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MADRAS RECORD OFFICE

Government of Madras

Public Works DEPARTMENT

G.O. No. 1965 (24)	Press
~~B.P. No.~~	~~Mis.~~
Dated 2-8-	1876

Not to be folded or roughly handled

*Proceedings of the Madras Government, Public Works Department,
2nd August 1876. No. 1,965.*

No. 39. Read the following letter from Lieutenant-Colonel J. H. M. SHAW-STEWART, R.E., Consulting Engineer for Railways, to Major-General G. W. WALKER, R.E., Secretary to Government, Public Works Department, dated Madras, 24th July 1876, No. 359. :—

REFERRING to Government of India Resolution on Proceedings, Nos. 29-31 a—G. R., dated 21st January 1876, I have the honor to submit a Memorandum (dated 1st February 1876) prepared by the Examiner of Railway Accounts, showing the manner in which the adjustments necessary consequent on the retrospective effect given by the Act of Amalgamation to the revised rate of exchange of 1s. 11d. per Rupee should be made in the books of the South Indian Railway Company.

2. The Agent has expressed his approval of the method proposed by the Examiner of Railway Accounts and concurred in by the Accountant-General, Public Works Department, as stated in the enclosed extract. I request that the sanction of Government may now be communicated to the necessary adjustments being made in the accounts of the South Indian Railway for the half-year ended 30th June 1876.

MEMORANDUM.

The adjustments necessary upon the books of the South Indian Railway to give retrospective effect in accordance with the Act of Incorporation to the rate of exchange for the South Indian Railway.

Two adjustments are required, one in the Indian books in respect of the advances made in England, and the other in the English books in respect of the advances in India. The entries for the two sets of books will not be the same, the items involved being different and requiring in the one case a reduction, and in the other an increase of expenditure.

2. As the disposition of the sums requiring adjustment is to be determined in India, the entries to be made in the Indian books will be first considered.

3. Carried out in its integrity, the Indian adjustment would raise a credit to revenue, in respect of the revenue proportion of the Home Establishment charges, &c, and the English stores consumed by revenue, and a debit for transfer fees and other items recovered in England and credited to revenue.

4. The amount on account of Establishment may be taken approximately as follows :—

	RS.	A.	P.
<i>Great Southern of India Railway.</i>			
Charged to Revenue to 30th June 1872*	67,864	13	10

* NOTE.—The proportion from June 1872 having been determined by a percentage on Revenue cash expenditure, no credit is allowable after that date.	at 1-10 = £6,220-18-11 £6,220-18-11 at 1-11 = 64,914 3 6
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Difference... ..	2,950 10 4
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	RS.	A.	P.
<i>Less</i>			
Carnatic	15,590	9	11
at 2s. £1,559-1-3			
£1,559-1-3 at 1-11 =	16,268	7	6
	677	13	7
Net difference ..	2,272	12	9

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5. The total stores consumed by revenue on the Great Southern of India Railway to the 30th June 1874 was approximately Rupees 15,88,942-1-10, but of these a very large proportion must have been purchased in India, and the same reasons which render an arbitrary adjustment of the exchange desirable would preclude the relative amount of English and Indian stores consumed by revenue from being determined accurately, even if it were possible, which it is not to distinguish them in the accounts. Assuming one-half to have been English stores, the following is the result :—

Rs. 15,88,942-1-10 ÷ 2 =	RS.	A.	P.
at 1-10 = £72,826-10-3	7,94,471	0	11
£72,826-10-3 at 1-11 =	7,59,928	13	3

Difference in exchange ... 34,542 3 8
6. The debit to revenue on account of transfer fees, &c., has been taken out roughly, as follows :—

Great Southern of India Railway transfer fees, &c.	RS.	A.	P.
at 1-10 = £1,099-18-3 = at 1-11 ...	11,999	0	7
	11,477	5	5

Less Carnatic	533	12	0
at 2 = £53-7-6 = at 1-11 ...	556	15	4

23 3 4

Difference... 498 7 10

7. These items would give a net credit to revenue as follows :—

For Establishment	2,272	12	9
„ Stores	34,542	3	8

Total... 36,815 0 5

Less Debit

For transfer fees, &c. ...	498	7	10
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Net amount .. 36,316 8 7

8. It is however at all times undesirable to reopen revenue accounts to disturb completed transactions, and it would not appear to be clear that an adjustment of this nature was contemplated. Under these circumstances and considering the comparative smallness of the amount and the extreme uncertainty as to the credit allowable on account of stores, the reopening of the revenue accounts would appear to be inadvisable.

