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MADRAS RECORD OFFICE

Government of Madras

Public Works DEPARTMENT

G.O. No.	279	(Ry)	Press
~~B.P. No.~~			~~Mis.~~
Dated	31-1-	1876	

Not to be folded or roughly handled

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*Proceedings of the Madras Government, Public Works Department,
31st January 1876.*

No 589 Read the following Proceedings of the Government of India in the Public Works Department, (Account—Guaranteed Railways,) dated Fort William, 21st January 1876, Nos. 29-31 A—G R —

Adjustments in the Accounts of the South Indian Railway consequent on the retrospective effect given to the revised Rate of Exchange

Read the following —

Despatch from the Secretary of State for India, to the Government of India, dated 11th November 1875, No 107 R.

HEREWITH is transmitted, for your Excellency's information, a copy of a corre-

* Letter from Mr H W Notman, No 93 of 10th June 1875, and enclosure Do to do, dated 18th August 1875 Do from do, No 132 of 19th October 1875	spondence* with the South Indian Railway Board, relative to the manner in which the item of "capital subscribed in India should be dealt with, and also the mode in which the adjustments in the Com-
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pany's accounts rendered necessary in consequence of the retrospective effect given by the Act of Amalgamation to the revised rate of exchange of 1s 11d. the Rupee, should be effected

2 A copy of a report, prepared in the Accounts Branch of this office on the same subject, is also sent herewith

3. This latter document explains the manner in which the item of "capital subscribed in India" has been treated in the books of this office, and the Board, in their letter of the 19th October, No. 132, agree in the course which has been followed, by which a sum of £55-9-11, being the difference between 1s. 10d and 1s. 11d the Rupee on £1,220-19-4, the amount of the capital so subscribed, is carried to the credit of capital not bearing interest

4 In the same report it is suggested, in consequence of the difficulties which lie in the way of an adjustment of the stores account in accordance with the letter of the agreement, that some arbitrary adjustment to be decided on in India should be adopted. The Board acquiesce in this view, and if your Excellency sees no objection, I authorize its being acted on

5 The Government of Madras has been furnished with a copy of this despatch for its information and guidance

From H W NOTMAN, Esq, Managing Director, London Board, South Indian Railway Company, to the Under Secretary of State for India, dated 10th June 1875, No 93

I HAVE the honor to enclose copy of a memorandum by Mr R. G Macdonald, Government Examiner of Railway Accounts, Madras, relative to adjusting entries that will be necessary in the accounts of this Company to 31st December 1874 in consequence of the retrospective effect given by the Act of Amalgamation (37 and 38 Vic, Chap. C XII) to the revised rate of exchange of 1s 11d per Rupee, and I am desirous to request that the views and instructions of the Secretary of State in Council in relation thereto may be communicated to the Directors for their guidance

Memorandum from R. G MACDONALD, Esq, Examiner of Railway Accounts, Madras, on South Indian Railway Accounts for the 31st December 1874

ADJUSTMENTS giving retrospective effect in accordance with the Act of Incorporation of the Company to the revised rate of exchange have not been made

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Accordingly the receipts from stock and shares are overstated by £55, the difference between the sum of Rupees 13,319-10-0 capital of the Great Southern of India Company subscribed and paid into treasury in India at 1s 10d and 1s 11d per Rupee

And on the disbursement side of the accounts stated in pounds an adjustment of the difference between the net capital advances to India to the 30th June 1874 at the rates of exchange in force to that date, and at the revised rate is necessary. The following would appear to be the sum requiring adjustment—

Great Southern of India Company

Net advances in India to 30th June 1874—

	RS	A	P
Government Capital Account	79,31,259	7	5
Do Advance do	1,27,270	1	6
Total	80,58,529	8	11

	£	s	d
At 1s 10d per Rupee	738,698	10	10½
At 1s 11d " "	772,275	15	0
Increase to be made in disbursements	33,577	4	1½

Carnatic Railway

Net advances to 30th June 1874—

	RS	A	P
Government Capital Account	5,45,527	0	2
Do Advance do	11,298	10	4
	5,56,825	10	6
	£	s	d
At 2s per Rupee	55,682	11	3½
At 1s 11d " "	53,362	9	2
Decrease to be made	2,320	2	1½

Net Result

Increase to be made in disbursements on account of Great Southern of India Company's transactions	33,577	4	1½
Decrease on account of Carnatic do	2,320	2	1½
Amount requiring adjustment	31,257	2	0

