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MADRAS RECORD OFFICE

Government of Madras

Public Works

DEPARTMENT

G.O. No.	~~34247~~	Press	<i>Original</i>
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*Proceedings of the Madras Government, Public Works Department,
6th February 1874.*

No. 125. Read the following Proceedings of the Government of India, Public Works Department, (Account—Guaranteed Railways,) dated Fort William, 23rd December 1873, No. 596—602 $\frac{A.}{G. R.}$:—

Review of Receipts and Charges on account of Guaranteed Railways, 1872-73.

Read again :—

Public Works Department Resolution Nos. 53—9 A—R, dated 28th January 1873.

Read also :—

- (1.)—Letter No. 2,020, dated 14th August 1873, and enclosures, from the Government of Madras.
- (2.)—Letter No. 923, dated 29th July, and enclosures, from the Government of Bombay.
- (3.)—Letter No. 2,181, dated 1st September 1873, and enclosures, from the Consulting Engineer for Guaranteed Railways, Calcutta.
- (4.)—Letter No. 851, dated 5th July 1873, and enclosures, from the Consulting Engineer for Guaranteed Railways, Lahore.
- (5.)—Letter No. 3,007, dated 27th November 1873, and enclosures, from the Consulting Engineer for Guaranteed Railways, Lucknow.
- (6.)—Note by the Accountant-General, Public Works Department, No. 1,223 G—R, dated 11th December 1873, submitting a statement of the financial transactions of the Guaranteed Railways during the official year 1872-73.

RESOLUTION.—The annual review of the transactions of the Oudh and Rohilkhund Railway, although specially called for on the 8th October, did not reach the Government of India till the 1st instant. Greater punctuality should be observed in future.

2. The Account for 1872-73 submitted by the Accountant-General is similar in form to that rendered for the preceding year, and embraces both cash and transfer transactions. The Government of India learn with satisfaction that the Accountant-General has arranged for the earlier closing in future of the annual accounts of the Guaranteed Railways.

3. As to the *general* results of the year, the figures in the Accountant-General's statement show that under Capital the Actuals differ by a million and a quarter from the Budget-Estimate, and that the Regular was more correct than the Final Estimate. Under Revenue also the difference between the Actuals and the Budget-Estimate was very large, though the Regular-Estimate was fairly accurate, and the Final Estimate as nearly correct as the circumstances of the case would probably admit of.

4. With the results of the past year before them, the Government of India would once again impress upon the Local Governments and Officers concerned that it is expected that the greatest care and attention will be bestowed upon the preparation of future Budget-Estimates, and now that most of the guaranteed lines are completed, or nearly so, and considerable experience has been gained in regard to the circumstances that govern the returns from traffic on the different lines, it seems but reasonable to look for more accurate forecasts of receipts and charges than those that have hitherto been laid before Government. There are, of course, various causes which may lead to the increase or decrease of traffic which cannot be foreseen, and due allowance will always be made for such circumstances, but these should invariably be fully explained in the Reviews.

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5. Turning to the details of the statement, great differences are found to exist between the anticipated and actual results of the year, and the more marked causes of these differences as explained by the Local Governments and Officers concerned may be briefly noticed.

6. *Madras Railway.*—The actual net withdrawals under Capital fall short of the Budget-Estimate by Rupees 9,83,596. This result is due to a short outlay of Rupees 11,97,556, and to the Capital receipts having been over-estimated by Rupees 2,13,961. As regards the receipts, it appears that the realizations from the sale of stores were considerably over-estimated. The Regular and Final Estimates were both good forecasts of the actual results.

Under Revenue it seems that there have been some savings in the working expenses provided in the Budget-Estimate, and that the receipts have also exceeded anticipations. The earnings of this line were unexpectedly enhanced by the amount received for the carriage of the permanent-way of the Nizam's (State) Railway.

7. *Great Southern of India Railway.*—Under Capital, the net withdrawals differ from the Budget-Estimate by Rupees 34,28,508. This result is partly due to a considerable short outlay owing to the Southern Extension not having been commenced as early as was anticipated, and to the works not having progressed with the rapidity expected. But the principal cause of the difference is a large receipt of 23 lakhs on account of the sale to Government of permanent-way materials for the Nizam's (State) Railway which was not foreseen when the Budget-Estimate was framed. The Actuals and the Regular-Estimates agree pretty closely.

The actual debits on account of working charges are in excess of the provision made in the Budget-Estimate, but it is explained that this is due to the fact, that the estimate was prepared on a wrong basis, the withdrawals due to the line being less than the estimate. The receipts have also exceeded the anticipated result, the increase being in a measure due to the permanent-way material trains for the Nizam's (State) Railway.

