefly considered here.

4. *East Indian Railway.*—The greater portion of the large difference between the capital receipts and the estimate is accounted for by the adjustment of Rupees 55,91,558 between the Main and Jubbulpoor lines referred to by the Accountant-General, Public Works Department, but no explanation is given by the Bengal Government of the very large discrepancy between the Budget Estimate for withdrawals and the actuals of the year. It is possible, however, that the failure of the Chord Line Contractors to work up to date may account in some measure, if not entirely, for the result.

The Revenue estimates appear to have been fairly accurate.

5. *East Indian Railway, Jubbulpoor Line.*—Almost the whole of the difference in the Capital Account may be accounted for by the large payments to the Main Line mentioned in the preceding paragraph.

The Revenue estimates appear satisfactory.

6. *Eastern Bengal Railway.*—Both the receipts and advances on Capital Account were in excess of the estimate, but no explanation of the cause of the differences has been furnished.

The Revenue estimates agree pretty well with the results.

7. *Madras Railway.*—The construction expenditure on works was not so great as was anticipated, but no explanation is offered why the works were not carried out on the scale contemplated at the beginning of the year.

The traffic receipts fell far short of the estimate, which appears to have been an over-sanguine one, but neither the Consulting Engineer nor the Government of Madras have stated whether the circumstances that led to the anticipations being unrealized are traceable or not.

8. *Great Southern of India Railway.*—There was a large excess over the Budget Estimate for stores, and an outlay of nearly a lakh and a half was incurred on account of the Southern Extension, for which no provision was made in the Budget. These items will account in a great measure for the difference between the withdrawals and the estimate of the year.

The remarks made with reference to the revenue estimate of the Madras Railway apply equally to this line.

9. *Great Indian Peninsula Railway.*—The net difference between the estimate and actuals under capital is not considerable, but the details of the works budgetted for, and those undertaken during the year, show that the estimate was not very closely followed, the general satisfactory result being due to the excess outlay on some works being compensated by savings in others.

The net revenue turned out more favourable than was anticipated.

10. *Bombay, Baroda, and Central India Railway.*—Both the receipts and advances on construction account fell short of the estimate, the net result being a

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difference of over 17 lakhs. The largest item of this discrepancy is the short outlay on Wudwan Extension, the grant being Rupees 10,00,000, and the outlay only Rupees 1,08,171. This small outlay is due to the late date (December 1870) on which the contract was let. It must, however, be observed that the addition of 10 lacs on account of the extension was made to the estimate by the Government of India in passing orders on the proposals of the Local Government.

Both the traffic receipts and working expenses exceeded the Budget Estimate, causing a net difference of over 6 lakhs of Rupees. Of the gross receipts, a lakh and half are stated to belong to the Great Indian Peninsula Railway.

11. *Sindh Railway.*—The receipts on Capital Account were considerably in excess of the estimate, owing principally to unforeseen adjustments between Capital and Revenue. The gross advances were also very much less than the estimated amount, owing chiefly to works estimated for not having been undertaken.

Although the difference between the actual net revenue of the year and the estimate amounts to only a little over a lakh, yet the estimate of the gross receipts and gross outlay differ considerably from the actuals under these heads. These differences, however, appear to be chiefly due to large transactions on account of other undertakings.

12. *Indus Steam Flotilla.*—The large difference between the estimate and results of the year in regard to Capital may, as stated by the Accountant-General in this department, be almost entirely explained by the credit to Capital of the assets of the Deposit and Fund Accounts of the Flotilla, amounting to about 24 lakhs of Rupees.

The excess over estimate in the traffic receipts paid into the Treasury is due to the collections on account of through traffic.

13. *Punjab and Delhi Railway.*—The actual net advances on account of Capital fell short of the estimate by nearly 14½ lakhs, although the original estimate of the Local Government was reduced by 4½ lakhs in the orders passed on the Budget. The actual net revenue receipts were also less than the Budget Estimate of Rupees 12,00,000 by Rupees 2,72,782, or over 22 per cent. It is but fair to add, however, that an addition of over 3 lakhs was made to the Punjab Government's estimate of net revenue in the Budget orders of the Government of India.