9. In deducing the figures in paragraphs 13 and 21 below, it has been assumed that it will not be considered necessary to make any adjustment upon the revenue account.

10. The amount to be disposed of in the Indian books would appear to be as quoted* in the memorandum of the 10th April 1875, viz. :—

Great Southern of India Railway, reduction required	RS.	A.	P.
Less Carnatic, increase required	5,59,732	15	3
	78,708	8	0
Net deduction...	4,81,024	7	3

11. The sums at the debit of the stores in transit account at the 30th June 1874 had been credited to the Board at the then rates of exchange, but as these stores subsequently came to

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2nd August 1876. No. 1,965.

hand they were cleared at the new rate of exchange. An adjustment is therefore necessary upon this account. The amount would seem to be as follows :—

Stores in transit account at 30th June 1874, Great Southern of India Railway	RS.	A.	P.
At 1/10 = £170,808-1-8 = at 1/11 ...	18,63,360	14	6
	17,82,345	3	6
	81,015	11	0

Less—Carnatic Railway ...	7,56,717	12	0
At 2/0 = £75,671-15-6 = at 1/11 ...	7,89,618	8	4
	32,900	12	4

Difference of exchange to be adjusted ... 48,114 14 8

12. The stores in stock at the 30th June 1874 amounted to Rupees 18,56,623; of these a large portion must have been Indian purchases, and it may be taken that with comparatively small exception the whole have since been issued and charged off. It would not seem therefore either necessary or desirable to interfere with the Stores Suspense Accounts further than to adjust the Stores in Transit as noticed above.

13. Besides the stores shipped from England the credits to the Board include certain Home Establishment charges and payments on Indian Account, &c. A separate account for these was not kept in the Great Southern of India Railway Books, but the following it is believed represents roughly the amount of such credits on account of this Company.

Home Establishment, &c. ...	RS.	A.	P.
Home Payments, &c. ...	88,185	8	10
	14,934	2	3
	1,03,119	11	1

Less—Debits for transfer fees, &c. ...	4,279	8	8
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	98,840	2	5
At 1/10 = £9,060-6-11½ = at 1/11 ...	94,542	12	1

Difference in Exchange ... 4,297 6 4

14. In the Carnatic books the credits to the Board for other than store transactions were shown in a separate account, the balance of which at the 30th June 1874 was ...	RS.	A.	P.
Deduct credit to Board for purchase of tramway and assets included herein ...	8,07,758	4	0
	6,00,000	0	0

Credits for home charges, &c. ...	2,07,758	4	0
At 2/0 = £20,775-16-6 = at 1/11 ...	2,16,791	3	6

Difference in Exchange ... 9,032 15 6

15. The net result of the two foregoing items is—

Carnatic increase to be made in expenditure	RS.	A.	P.
Great Southern of India Railway, decrease do. ...	9,032	15	6
	4,297	6	4
	4,735	9	2

and this it is thought would form a proper charge to establishment.

16. The remaining portion of the amount to be dealt with would appear to be in connection with stores sent out from England and may be taken as creditable to works.

17. Adopting as a guide the credits to the Board at the 1st January 1870, Rupees 3,11,829 of the amount might be set down as due to the Negapatam Erode Section and the remainder to the new line.

*Proceedings of the Madras Government, Public Works Department,
2nd August 1876. No. 1,965.*

18. It would, however, be a very lengthy process to carry the credits through to the different sections and individual works of the line, entailing great labor without, it appears to the undersigned, any corresponding advantage.

