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(1) Number of pages 146

(2) Date of repair Mar. 87.

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AMIL NADU ARCHIVES

VERNMENT OF TAMIL NADU

P.W.D DEPARTMENT

G.O. No. B.P. No.	3081. W.	Press. Mis.
Dated	12.12.1881	~~197~~.

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3081/1

GOVERNMENT OF MADRAS.

PUBLIC WORKS DEPARTMENT.

12th December 1881, No. 3081 W.

General.
Account.

Read the following papers :—

No. 42-A. From D. C. GORDON, Esq., Examiner of Public Works Accounts, to the Secretary to Government, Public Works Department, dated Madras, 2nd September 1881, No. 114 W.

I HAVE the honor to submit, for the information of Government, the following communications :—

Letter No. 1045, dated 22nd July 1881, from the General Superintendent, Public Works Workshops, together with the annual accounts of the shops for the year 1880-81.

Audit Report by the Deputy Examiner on the annual accounts for 1880-81.

2. In regard to the remarks in paragraph 10 of the Superintendent's letter, I have to explain that the transfer of the articles to the Public Works Stores could not be carried out in accounts for the past year owing to want of a grant to meet the debit under stores, the Superintendent's proposal having been received late in April of the current year. Interest might be remitted by Government with effect from the date on which the transfer is effected during the current year.

3. The report of the Deputy Examiner leaves me little to comment upon. The result of the working of the shops during the years 1878-79, 1879-80, and 1880-81, shows that the outturn has steadily decreased, and that though there was a small profit of Rs. 728 in 1878-79, there has since been a loss in the two subsequent years of Rs. 40,000, or about 9½ per cent. on outturn.

4. Of the outstandings Rs. 2,508-9-0 are against Government departments, and Rs. 575 against private individuals.

5. I quite concur in the Deputy Examiner's remarks as to the manner in which the profit and loss statement is submitted. It is impossible to arrive at any proper understanding of the position of the shops from the figures put forward by the Superintendent, which are unintelligible in an accounts view. The statements prepared by the Deputy Examiner admit of no misunderstanding. From these latter it appears that general charges have been covered by the percentages charged on outturn to within Rs. 452, including the questionable item of Rs. 1,031-3-8 referred to in his paragraph 7.

6. In regard to the "extra profits" (paragraph 6) and the legitimacy or otherwise of the increase of rates of issue, the Committee have already expressed their opinion, and it remains for Government to decide whether or not the arrangement is "correct

or politic." It certainly does not appear to be a genuine profit to the shops as a manufacturing concern, though it might be so to a dealer. It defeats its own end nevertheless, for what appears a profit to the shops may eventually be outlay on works, if the extra profit be recovered by issue of articles to Government departments, and this cannot have been intended, otherwise what possible meaning can be attached to "standard rates."

7. The remarks in paragraphs 5, 9, and 10 will no doubt obtain explanation from the Superintendent.

8. I beg to draw attention to paragraph 11, regarding the percentage drawn by the Superintendent on bills for private works. The double percentage recovered in the instance given, and in other possible instances in practice, must have been drawn inadvertently, but the principle under which an officer of Government is granted an extra personal allowance for carrying out the *ordinary* duties of his position is undemonstrated.

9. As to the future of the shops, the Superintendent anticipates that in ordinary years the outturn will average two lakhs. Judging from the results of the years 1878-79, 1879-80, 1880-81, during which the outturn has averaged a little over 2¼ lakhs per annum, the result to be looked for is a certain loss. If the "extra profits" be held to be an illegitimate credit to the workshops as a manufacturing department, the loss during 1880-81 is virtually over Rs. 35,000, on an outturn of Rs. 2,09,000 or nearly 17 per cent. It is for Government to consider whether these prospective losses are compensated by a better class of work turned out than could be obtained from local suppliers. Further it may be considered whether the charge of 5 per cent. on capital is not at the present day too high, and reasonably capable of reduction.