The causes of the discrepancies between the actuals and estimates of the Punjab Lines have not been explained by the Local authorities.

14. *Oudh and Rohilkhand Railway.*—The differences between the estimated credits to the Capital Account and the actual payments into Treasury amount to over 44 lakhs, mainly due to the following unforeseen items:—

	RS.
(1).—Value of 9 miles of permanent-way sold to Government	1,61,377
(2).—Extraordinary issues of shares in the end of 1870 and the beginning of 1871	37,14,920
(3).—Payment at once by revenue of its portion of the cost of re-laying the line	3,84,178
(4).—Refund by the East Indian Railway on account of the carriage of permanent-way	1,02,076
	43,62,551

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The expenditure approximates closely with the original Budget Estimate of the Oudh Administration, which was, however, reduced by the Government of India.

The large excess in the withdrawals on account of working expenses is due to the whole of the debit to Revenue for

Rupees 3,84,178.

renewing the permanent-way between

Lucknow and Cawnpore having been charged off to that head during the past year under the orders of Government.

15. *Carnatic Railway.*—There was no provision in the Budget Estimate for construction work, but a sum of Rupees 78,132 was issued from the Treasury to meet the outlay necessary for maturing the project for the Cuddalore Extension.

The traffic receipts were far below the estimate, but no explanation is given on the subject.

16. The particulars stated above show that there is still room for improvement in the preparation of the estimates. It is certainly possible to obtain more reliable estimates of *Capital* expenditure and receipts than those hitherto furnished. The earnings will doubtless always be liable to fluctuation with reference to the state of trade and other causes beyond control, and the working expenses must be similarly influenced, although to a less extent, but it is hoped that, with the new form of Budget, a better idea will be obtained of the refunds on account of stores consumed by revenue, and that the working expenses will be estimated more closely.

No. 323-R., dated 27th October 1871.

Note by the Accountant-General, Public Works Department, on the receipts in, and payments from, Government Treasuries during 1870-71 on account of Guaranteed Railways.

I BEG to submit a statement of the receipts in, and payments from, Government Treasuries on account of Guaranteed Railways during the past financial year. The delay that has occurred in the submission of this statement is due chiefly to my having entered into correspondence with the different Provincial Accountants-General regarding certain discrepancies between the Government and Railway Accounts in view to the two sets of books being brought into accord.

2. During the past financial year, the accounts of the North-West and South-West Lines of the Madras Railway have been amalgamated, as also those of the Punjab and Delhi Railways, and during the current official year these latter will be further amalgamated with those of the Sindh Railway and Indus Steam Flotilla; all these four undertakings having been amalgamated from the 1st July 1870 under the title of the Sindh, Punjab, and Delhi Railway, the divided control in Bombay and the Punjab, which has only just been abolished, prevented the thorough amalgamation of the transactions of the several sections at an earlier date.

3. The transactions of the several Guaranteed Railway Companies during 1870-71 may, as on previous occasions, be considered under the following heads:—

I.—Capital Account.

II.—Revenue Account.

III.—Guaranteed Interest Account.

I.—*Capital.*

4. The gross advances from Government Treasuries during the year under review amounted to Rupees 4,45,47,413, against an estimate of Rupees 4,44,84,000, a very near approximation; but, on the other hand, the gross refunds, etc., during the same period amounted to Rupees 2,00,13,776 as compared with an estimate of Rupees 1,37,46,000, an error of 111 per cent.