The account of the advances in India kept by the Secretary of State would appear from following to have been brought into account with the revised rate of exchange—

	£	s	d
Advances in India to the 30th November 1874, as per Secretary of State's return	904,801	0	0
Add December transactions and transfers from August not included in the above	Cr. 280	0	0
	904,521	0	0

Advances in India to the 31st December 1874 as per Company's books—

	RS	A	P
Government of India Capital Account	93,51,822	0	7
Do Capital Advance do	86,659	13	10
At 1s 11d per Rupee	94,38,481	14	5
Difference	£904,521	0	0
	Nd		

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In the Company's accounts kept in India, modification is required in respect to the credits to the Board of Directors to the 30th June 1874 on account of shipments of stores and payment on Indian Account, &c.

The reduction to be made is thus deduced—

Great Southern of India Railway

Credits to Board to 30th June 1874—

	RS	A	P
English Advances Account	1,28,73,858	4	10
At 1s 10d per Rupee	1,180,103	13	7
At 1s 11d " "	1,180,103	13	7
Reduction to be made in credit on account of this Company	5,59,732	15	3

Carnatic Railway

Credits to Board to 30th June 1874—

	RS	A	P
Board of Directors, London Account	8,07,758	4	0
Do of do, Store Account	10,02,537	4	0
	£	s	d
At 2s per Rupee	181,029	11	0
At 1s 11d " "	181,029	11	0
Increase to be made in credit	78,708	0	0

Net Result

Reduction to be made on account of transactions of Great Southern of India Company	5,59,732	15	3
Less increase on account of the Carnatic Company	78,708	8	0
Net reduction required	4,81,024	7	3

From Sir LOUIS MALLET, Under Secretary of State for India, to the Managing Director, London Board, South Indian Railway Company, dated 18th August 1875

I AM directed by the Marquis of Salisbury to acknowledge the receipt of your letter of the 10th June, No 93, relative to the adjustment which will become necessary in the accounts of the South Indian Railway Company in consequence of the retrospective effect given by the Act of Amalgamation to the revised rate of exchange, viz, 1s 11d. the Rupee.

2 In reply, I am instructed to transmit for the Board's information a copy of a memorandum on the subject prepared in the Accounts Branch of this office, and to request to be furnished with the Board's views on the proposal therein made for dealing with the item in the accounts of the Great Southern of India Railway Company of capital subscribed in India.

3 It will be further seen that it is proposed, in consequence of the great labor which would be involved in adjusting the store account according to the letter of the agreement, that some arbitrary adjustment to be decided on in India shall be adopted. On this point also Lord Salisbury will feel obliged by being informed of the Board's views.

Report by E R C BROWNE, Esq, Accountant, India Office, dated 22nd July 1875

As stated in the memorandum of the Examiner of Railway Accounts, Madras, forwarded with Mr Notman's letter of the 10th ultimo, an adjustment appears to be necessary in the Indian books to give retrospective effect to the revised rate of exchange.

By the 1st and 2nd clauses of the agreement for the amalgamation of the Great Southern of India and Carnatic Railway Companies, it is prescribed that, in the making up and settling all

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accounts between the Secretary of State in Council and the Great Southern of India and Carnatic Railway Companies, respectively, in every case in which it shall be, or shall have been, necessary for any purpose to fix a rate of exchange either in respect of past or present transactions, such rate shall be deemed to have been, and shall be, at one fixed rate of 1s 11d per Government rupee, and in every case in which any transaction may have taken place on the footing of a different rate, such transactions *shall for this purpose be opened*, and the last-mentioned rate be substituted

With respect to the subscribed Capital Account, the only item requiring adjustment appears to be the receipt in India on account of £1,220-19-4 stock of the Great Southern of India Railway Company, which has been adjusted in the following manner in the Home books. A sum of Rupees 13,319-10-0 was received in India, being the equivalent, at 1s 10d per Rupee, of the above-mentioned £1,220-19-4 share capital, and those Rupees converted into sterling at 1s 11d per Rupee, producing £1,276-9-3, or £55-9-11 more than that share capital, the latter sum of £55-9-11 has been treated as premium, and carried to the credit of "capital not bearing interest"