19. The case would, perhaps, be sufficiently met by crediting the amount to the main and sub-heads of expenditure as given in Form V of the half-yearly accounts (Details of Capital Expenditure) in the ratio of the Stores Expenditure under them as a special item "Adjustment of Exchange."

20. The stores expended under these heads on the Negapatam Erode Section would not appear to be separately recorded, but the proportion it is thought would be fairly accurately determined by the expenditure of stores on the Southern Extension, the estimate of stores being taken in the case of any class of works which has not been sufficiently completed.

21. To summarise the foregoing. The undersigned would suggest that the adjustment should be effected in the Indian books by—

Crediting the stores in transit account with the amount required to adjust it	Rs.	A.	P.
Debiting Establishment with the difference in exchange on Home Establishment, Home payments, &c., brought to account in India (to be ascertained more accurately)	49,114	14	8
Crediting Capital expenditure under the main and sub-heads as given in Form V of half-yearly accounts in the ratio of the stores expenditure on them as a special item "Adjustment of Exchange" with the remainder	4,735	9	2
Making a net credit of	4,37,645	1	9
	4,81,024	7	3

which is the amount by which the credits to the Board require to be reduced.

22. The difference in exchange on the Capital subscribed in India and standing on the Indian books should be transferred to Capital not bearing interest as has been done in the English Accounts.

23. The adjustment in England remains to be noticed. Supposing the advances in India to the 30th June 1874 to have been fully brought to account in England at the old rates the amount to be adjusted in the English accounts would appear to be that quoted in the memorandum, dated the 10th April 1875, viz. :—

Great Southern of India Railway Company increase to be made.	£	s.	d.
Less Carnatic Company decrease do.	33,577	4	11
Amount requiring adjustment...	2,320	2	11
	31,257	2	0

It is essential that after the completion of these adjustments the corresponding accounts in the English and Indian books should, taken at the revised rate of exchange, agree. The adjustment in India being determined arbitrarily, the only course left open for effecting the one in the English books would seem to be, after the Indian adjustment has been completed, to bring the English accounts into accord with the Indian ones, care being taken that the expenditure in each has been fully brought to account in the other. The aggregate of the alterations in the English accounts should be a debit of the sum of £31,257-2-0, the amount by which the credit to Government on account of advances in India has to be increased owing to the revision of the rate of Exchange.

MADRAS,
1st February 1876.

(Signed) R. G. MACDONALD,
Examiner of Railway Accounts.

No. 678-R., dated 10th July 1876, from the Accountant-General, Public Works Department, to the Examiner of Railway Accounts, Madras.

WITH reference to your letter, No. 520, dated 3rd May last, on the subject of the adjustments necessary in the accounts of the South Indian Railway, consequent on the retrospective effect

*Proceedings of the Madras Government, Public Works Department,
2nd August 1876. No. 1,965.*

given to the revised rate of exchange by the act of incorporation of the Company, I have the honor to say that I approve of the mode of adjustment. It is of course understood that besides the concurrence of the Agent of the Railway Company, it will as a matter of course require the orders of the Government of Madras to that effect, before it can be carried out.

No 40. ORDER THEREON, 2nd August 1876, No. 1,965.

RAILWAY, No. 5.

SANCTION is accorded to the proposed adjustment being made in the accounts of the South Indian Railway for the half-year ending 30th June 1876.
(True Extract.)

Colonel,

Offg. Under Secy. to Govt., P.W.D.

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

Erd. W. H. French.
Spare Copies

Memorandum

The adjustments necessary upon the books of the South Indian Railway to give retrospective effect in accordance with the Act of Incorporation to the rate of exchange for the South Indian Railway.

Two adjustments are required, one in the Indian books in respect of the advances made in England and the other in ^{the} English books in respect of the advances in India. The entries for the two sets of books will not be the same the items involved being different and requiring in the one case a reduction and in the other an increase of expenditure.

2. As the disposition of the sums requiring adjustment is to be determined in India, the entries to be made in the Indian books will be first considered.

3. Carried out in its integrity the Indian adjustment would raise a credit to Revenue in respect of the Revenue — proportion

proportion of the Home Establishment charges &c and the English stores consumed by Revenue, and a debit for transfer fees and other items procured in England and credited to Revenue.

