

(1) Number of pages _____

(2) Date of repair _____

(3) Initials of the Referencer _____

MADRAS RECORD OFFICE.

Government of Madras.

Public Works DEPARTMENT.

G.O. No. 335 (W) Press
Mis.

Dated 1-2-18

Not to be folded or roughly handled

No. 44. Read the following letter from Major P. LAMBERT, R.E., Examiner, Railway and Irrigation Accounts, to Lieutenant-Colonel J. MULLINS, R.E., Chief Engineer for Irrigation, dated Madras, 15th January 1877, No. 49—I:—

With reference to G.O., No. 1,364, dated 13th May 1875, and to your Office No. 49—I.C.C., dated 11th November 1876, I have the honor to intimate that a report has been received by me from the Government Accountant at Kurnool on the subject of the adjustment of the Contractors' Deposit Account in No. 2 Account of the Madras Irrigation and Canal Company. The total sum to be credited to "Construction" and "General Management" is reported to amount to Rupees 21,696-8-7, and this sum should have been paid into the Treasury to the credit of Capital Account in November 1876. The balance of No. 2 Account available in the Bank in that month, however, was only Rupees 16,000, and therefore the payment could not be made at the time, but is to be made in current month, when some funds, which are to credit of the Company in the Bank as a fixed deposit, will be available for withdrawal.

2. The sum of Rupees 21,696-8-7, mentioned in preceding paragraph, does not however include interest which has been realized on the contractors' deposits, and I have the honor to inquire whether, in carrying out the adjustment of this account, the sum realized by interest should be taken into consideration or not.

3. The Contractors' Deposit Account appears to be made up of sums retained from each contractor during construction, and since forfeited on account of bad work, loss of tools, &c. The rule on the Canal was to pay the contractor nine-tenths of the full value of the work, the remaining one-tenth being kept back as security. For such sums as these the Chief Engineer and Manager considers that no interest could well be claimed by the contractors; but it is a question whether the interest which has accumulated should be looked upon as an item to be included in the adjustments of the Contractors' Deposit Account or not. The principal has been hitherto kept in the Company's private account, and interest has been allowed to accumulate on it; but as the principal is now shown to have properly belonged to Government accounts, the interest would also belong to the same. It is not clear whether the practice of actually retaining in cash one-tenth of the value of work done by each contractor was recognized by Government as admissible, and probably at the time the practice was not clearly known, as No. 2 Account is believed not to have been open to the inspection of Government officers at the time that construction was going on. It is usual on Government works, when security has to be taken from a contractor by deductions from payments for value of work done, not to actually bring the amount of such deduction in cash into any account, but simply to treat the deduction as balance due to contractor, to be adjusted on final completion of the work. In a procedure of this kind there would not of course be any principal on which interest could be drawn, and no interest would accrue to contractors.

4. In the present financial condition of the Madras Irrigation and Canal Company, it is a question whether Government would wish to press the subject

*Proceedings of the Madras Government, Public Works Department,
1st February 1877. No. 335.*

of repayment of interest as well as capital on Contractors' Deposit Account, especially as the sum involved would not probably be large; but at the same time the Company can have no claim to it.

No. 45. ORDER THEREON, 1st February 1877, No. 335.

ACCOUNT.
Irrigation, No. 6.

The balance in the Contractors' Deposit Account consists of money on which the State has been paying interest, or which has been advanced to the Company and has paid no interest; there is no reason therefore why the interest which has accrued on the deposits should not follow the adjustment of the principal.

(True Extract.)

Lieut.-Colonel, R.E.,
Secretary to Government.

To the Chief Engineer for Irrigation.
" Chief Engineer and Manager, Madras Irrigation and Canal Company.
" Examiner, Irrigation Company's Accounts.

Exd. S. T. Austin.
Spare Copies

adjustment of this Account, the sum realized by Interest should be taken into consideration or not.