8. *Carnatic Railway.*—The net Capital withdrawals differ from the Budget-Estimate by Rupees 6,60,994, owing chiefly to the withdrawals having fallen short of the estimate. It is explained that, when the Budget was framed, it was expected that the line from Madras to Cuddalore would be under construction for a considerable portion of the year. The estimates for the construction of the line, however, were only submitted late in the year, and sanction was not communicated until March.

The Actuals and Regular-Estimates do not differ much.

As in the case of the other Railways in Madras, the Budget-Estimate was prepared on a wrong basis. The final Regular-Estimate, however, corresponds very closely with the Actuals.

9. *Great Indian Peninsula Railway.*—The net results of the year as compared with the estimates are as follow:—

						Net Capital advances.
						RS.
Budget-Estimate	...	...	...	...	...	1,26,000
Final Regular-Estimate	...	...	...	...	...	27,21,000
Actuals	...	...	...	...	...	27,97,420

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						Net Revenue receipts.
						RS.
Budget-Estimate	...	...	...	...	...	90,00,000
Final Regular-Estimate	...	...	...	...	...	61,63,000
Actuals	...	...	...	...	...	61,56,524

						RS.	
* Short outlay.							It will be observed that the results
Main Line and Stations	...	...	...	...	...	5,91,377	of the year agree closely with the Final
Re-construction works	...	...	...	...	...	2,69,298	Estimate, but differ very considerably
Locomotive construction	...	...	...	...	...	41,112	from the Budget-Estimate. As regards
Establishments	...	...	...	...	...	62,356	Capital, the difference is due mainly to
Stores purchased	...	...	...	...	...	11,30,594	a short outlay of nearly 21 lakhs.
Law charges...	...	...	...	...	...	2,176	There has been short outlay under all
						20,96,913	the main heads of the Budget-Estimate,
							the largest amount being under Stores.*

Comparing the Revenue Budget-Estimate with the financial actuals, there has been a falling off from the expected net receipts of Rupees 28,43,476. It is explained that this result is due mainly to the diminution of traffic during the latter half of 1872, but partly also to the working expenses having been put at too low a figure. It is added that the months of February and March are heavy working months, and that the traffic during this season of the year is subject to more fluctuations than during any other. Thus it is impossible, even within six weeks of the close of the year, to form regular Budget-Estimates with a certainty of being within two or three lakhs of the actuals. The final estimate was a close approximation to the actual results.

10. *Bombay, Baroda and Central India Railway.*—The difference under Capital between the Final Estimate and the Actuals is a little over 2½ lakhs. The difference between the Budget-Estimate and the Actuals is due to several causes, but chiefly to the receipts from the sale of stores to State Railways having been larger than was expected, and to an adjustment transfer from Revenue for Rupees 2,67,406 which was not anticipated to fall in this year's account at the time the Budget was framed, and also owing to short outlay chiefly on the Wudwan Extension.

As regards Revenue, the earnings have fallen short of the Budget-Estimate by about 3¼ lakhs, while the working expenses have exceeded the estimate by nearly 2 lakhs. As regards these, however, it should be noted that the estimate submitted by the Government of Bombay was reduced by the Government of India upwards of 1½ lakhs, or nearly as much as the excess mentioned. The falling off in the earnings is said to be due entirely to the small amount of traffic during the second-half of 1872. The season was excessively bad for trade, and consequently for traffic, which was still further diminished by the break in the line.

11. *East Indian Railway.*—In the case of both the Main and Jubbulpore Lines of this Railway, the large differences between the Estimates and Actuals appear to be due to certain large adjustments on account of carriage and wagon stock, which affected both the Capital and Revenue Accounts of these under-

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takings, and which were not provided for in the estimates, having been carried

	RS.
* Main Line	17,70,000
Jubbulpore Line	2,50,000

out under the orders of Government. Further the provision* under Capital for the purchase of stores proved unnecessary. The Company, it is stated,

are reducing the stock of stores, and country stores are now purchased from Revenue funds. Allowing for the adjustments made which were not anticipated, the Revenue estimates were fairly correct.

12. *Eastern Bengal Railway*.—In the case of this Railway there appears to have been an error of 3 lakhs in the Capital Budget-Estimate, this amount for English stores having been erroneously brought forward from the Works estimates.

Under Revenue the estimate of receipts appears to have been too sanguine, and the working expenses seem to have increased in every department owing to the difficulties arising from the damaged state of the line. In the Engineering Department the expenditure has been almost 83 per cent. over estimate, due to the circumstance that the flood-damages were too great to be made good in the year in which they occurred, and also to the fact that a larger percentage of the cost of repairs was charged to Revenue than was at first contemplated.