With regard to disbursements, the sums requiring adjustment appear to be those brought on the *Indian* books in Rupees in respect of payment in sterling in this country made for the purchase of stores for shipment to India, or otherwise on Indian account, thus £1,000 having been paid in England for stores for the Great Southern of India Railway Company, Rupees 10,909-1-5, the equivalent of that amount at 1s 10d per Rupee, was debited to the store account in India in respect of those stores, and on those stores being used, the account to which they are appropriated has been, or will be, charged with Rupees 10,909-1-5, and on that item being reconverted into sterling at 1s 11d per Rupee, that account would be charged with £1,045-9-1 for stores which only cost £1,000. Therefore in respect of £1,000 paid in England for stores for the Great Southern of India Railway Company for Rupees 10,909-1-5, Rupees 10,434-12-6 should be substituted

Consequently, in order to adjust the store account according to the letter of the agreement, it would be necessary not only to revalue in Rupees all stores purchased in England prior to the 30th June 1874, and remaining in stock in India at that date, but *all* stores purchased in England from the commencement of either undertaking, and re-debit the several accounts chargeable with them

This course, if not absolutely impossible, would involve so much labor that I consider it out of the question. It only remains therefore to adopt some arbitrary adjustment, which it appears to me can only be decided upon in India. And I would therefore recommend that the subject be referred for the consideration of the Government of India

From H W NOTMAN, Esq., Managing Director, London Board, South Indian Railway Company, to the Under Secretary of State for India, dated 19th October 1875, No 132

I AM instructed by the Board to acknowledge receipt of Sir Louis Mallet's letter, dated 18th August, transmitting copy of a memorandum prepared in the Accounts Branch of the India Office, relative to the mode of dealing with the item of "capital subscribed in India, and also to the adjustments which will become necessary in the accounts of the Company consequent upon the retrospective effect given by the Act of Amalgamation to the revised rate of exchange of 1s 11d per Rupee

2. In reply, I am now desired to state that the Directors acquiesce in the views expressed in the memorandum in question, and that they have given instructions that £55-9-11, being the difference between the equivalent of Rupees 13,319 (the capital received in India), at 1s 10d. and at 1s 11d per Rupee, respectively, shall be treated as premium, and carried to the credit of "capital not bearing interest," and as regards the second point, they agree in the expediency of making some arbitrary adjustment to be decided on in India, so as to avoid the great

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amount of labor which would necessarily be entailed were the whole store accounts to be re-opened in order to arrive at the actual result according to the letter of the agreement

RESOLUTION —The Government of Madras is requested to arrange for the adjustments being carried out in accordance with the instructions of the Secretary of State. The Accountant-General, Public Works Department, should arrange with the Examiner of Railway Accounts, Madras, as to the best and easiest manner in which the approximate adjustment of the stores transaction can be carried out.

ORDER —Ordered that a copy of this Resolution be communicated to the Government of Madras, and to the Accountant-General, Public Works Department, for information and guidance.

Ordered also that a copy be forwarded to the Financial Department for information.

(Signed) C. H. DICKENS, Colonel, R A,
Secy. to the Govt of India

No 590. ORDER THEREON, 31st January 1876, No. 279.

RAILWAY, No 52

RECORDED, with reference to G O,
No 27, dated 5th January 1876.

(True Extract.)

Major-General, R E,
Secretary to Government.

To the Consulting Engineer for Railways
,, Examiner of Railway Accounts

Exd E C Shunker
Spare Copies

m. w. 1876 Dept
No: 720

GOVERNMENT OF INDIA
PUBLIC WORKS DEPARTMENT
ACCOUNT.
Guaranteed Railways

To

THE GOVT OF MADRAS, IN THE P. W DEPT
THE ACCOUNTANT GENERAL, PUBLIC WORKS
DEPARTMENT
THE FINANCIAL DEPARTMENT

Nos 29—31 A—G R

Dated January 21, 1876.

Received *28*

No 279 *Ref*
Recorded with
reference to Co No 27 dated
5 January 1876

Jan 1876 *Green*

N 587-590

Adjustments in the accounts of the South
Indian Railway consequent on the retrospective
effect given to the revised rate of exchange

No 46, P W D Press—21-1-76—50

Ch. A. — 21

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Govt. of 1876 Madras.

PUBLIC WORKS.

To Comy. Engrs for
2-2-76 Rys

Dated

Issued

Recd

Encl

G. O. 31 Jan 1876, No.

279

Hes. 5/77

Copy of State records

Adjustments in the Accounts
of the S. L. Ry. — Resolving
the Govt of India regarding
the Madras Govt to arrange
for the — consequent on the
retrospective effect given to
the revised rate of exchange,
being carried out in accordance
with the instructions of the