

(1) Number of pages _____

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MADRAS RECORD OFFICE

Government of Madras

Public Works

DEPARTMENT

G.O. No.	2386	Press	Original
B.P. No.		Mis.	
Dated	19-8-1875		

Not to be folded or roughly handled

*Proceedings of the Madras Government, Public Works Department,
19th August 1875.*

No. 324. Read the following letter from R. G. MACDONALD, Esq., Examiner of Railway and Irrigation Accounts, to Major J. O. HASTED, R.E., Officiating Chief Engineer for Irrigation and Joint Secretary to Government, Public Work Department, dated Madras, 9th August 1875, No. 731 I. :—

I HAVE the honor to acknowledge the receipt of your memorandum, No. 47, dated 15th ultimo, forwarding, for perusal, the report of the Directors of the Madras Irrigation and Canal Company, which was presented to a meeting of shareholders held on the 29th May last, and attached to which are statements of the Company's accounts made up to the 31st December 1874.

2. As pointed out by you, the revenue account differs materially from the complete account for the same period. The Directors show a profit of £8,696-14-9, or Rupees 94,873-8-0 at the Government rate of exchange for the year 1874-75. There was in reality a loss of Rupees 2,66,926, although the revenue account (*vide* G. O., No. 2,002, dated 14th July 1875) had not, as will appear from the remark upon the face of it, been charged with the whole of the expenditure belonging to the period.

3. There are more discrepancies in these statements of account. In the "capital account" the gain by exchange on remittances of loan capital to India, £9,882, has not been entered as a receipt; and the whole of the capital, both guaranteed and loan, is shown as having been expended on the 31st December 1874 on works and services. This was not the case. There was in India at the date mentioned an unexpended balance of guaranteed capital of Rupees 409 and of loan capital of Rupees 92,867, besides stores balances to the amount of Rupees 1,19,495.

4. It is observed that the Directors have carried transfer fees, &c., to the dividend account. These are miscellaneous revenue receipts, and should have been carried to the revenue account.

5. I do not know that the Government is directly interested in the mortgage debenture account, but I beg leave to invite attention to it. The rate of interest is not stated; but out of the realizations amounting to £308,448, £26,833 have been paid as interest and £4,302 as expenses. There does not appear to be any likelihood of the Company being able to pay the interest on this mortgage of £367,080 for many years to come, except out of the money borrowed, and this course must shortly lead to financial disaster.

6. I regret that it is impossible from the accounts in this country to arrive at any satisfactory explanation of the important discrepancies noticed above, and I venture to suggest that the matter be referred to Her Majesty's Secretary of State for India in view to the Company being called upon to explain how their statements of account have been compiled.

7. I beg to return the pamphlet received with your letter under reply.

Proceedings of the Madras Government, Public Works Department,
19th August 1875.

No. 325. ORDER THEREON, 19th August 1875, No. 2,386.

IRRIGATION, No. 19.
Account.

ORDERED that a copy of these Proceedings be transmitted to the Secretary of State for such notice as may be deemed necessary.

(True Extract.)

Major-General, R.E.,
Secretary to Government.

To the Examiner of Railway Accounts.
„ Chief Engineer for Irrigation.

Exd. E. C. Shunker.
Spare Copies

Public Works Dept.

To
The Most Honourable the Secretary of State
for India

My Lord Marquis

We have the honor
to transmit herewith
for such notice as your
Lordship may deem

G.O. No. 2386 of 19th Aug 1875

necessary a copy of our
Proceedings in connection
with the Revenue &
Account of the Madras
Irrigation and Canal
Company made up to
the 31st December 1874.

It will be ob-
served that the accounts

as

is audited by the
Govt. Examiner and
furnished with our
Despatch No. 27 dated
21st July 1875 showed
a loss on working ex-
penses at the end of
the half year of Rs. ru.
20,8926, while the
accounts presented to
the shareholders in
London exhibit a profit
of £ 8,896-14-9, or
Rs. 94,873-8-0 calcula-
ted at the Govt. rate
of exchange. There
are other discrepancies
also which have at-
tracted attention and
are

are noticed in the enclosed letter from the Examiner.

The 2nd of
 1891
 5-10-7

Transmitting for each
office as many as deemed ne-
cessary copy of proceedings in
connection with the Revenue Act
of the H. & C. Co made up to
the 31 December 1874.

Report

The Secy of R. Acclis
& 1 Encl given to
Ch. Secy for Aug
2-10-75

11
Ct. 5394
Gt. of 11875 Madras.
PUBLIC WORKS.

To

Sr. Dy. Secy.

Dated

Issued

Recd.

Encl

G. O. 13 Aug 1875, No. 2386

Nos. 324-325

3247
325

Report of the Directors of the
M. S. C. Co. for the half year
ended 31 Dec 1874

Passing orders on —