From A. R. BOYLE, Esq., C.E., Officiating General Superintendent, Public Works Workshops, to the Examiner of Public Works Accounts, dated Madras, 22nd July 1881, No. 1045 W.

One book—Statement of Account and outstanding bills (already sent).
One book—Valuation Statement of materials, &c., (will follow).

I have the honor to submit herewith the annual accounts of the Presidency Public Works Workshops for the year 1880-81.

2. During the year the Workshop became liable to Government for—

	RS.	A.	P.
1st.—To cash drawn from Treasury	1,38,625	0	0
2nd.—To value of stores, &c., received without payment.	17,613	14	0
3rd.—To interest on capital	20,897	3	1
4th.—To pension and leave allowances	3,025	12	6
5th.—To net profit	...		
	1,80,161	13	7

3. Of this amount the following payments were made—

1st.—Payments into Treasury	59,095	3	6
2nd.—Approved invoices	1,60,605	4	11
3rd.—Net loss	22,160	0	6
	2,41,860	8	11
Leaving for decrease to capital a balance of ...	61,698	11	4

4. The gross profits amounted to	52,128	5	7
against which charges aggregating	74,288	6	1
have been debited, leaving a net loss of ... ... as exhibited in Statement A.	22,160	0	6

5. The opening and closing balances of the capital accounts as noted in the following table exhibits decrease to capital amounting to Rs. 61,323-11-4 :—

—	Capital on						Increase.			Decrease.		
	31st March 1881.			31st March 1880.								
	RS.	A.	P.	RS.	A.	P.	RS.	A.	P.	RS.	A.	P.
Block	1,11,730	1	4	1,14,010	4	8	...			2,280	3	4
Machinery and Plant ...	91,731	10	8	93,603	11	10	...			1,872	1	2
Mechanical Department ...	12,414	5	1	19,325	4	3	...			6,910	15	2
Instrument do. ...	3,948	1	6	5,662	13	10	...			1,714	12	4
Lime kilns	...			6,523	14	6	...			6,523	14	6
Manufacture	45,954	13	4	64,408	15	11	...			18,454	2	7
Raw materials	83,923	10	8	1,04,069	13	2	...			20,146	2	6
Sales	3,411	12	4	8,798	10	0	...			5,386	13	8
Public Department ...	4,083	5	9	1,540	5	0	2,543	0	9	...		
	3,57,197	12	8	4,17,943	13	2	2,543	0	9	63,289	1	3
Deduct bills and cheques payable	1,276	3	1	323	8	3	1,276	3	1	323	8	3
	3,55,921	9	7	4,17,620	4	11	1,266	13	8	62,965	9	0
	...			3,55,921	9	7	...			1,266	13	8
	...			61,698	11	4	...			61,698	11	4

6. The value of the outturn and net profit of the year under review as compared with the outturn and net profits of the two previous years is as follows :—

—	1878-79.			1879-80.			1880-81.		
	RS.	A.	P.	RS.	A.	P.	RS.	A.	P.
Outturn	2,58,201	8	8	2,16,876	0	0	2,08,888	13	2
Net Profit	727	11	10	...			...		
Net Loss	...			18,200	10	11	22,160	0	6

7. A list of outstanding bills on the 31st March 1879 is herewith submitted amounting to Rs. 7,495-2-1, of which a sum of Rs. 3,647-1-0 only remains to be realized.

8. Under G.O., No. 2127 W., dated 10th September 1880, Rs. 208-10-0 were written off to "Profit and Loss" under "Public Department," and under G.O., No. 1197, dated 1st March 1881, Rs. 2-15-6 were written off under "Sales."

9. A valuation statement of materials and manufactured articles is enclosed.

10. The transfer of stores ordered in G.O., No. 914 W., of 4th April 1881, will be carried out during the current year, but the workshop will not realize any benefit from this until April 1883, for, during the whole of 1881-82, interest at the rate of 5 per cent. will have to be paid upon the value of the stores, viz., Rs. 96,000.