4. The amount on account of Establishment may be taken approximately, as follows:—

Great Southern of India Railway.
Charged to Revenue to 30 June 1872.
Note: The proportion from June 1872 having been determined by a percentage on Revenue Cash Expenditure, no credit is allowable after that date.

Rs 64,884:13:10
@ 1/10 = £ 6220-18-11
Difference £ 6220-18-11 @ 1/11 = 64,914:3:6
2980:10:4

Less Carnatic, Rs 15,590-7-11
@ 2/10 £ 1559-1-3
£ 1559-1-3 @ 1/11 = 16,268-7-6
Nil difference Rs 2,272-12-9

5. The total stores consumed by Revenue on the Great Southern of India Railway to the 30 June 1874 was approximately Rs. 15,88,942:1:10, but of these a very large proportion must have been purchased in India, and the same persons which

render an arbitrary adjustment of the Exchange desirable would preclude the relative amount of English and Indian stores consumed by Revenue from being determined accurately, even if it were possible, which it is not to distinguish them in the accounts. Assuming one half to have been English stores the following is the result:—

Rs. 15,88,942:1:10 ÷ 2 = Rs. 7,94,471:0:11
@ 1/10 = £ 72,826:10:3
£ 72,826:10:3 @ 1/11 = Rs. 7,59,928:13:3
Difference in Exchange Rs. 34,542-3-8

6. The debit to Revenue on account of transfer fees &c has been taken out roughly, as follows:—

Great Southern of India Railway,
transfer fees &c Rs 11999:0:4
@ 1/10 = £ 1099:18:3 = @ 1/11 Rs 11477:5:5
Less Carnatic Rs. 533:12:11 521:11:2
@ 2/1 = £ 53:7:6 = @ 1/11 556:15:4 23:3:4
Difference Rs 498-7-10

7. These items would give a net credit to Revenue as follows:—

For Establishment 2272 : 12 : 9
 Stores 34,542 : 3 : 5
 Total Rs. 36,815 : 0 : 5
 Less Debit
 For transfer to 498 : 7 : 10
 Net Amount Rs. 36,316 : 8 : 7

8. It is however at all times undesirable to reopen Revenue Accounts to disturb completed transactions and it would not appear to be clear that an adjustment of this nature was contemplated. Under these circumstances and considering the comparative smallness of the amount and the extreme uncertainty as to the credit allowable on account of stores the reopening of the Revenue Accounts would appear to be inadvisable.

9. In deducing the figures in paragraphs 13 and 21 below it has been assumed that it will not be considered necessary to make any adjustment upon the Revenue Account.

10. The amount to be disposed of in the Indian books would appear to be as

as quoted in the memo. of the 10th April 1875.
 viz:
 G. I. Railway reduction required Rs. 5,59,732 : 15 : 3
 Less Carnatic, increase 78,708 : 8 : 0
 Net deduction Rs. 4,81,024 : 7 : 3

11. The sum at the debit of the stores in transit account at the 30th June 1874 had been credited to the Board at the then rates of exchange, but as these stores subsequently came to hand they were cleared at the new rate of Exchange. An adjustment is therefore necessary upon this account. The amount would seem to be as follows:—

Stores in transit account at 30th June.
 1874 Great Southern India Railway Rs. 18,63,360 : 14 : 6
 @ 1/10 = £ 1,70,808 : 1 : 8 1/2 @ 1/11 Rs. 17,82,345 : 3 : 6 1/2
 Rs. 81,015 : 11 : 0

Less
 Carnatic Railway Rs. 7,56,717 : 12 : 0
 @ 2/10 = £ 75,671 : 15 : 6 @ 1/11 7,89,618 : 8 : 4
 Difference of Exchange to be adjusted Rs. 48,184 : 14 : 8

12. The stores in stock at the 30th June 1874 amounted to Rs. 18,56,623 of these a large portion must have been Indian purchases and it may be taken that with comparatively small exception the whole have

have since been issued and charged off. It would not seem therefore either necessary or desirable to interfere with the Stores Expense Accounts further than to adjust the Stores in Transit as noticed above.