The Contractor's deposit Account appears to be made up of sums retained from each contractor during construction, and since forfeited on account of bad work, loss of tools, &c. The rule on the final was to pay the contractor $\frac{7}{10}$ of the full value of the work, the remaining $\frac{3}{10}$ being kept back as security. For such sums as these the Chief Engineer and Manager considers that no interest could well be claimed by the contractors, but it is a question whether the interest which has accumulated, should be looked upon as an item to be included in the adjustments.

adjustments of the Contractor's
Deposit Account or not. The principal
has been hitherto kept in the Company's
private account and interest has been
allowed to accumulate on it, but as
the principal is now shown to have
properly belonged to Government
Accounts, the interest would also
long to the same. It is not clear
whether the practice of actually pre-
taining in cash $\frac{1}{10}$ of the value of
work done by each Contractor was re-
cognized by Government as admissible,
and probably at the time the practice
was not clearly known as Warrant Account
is believed not to have been open to
the inspection of Government Officers
at the time that Construction was going
on. It is usual on Government works,
when security has to be taken from a
Contractor

Contractor by deductions from payments
for value of work done, not to actually
bring the amount of such deduction
in cash into any Account, but simply
to treat the deduction as balance due
to Contractor, to be adjusted on final
completion of the work. In a procedure
of this kind there would, not of course,
be any principal on which interest
could be drawn and no interest would
accrue to ^{Contractors} Government.

4 In the present financial
condition of the Madras Irrigation
and Canal Company it is a question
whether Government would wish to
press the subject of repayment of
interest as well as capital on Contractor's
Deposit Account, especially as the
sum

sum involved would not probably
be large, but at the same time
the company can have no claim
to it.



P.W.D.

27 JAN 77

114

I have the honor to beg

Sir,

Your most obedient servt.

Thamaraiah Nayar R.E.

Examiner, Ry & Ser. Accts,
Madras.

22/1/77

Go to 145-9-18-1-75

" 134-10-13-5-75

" 366-11-2-70

to S.I. 66-off

R.I. 66-3 Encl-off

R 56-I. 66-off

the nature of the work
in the construction of
the works can be ascertained
in the accounts.

to the Chief Engineer
for irrigation
at Madras

to the Chief Engineer
for irrigation
at Madras

to the Chief Engineer
for irrigation
at Madras

Dec 27-1-77

No. 499

Examiner, Railway Accounts' Office
Madras 13th January 1877

From

The Examiner, Ry and Ser. Accounts,
Madras.

To

The Chief Engineer for Irrigation,
Fort St. George.

Sir,

With reference to G.O. No. 1364 dated 1st May 1876, and to your letter
office No. 499 dated 11th November 1876, I have the honor to intimate that
a report has been received by me from the Government Accountant at Madras
on the subject of the adjustment of the Contractors' Deposit Account in No. 2
Account of the Madras Irrigation and Canal Company. The total sum
to be credited to "construction" and General

General

"General Management" is reported to amount to Rs 21,696-8-7, and this sum should have been paid into the Treasury to the credit of Capital Account in November 1876. The balance of V.C. Account available in the Bank in that month however, was only Rs 6000, and therefore the payment could not be made at the time, but is to be made in current month when some funds which are to credit of the company in the Bank as a fixed deposit will be available for withdrawal.

2. The sum of Rs 21,696-8-7 mentioned in preceding paragraph, does not however, include interest which has been realized on the contractors' deposits, and I have the honor to enquire whether in carrying out the adjustment

No 335

Public Works Department.

PROCEEDINGS of the MADRAS GOVERNMENT.

Under date the 1st Feb 1877

Read the following:—

From the Examiners of
Railway Accounts (H. E. M. 19/17 15 Jan 77)

The balance in the Contract Deposit account consists of money on which the State has been paying interest or which has been advanced to the Company and has paid no interest. There is no reason therefore why the interest which has accrued on the deposits should not follow the adjustment of the principal.

Yr. 27/1

C. R. for Engrs
Chas. M. M. S. Co
Re. En. Co. Acc. to

Recd - 13-2-77

G. R.

67-814

RECEIPT OF 1873
PUBLIC WORKS.

To the Chief Eng^r Lee Eng^r

Date _____
Amount _____
Recd. _____

1st Receipt 1873 No. 335

Contractors Deposit Acct: in No 2
Account of the Fm. I & C. Co.

The interest on the _____,
to follow the adjustment of the
principal,

Conf in Rep^r