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MADRAS RECORD OFFICE.

Government of Madras.

Public Works DEPARTMENT.

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Dated 10-10-1877.

Not to be folded or roughly handled

GOVERNMENT OF MADRAS.

PUBLIC WORKS DEPARTMENT.

6th October 1877, No. 898 W.

General.

Account.

Read the following paper :—

No. 59. Resolution of the Government of India in the Public Works Department, (Account—General,) dated Simla, 14th September 1877, Circular No. 51 Public Works.

Keeping down of Stock rates to the current or normal market rates.

Read the following :—

Note by Lieutenant-Colonel J. J. McLEOD-INNES, V.C., R.E., Accountant-General, Public Works Department, suggesting the issue of orders with a view to keeping down stock rates to the current or normal market rates, dated 3rd July 1877, No. 378 G.

I HAVE the honor to bring to notice that there do not seem to be any rules in force which specifically enjoin and provide for the keeping down of the rates of stores to the current or normal market rates. In the absence of such specific injunctions and arrangements, it is but too much the custom to charge too readily to stock various items of expenditure that might be charged at once to works, the results of such charges being to increase the stock rates and to transfer the burden of the item from current to future final charges.

2. I venture therefore to suggest that a fundamental rule be laid down to the effect that "the rates at which materials are to be kept on the stock lists of divisions should not be allowed to exceed the rates at which such materials can be procured in the open market."

It should be ruled that it is one of the duties of the Examiners of Accounts to see that this is done, and that all sums requiring to be removed from the stock account to enable this to be effected are removed and charged to current work.

3. They should also be held responsible for opposing the charge to stock of whatever is properly chargeable direct to works.

RESOLUTION.—It is observed that though, in individual instances, orders have been repeatedly given that materials in stock are to be relieved of all undue charges, so as to admit of the rates at which they can be issued differing as little as possible from the rates at which similar stores can be used if procured in the open market, the rules in force contain no general injunction to this effect. The point on which stress has been chiefly laid in rules heretofore is that the rates should be such as to cover the balance of the stock ledger, and the practice has generally been to charge to the stock ledger all outlay that could either directly or indirectly be regarded as outlay on stock as contrasted with outlay on works, a practice which admitted of the exhibition, without any sort of reduction or concealment, of the amount that reserve stock really cost.

But experience has proved that it is of less importance to obtain an accurate knowledge of this than to keep the rates down so as to make them approximate to the current market rates, *i.e.*, the proper values of the articles.

In arranging to effect this, the only point which is the least in doubt is how those further expenses should be charged, which have heretofore been charged to

Subd
4/10/77
11-10-77

With order.

stock, unduly enhancing the issue-rates of the articles. These charges are of three kinds, according as they are due to—

Carriage,
Miscellaneous expenses,
or depreciation of quality or quantity of stock.

Carriage should be charged to works as directly as possible. The other items will probably be charged most conveniently in the first place to stock. But these, and in fact all sums which it is necessary to clear off the stock accounts to reduce the rates to the proper amounts, should be investigated and calculated by the Examiners of Accounts and laid before Superintending Engineers who should decide on the rates to be adopted, and how the amounts left over and requiring to be adjusted should be distributed among the current works. It will probably be most convenient to make this adjustment annually in the middle of the year in connection with the half-yearly stock accounts for 30th September.

There is one class of cases which requires special orders. When stock has been collected for specific works, and, in consequence of delay or change of intention in carrying them out, that stock has deteriorated, or there is no real market or use for them, the loss resulting therefrom should be charged to the works concerned under a distinct sub-head, in addition to the usual or normal sub-heads of their estimates.

The Governments of Madras and Bombay, in the Public Works Department, General, Irrigation and Railway Branches.
The Governments of Bengal, North-Western Provinces and Oudh, and Punjab, in the Public Works Department, General and Irrigation Branches.
The Chief Commissioners of the Central Provinces, British Burmah, Mysore and Coorg, and Assam.
The Resident at Hyderabad.
The Agents to the Governor-General for Central India and Rajpootana.
The Superintendent of Port Blair and Chief Commissioner, Andaman and Nicobar Islands.
The Director-General of Telegraphs.
The Inspector-General of Military Works.
The Accountant-General, Public Works Department.
Directors of State Railways, Central, Western, and North-Eastern Systems.
The Director of State Railway Stores.

ORDER.—Ordered that a copy be forwarded to the Local Governments and Administrations and Officers marginally noted for information and guidance.

(Signed) J. J. McLEOD-INNES, Lt.-Col., R.E.,
Dy. Secy. to the Govt. of India.

To the Secretary to the Government of Madras, Public Works Department.

No. 60. ORDER THEREON, 6th October 1877, No. 898 W.

COMMUNICATED to the Examiner of Public Works Accounts and to District Engineers for information and guidance.

(True Extract.)

Colonel, R.E.,
Secretary to Government, P.W.D.

To the Examiner of Public Works Accounts.
To District Engineers.
„ the Chief Engineer for Irrigation.
„ the Consulting Architect.

Exd. E. C. Shunker.
Spare Copies

98 Wd/6th Oct/77
communicated
to Public
accounts and to
Engineers for
their aid
etc.

cut 5/10

GOVERNMENT OF INDIA.
PUBLIC WORKS DEPARTMENT.

ACCOUNT.
General.

To

Circular No. 51 Public Works.

Dated SIMLA, September 14, 1877.

Received

900
Do you wish to add
anything to the draft order
on the other side?

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1-10-77

For withdrawal

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Keeping down of stock rates to the current or normal market rates.

with order.

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Oct. of 1877
PUBLIC WORKS.

Exr. R. W. L.

Dated

Issued

Recd.

Each

6 Oct 1877 898 W

Nos. 59-60

Keeping down of stock rates
to the current or normal rates
Recalculation of the Sat. of Indian
in the subject of —, command
to the Mr. Macco & to the
for information & guidance

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