13. Besides the stores shipped from England the credits to the Board include certain Home Establishment charges and payments over Indian Account &c. A separate account for these was not kept in the Great Southern of India Railway Books, but the following it is believed represents roughly the amount of such credits on account of this Company.

Home Establishment &c	88,185:8:10
Home payments &c	14,934:2:3
Less	Rs 103,119:11:1
Debits for transfer fees &c	4,277:8:8
@ 1/10 = £ 9060.6.11 1/2 = @ 1/11	Rs 98,840:2:5
Difference in Exchange Rs	74,542:12:1 1/2
	<u>4,277:6:4</u>

14. In the Carnatic books the Credits to the Board for other than store transactions were shown in a separate account

account the balance of which at the 30 June

1874, was	Rs 8,07,758:4:0
Deduct credit to Board for purchase of tramway and assets included herein	<u>6,00,000:0:0</u>
Credits for Home charges &c	2,07,758:4:0
@ 1/10 = £ 20,775:16:6 @ 1/11	Rs 2,16,791:3:6 1/2
Difference in Exchange Rs	<u>9,032:15:6 1/2</u>

15. The net result of the two foregoing items is

Carnatic increase &c made in expenditure	9,032:15:6 1/2
G. P. S. Rs decrease - do -	<u>4,297:6:4 1/2</u>
	Rs. <u>4,735:9:2 1/2</u>

and ^{this} it is thought would form a proper charge to Establishment.

16. The remaining portion of the amount to be dealt with would appear to be in connection with stores sent out from England and may be taken as creditable to works.

17. Adopting as a guide the credits to the Board at the 1st January 1870 Rupees 3,11,829 of the amount might be set down as due to the Negapatam Brock Section and the remainder to the new line.

18.

It would, however, be a very lengthy process to carry the Credits through to the different sections and individual works of the line, entailing great labour without, it appears to the undersigned, any corresponding advantage.

19.

The case would, perhaps, be sufficiently met by crediting the amount to the Main and Subheads of Expenditure as given in form V of the Half-yearly accounts (Details of Capital Expenditure) in the ratio of the Stores Expenditure under them as a special item "Adjustment of Exchange."

20.

The stores expended under these heads on the Nagapattam Erode section would not appear to be separately recorded, but the proportion it is thought would be fairly accurately determined by the expenditure of Stores on the Southern Extension, the estimate of stores being taken in

in the case of any class of works which has not been sufficiently completed.

21. To summarise the foregoing - The undersigned would suggest that the adjustment should be effected in ^{the} Indian books by -

Crediting the stores in transit account with the amount required to adjust it 48,114 : 14 : 8
Debiting Establishment with the difference in exchange on Home Establishment, Home payments &c brought to account in India (to be ascertained more accurately) 4,735 : 9 : 2

Crediting Capital or expenditure under the Main & Subheads as given in form V of Half yearly accounts in the ratio of the stores expenditure on them as a special item
"Adjustment of Exchange" with the remainder 4,37,845 : 1 : 9
Making a net credit of Rs 4,81,024 : 7 : 3

which is the amount by which the credits to the Board require to be reduced.

22. The difference in Exchange on the Capital subscribed in India and standing on the Indian books should be transferred to Capital not bearing interest as

11. as has been done in the English accounts.
 23. The adjustment in
 to England remains to be noticed. Supposing
 in the advances in India to the 30th June 1874 to
 have been fully brought to account in
 a England at the old rates the amount
 to be adjusted in the English accounts would
 appear to be that quoted in the Memo. dated
 the 10th April 1875. Viz:—

G. S. S. R. Co. increase to be made	\$ 33,577.4.13 $\frac{1}{4}$
Less Carnatic Co. decrease	<u>2,320.2.13$\frac{1}{4}$</u>
Amount requiring adjustment	<u>\$ 31,257.2.0</u>

It is essential that after the comple-
 tion of these adjustments the Corresponding
 accounts in the English and Indian
 books should, taken at the revised rate
 of Exchange, agree. The adjustment in India
 being determined arbitrarily, the only course
 left open for effecting the one in the English
 books, would seem to be, after the Indian
 adjustment has been completed, to bring
 the English accounts into accord with the
 Indian

Indian ones, care being taken that the
 expenditure in each has been fully brought
 to account in the other. The aggregate of the
 alterations in the English accounts should
 be a debit of the sum of \$ 31,257.2.0, the
 amount by which the credit to Government
 on account of advances in India has to be
 increased owing to the revision of the rate of
 Exchange.