13. *Scinde, Punjab and Delhi Railway*.—From the explanations furnished it appears that the net Capital transactions were both over-estimated, while the gross Capital receipts and Revenue withdrawals, including transfers, were greatly under-estimated. The net Budget-Estimate on Capital, however, appears to have been more accurate than the estimates prepared several months later.

In the Revenue Estimate it seems that the transfer adjustments were not provided for, and that the debits to Revenue on account of foreign traffic and stores were under-estimated.

The procedure followed by the Examiner in dropping out of his Annual Accounts certain items which had been reported to the Accountant-General in his monthly return was quite irregular, and should not be allowed to occur again. The Annual Accounts and Review should embrace all items which appear in the several monthly accounts.

The Government of India trust that the future estimates of this Railway may be found to be better forecasts of the out-turn of the year than those now under review.

14. *Oudh and Rohilkhund Railway*.—The final estimate of Capital advances has proved to be very accurate. The actual net withdrawals from Treasury have, however, fallen short of the Budget-Estimate by 17½ lakhs of rupees, owing mainly to provision having been made in the Budget-Estimate in a separate sum for the purchase and carriage of stores in India, although the estimated amounts set down for works and services also provided for expenditure on materials as well as labour. Moreover the outlay on bridges and culverts and upon the central workshops was considerably less than was anticipated. The difference between the net payments into Treasury on Revenue account and the Final Regular-Estimate is stated by the Auditor, Oudh and Rohilkhund Railway, in a letter addressed to the Accountant-General, to be due chiefly to the cash withdrawals

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from Treasury, and the adjustments for the last month of the year having been under-estimated. And in the papers received from the Consulting Engineer, it is remarked that the net payments into Treasury fell short of the Budget-Estimate owing to the different sections of the line having been opened later than was anticipated.

15. Before concluding this review, the Governor-General in Council would remark that the reports on the transactions of the past year, drawn up by the Examiners of Railway Accounts, have been laid before the Government of India without any comments whatever by the Local Governments and Consulting Engineers concerned. The advantages to be derived from a careful review of past transactions and criticism of estimates as a means tending to the avoidance of errors in the future, need hardly be pointed out, and the Governor-General in Council desires that in future years the Examiners' Reports may be accompanied by an expression of the opinions of the Local Governments and Consulting Engineers concerned in regard to the deviations from the estimates, and as to how far such deviations are due to causes which could not be foreseen.

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 the Government of India 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.

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

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6th February 1874.*

No. 126.

ORDER THEREON, 6th February 1874, No. 296.

RAILWAY, No. 16.

COMMUNICATED to the Consulting Engineer for Railways and to the Examiner of Railway Accounts with reference to G. O., No. 2,019, dated 14th August 1873. The attention of the former officer is specially called to the remarks* of the Government of India in regard to the importance of accuracy in the preparation of future Budget-Estimates and to the necessity for fully reviewing the financial transactions of Guaranteed Railways when transmitting the Examiner's Report.

*Paragraph 4.

(True Extract.)

Colonel, R.E.,
Secretary to Government.

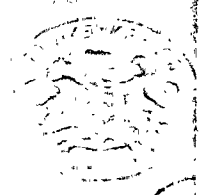
To the Consulting Engineer for Railways.
„ Examiner of Railway Accounts.

Rd. T. O'Connor.
Spare Copies

108
N^o 296
T3
Proceeding of the Madras Government
Read the following
From the Gov^t of India
G.D.
H. 2. N^o 596-602 ^A/₂ P.
of 23rd Decr. 1873

Communicated
to the Consulting Engineer
for Railways and to the
Examiner of Railway
Accounts with reference
to G.O. N^o 2019 dated
14th August 1873. The
attention of the former Officer
is specially called to the
remarks of the Government
of India in regard to
the importance of accuracy
in

* paragraph 4.



in the preparation of future
 Budget Estimates and
 to the necessity for fully
 reviewing the financial
 transactions of Guaranteed
 Railways when transmit-
 ting the Examiner's Report.

G.M.W.

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 The Comg Engineer
 for Railways
 " Examiner of Accounts

Despatch 8-c 9/2/74.

Cr. 56
Govt. of 1874 Madras.
PUBLIC WORKS.

The Commuting Charges
for Railways

Dated

Recd.

Encl. 1

G. O. of 1873, No. 296.

No. 1254126

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to the Officers concerned
with instructions.