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5. The net amount advanced from the Indian Treasury for Construction purposes to all the Guaranteed Railway Companies during the past year amounted to Rupees 1,55,33,637, against a Budget Estimate of Rupees 3,07,38,000, and a Regular Estimate of Rupees 1,57,09,400. From this it will be seen that the Budget Estimate was in excess of actual requirements by no less than Rupees 1,52,04,363, or nearly 100 per cent. The Regular Estimate, however, was only Rupees 1,75,763 in excess of the actuals of the year, and must be considered a very satisfactory forecast.

6. The above results are compared with those of 1868-69 and 1869-70 in the table on the margin, and certainly indicate that no such improvement in the preparation of the Budget Estimates as might reasonably have been expected has yet taken place. It is to be hoped that the new form of Budget Estimate laid down by Government last July, may, by requiring more careful consideration of the details of both expenditure and receipts, lead to a closer agreement in future between the estimated and

Net advances from Government Treasuries on Construction Account.

	1868-69.	1869-70.	1870-71
	RS.	RS.	RS.
Actuals ...	2,71,39,520	2,63,40,231	1,55,33,637
Budget Estimate ...	4,61,30,000	3,50,35,000	3,07,38,000
Regular Estimate...	2,86,25,000	2,51,00,000	1,57,09,400

actual transactions of the Guaranteed Companies.

7. From the details that make up the differences referred to above, it will be observed that the largest deviations from the estimates occur in the Main and Jubbulpore Lines of the East Indian Railway. An adjustment of Rupees 55,91,558-1-10 between the Capital Accounts of the two lines made in January will account in some measure for these differences, but even after allowing for this amount, the Main Line estimates would be out by more than 70 lakhs of Rupees.

8. The difference in the case of the Indus Steam Flotilla is due mainly to the assets of the Company's Insurance and Depreciation Funds having been credited to the Capital Account of the Flotilla under orders from the Secretary of State on the amalgamation of the several undertakings of the Sindh Railway Company.

9. It will be observed that, of all the Guaranteed Lines, the Great Indian Peninsula Railway has comparatively worked closest to its estimate.

10. The actual net withdrawals in India on Capital Account during 1870-71, as entered in the supplementary statement, amounts to Rupees 1,99,24,689, and the total to the close of the year to Rupees 56,49,15,938. In England the withdrawals to the same date amounted to £35,464,105, equivalent to Rupees 38,53,73,860 at the contract rates of exchange in each case, making the entire withdrawals on the Construction Account of the several guaranteed undertakings Rupees 95,02,89,798.

II.—Revenue.

11. The gross receipts in Government Treasuries on account of the revenue of the different lines during 1870-71 amounted to Rupees 7,22,23,432, against an estimate of Rupees 6,77,60,000. During the same period the withdrawals for working expenses were Rupees 4,12,90,281, against an estimate of Rupees 3,57,98,000. In both cases the actuals were in excess of the estimate, the receipts by 6.6 per cent., and the withdrawals by 15.3 per cent.

12. The net receipts of the year, Rupees 3,09,33,151 were, however, fairly near the estimate, Rupees 3,19,62,000, being only 3.3 per cent. below it. On the other hand, the Regular Estimate only allowed for net receipts to the extent of Rupees 2,83,42,500, a deficiency of 8.3 per cent.

13. The estimated sums shown under Revenue do not properly represent the sums with which they are compared above, as the estimates were based on the probable profits of the year and not on the Treasury transactions, which must always fluctuate irregularly from outside causes, and cannot be estimated for with any degree of accuracy. The declared profits for the past official year amounted to Rupees 2,04,02,637, or 4.9 per cent. less than the Budget Estimate, and 3.7 per cent. more than the Regular Estimate.

III.—Guaranteed Interest.

14. The amount of guaranteed interest paid during the year to shareholders in India amounted to Rupees 4,23,764, and the total payments in India on this account from the commencement of the Railway system to the close of 1870-71 to Rupees 56,36,810.