Markes } R. G. Macdonald
 1st February 1876 } Examiner Railway Accounts
 Markes

End
 R. G.

P.W. 5324/

2

500 10-9

No. 678.2 dated 10 July 1876 from the
Assistant General, Public Works Dept.
to the Engineer, Railway Accounts, Madras.

With reference to your letter
No. 520 dated 3rd May last on the subject
of the adjustments necessary in the accounts
of the South Indian Railway, consequent
on the retrospective effect given to the
revised rate of exchange by the act of
incorporation of the company, I have
the honour to say that I approve of the
mode of adjustment. It is of course
understood that besides the concurrence
of the agent of the Railway Company, it
will as a matter of course require the
orders

P. H. 5324 / 76

orders of the Government of Madras
to that effect, before it can be carried
out.

1 June 1876

A. Baluchetty
Accountant

Enc.
M.P.

RAILWAY DEPARTMENT.

CONSULTING ENGINEER'S OFFICE,
Madras, 24th July - 1876.

No. 359.

From

LIEUT.-COLONEL J. H. M. SHAW-STEWART, R.E.,

Consulting Engineer for Railways,

To

MAJOR-GENERAL G. W. WALKER, R.E.,

Secretary to Government,

Public Works Department,

Fort Saint George.

SIR,

Referring to Government
G.O. No. 279 of India Resolution on Proceedings
January 1876. Nos. 29-31 A-G. A dated 21st January
1876 I have the honour to submit a
Memorandum (dated 1st February 1876)
prepared by the Examiner of Railway
Accounts showing the manner in which
the adjustments necessary consequent on
the retrospective effect given by the
Act of Amalgamation to the revised
rate of exchange of 1/11^d per rupee
should be made in the books of
the South Indian Railway Company.

2.

The Agent has ex-

-pressed

124-2
pressed his approval of the method
proposed by the Examiners of

Railway Accounts and concurred in by
the Accountant General Public
Works Department as stated in

the enclosed extract. I request
that the sanction of Government

may now be communicated to
the necessary adjustments being
made in the accounts of the
South Indian Railway for the
half-year ended 30th June 1876.

I have the honour to be

Sir

Your most obedient servant
W. Cooper Esq - Captain
for Genl. Engineer for Railways

From letter No.
678 P dated
10th July 1876

124-2
A. S. S. S.
124-2

405-1-76 No 27
31-1-76 279

P. W. 1876 Dept
No 5324

No 1965 of 2 Aug 76.
Sanction is accorded to
the proposed adjustment being
made in the accounts of the
South Indian Railway from
the half year ending 30th
June 1876

311
11

Comdgr for P.W. ✓
by: P.W. Asst. ✓
Dated 17/8/76

Cin-29-7-76 Vth 2.8.76
Dep't to 27-7-76 11-8-76

Submitting a
memo by the 2nd Dy.
Accts regarding the
expenditure necessary
in consequence of the
retroactive effect given
to the revised rate of exchange
in the books of the 1st Dy.

2.25
No. 359
24th July 1876
Received

To
The Consulting Engineer
for Railways,
The Secretary to Government,
P. W. Department,
Fort Saint George.

RAILWAY DEPARTMENT.

5324

Conf. of 1870

PUBLIC WORKS.

This Com^o Leaf for No

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G. O. 2, Sept 1870, No. 1965

Nos. 37 + 100

Adjustments in the
Accounts of the South
Indian Tribes - According
to the proposed
— being made
for the half year ending
30th June 1870

18-8-70