CAPITAL:

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[illegible]

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[illegible]

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*Supplemental Statement showing the expenditure on the Capital Account of Guaranteed
Railways, etc., for 1870-71.*

Names of Railways.	Net payments on Capital Accounts in 1870-71.	Shares paid in India in 1870-71.	Actual expen- diture on Ca- pital Account in 1870-71.	Net payments in India on Capital Ac- count up to the end of 1870-71.	Total Capital subscribed in India up to the end of 1870-71.	Actual expen- diture in India on Ca- pital Account up to the end of 1870-71.
East Indian Railway, Main Line.	Rs. 31,57,427	Rs. 25,571	Rs. 31,31,956	Rs. 18,41,54,178	Rs. 35,59,581	Rs. 18,77,13,759
" " Jubbulpore "	59,20,215		59,20,215	3,20,51,112	83,618	3,21,34,720
Eastern Bengal Railway ...	7,30,767	4,129	7,34,896	1,67,93,636	1,78,359	1,69,76,995
Madras Railway ...	22,65,235		22,65,235	6,02,49,809		6,02,49,809
Great Southern of India Rail- way ...	1,73,041		1,73,041	85,28,812	13,320	85,42,132
Great Indian Peninsula Railway Bombay, Baroda and Central India Railway ...	76,95,739	1,13,349	78,10,088	13,88,99,995	44,23,342	14,33,23,337
Sindh Railway ...	7,84,732	2,14,042	5,70,690	4,54,15,788	4,50,501	4,58,96,239
Indus Steam Flotilla ...	2,88,081		2,88,081	1,12,74,464	2,37,545	1,15,12,009
Punjab and Delhi Railway ...	24,75,235		24,75,235	7,34,370		7,24,370
Oudh and Rohilkhand Railway.	23,70,659	1,57,501	25,28,160	4,83,13,484	4,94,290	4,88,67,774
Carnatic Railway ...	30,25,675	33,75,460	69,01,135	63,03,609	41,17,135	1,01,90,743
	57,781		57,781	72,781		72,781
	1,55,33,637	43,91,052	1,99,24,689	55,13,58,247	1,35,57,691	56,49,15,938

SIMLA,
27th October 1871.

(Signed) A. J. FILGATF, Captain, R.E.,
For Accountant-General, P.W.D.

ORDER.—Ordered that this Resolution (with the statements referred to in it) be communicated to the Governments of Madras and Bombay, and to the Consulting Engineers to Government at Calcutta, Lahore, and Lucknow, for information and guidance.

Ordered also that a copy be forwarded to the Financial Department and the Accountant-General, Public Works Department, for information.

Ordered further that a copy of these orders, together with the Accountant-General's note, be published in the *Gazette of India*.

(Signed) C. H. DICKENS, Colonel, R.A.,
Secretary to the Government of India.

No. 74.

ORDER THEREON, 3rd February 1872, No. 338.

RAILWAY, No. 4.

COMMUNICATED to the Consulting
Engineer for Railways.

(True Extract.)

Colonel, R.E.,

Secretary to Government.

To the Acting Consulting Engineer for Railways.

Exd. E. C. Shunker.

P.W. 107 Regt.

GOVERNMENT OF INDIA.
PUBLIC WORKS DEPARTMENT.

ACCOUNT.
Railway.

No 6196

To

No. 8/3 A—R.

Dated December 19, 1871.

Received *30 =*

Encls. 1

Receipts and charges on account of Guaranteed Railways for 1870-71.

P. W. D. Press—20-12-71—86.

With an order

To Com. Hqrs.

Dec 22 5/2/72

Communicated to the Com. Hqrs. for Railways

No 338

Encls.

2/26/96

Govt of 11872 Madras.

PUBLIC WORKS.

To the City Consulting Engineer
for Railways

Date

Recd.

1872
G. O. 3rd Series No. 338

No. 73174

Guaranteed Pay. Rev. of the
Board of India forwarding copy
of Resolution regarding the
Receipts & charges on account
of Guaranteed Pay for
1870/71. Comd. W. H. M. D. S.
for Pay.