An application was made with a view to the transfer being effected in the supplemental accounts for March 1881, which would have at once relieved the Workshop of capital to the extent noted above, but it was ruled that the transfer could not take place until the commencement of the present official year.

Under these circumstances, I would beg to suggest that you will recommend to Government that no interest be charged during the current year upon the sum of 96,000 rupees, the value of the stores to be transferred to the Public Works Store Department.

11. The outturn during the year under review is slightly lower than that of 1879-80, and I anticipate that in ordinary years the outturn will average about Rs. 2,00,000, and will consist almost entirely of special works which cannot be satisfactorily executed elsewhere in the Presidency.

Note by the Deputy Examiner on the accounts of the Presidency Workshops for 1880-81, *Inspected 19th and 20th August* 1881.

The financial results of the transactions of the year under review are as follow :—

Liabilities.	RS.	A.	P.
Cash from Treasury	1,38,625	0	0
Interest on Capital	20,897	3	1
Charge on account of Leave and Pension allowance ...	3,025	12	6
Decrease in Capital	61,698	11	4
	2,24,246	10	11

Assets.	RS.	A.	P.
Payments into Treasury	59,095	3	6
Adjustments by Transfer Debits	1,42,991	6	11
Net Loss	22,160	0	6
	2,24,246	10	11

2. It will be seen from the above that the year's operations (1880-81) of the Workshops have resulted in a net loss of Rs. 22,160-0-6. This loss has been debited to Tools and Plant in the Provincial accounts for 1880-81.

3. The following comparative statement shows the value of the outturn and the profit or loss for each of the last four years :—

—	1877-78.			1878-79.			1879-80.			1880-81.		
	RS.	A.	P.	RS.	A.	P.	RS.	A.	P.	RS.	A.	P.
Outturn	5,73,476	9	3	2,58,201	8	8	2,16,876	1	2	2,08,888	13	2
Net Profit	70,944	12	11	727	11	10	...			...		
Net Loss	...			...			18,200	11	11	22,160	0	6

4. The outstandings (or bills unpaid and unadjusted) at the end of the year under review amounted to Rs. 7,495-2-1, since then they have been reduced to Rs. 3,083-9-0. The present outstandings are as follows :—

	RS.	A.	P.
1. Superintendent, School of Arts	1,125	15	0
2. Executive Engineer, West Coast	97	10	0
3. Messrs. Burnet and Co.	479	8	0
4. Superintendent, School of Arts	310	12	0
5. Do. of Works, Presidency	940	0	0
6. Do. School of Arts	9	0	0
7. Secretary, H.H. Princess of Tanjore	95	8	0
8. Collector of Ganjam	25	4	0
Total ...	3,083	9	0

Bills Nos. 1 and 3 have already been reported to Government, *vide* G.O., No. 1764 W., dated 18th July 1881, and G.O., No. 1549 W., dated 20th June 1881; the Superintendent should press for an early settlement of the remaining bills.

5. The profit and loss account seems to have been made out on a wrong system as it includes general charges, &c., which should be a separate head of account and subsidiary to that of profit and loss. I append amended profit and loss and general charges accounts, which, I submit, show a clearer and more correct statement of the year's operations, than the profit and loss statement submitted by the Superintendent. The word "profit" on the first line on the credit side of the profit and loss statement submitted by the Superintendent is a misnomer as the items shown as profits represent percentage charges realized on the outturn of the different departments, calculated to cover cost of general charges which include superintendence, establishment, fuel, contingencies, pension charges, &c., which appear on the debit side of that account and which is impossible otherwise to allocate. There is a further advantage gained by the proposed ledger head "general charges," and that is, it can be seen at a glance whether the percentages realized and credited to this account have covered the debits of the same account.

I prominently bring to notice an item loss, Rs. 13,929-7-9 debited to profit and loss, which appears on reference to the accounts, is departmentally divisible as follows :—

	RS.	A.	P.
Loss on Mechanical Department	8,362	5	1
Instrument Department	2,600	12	6
Foundry	2,555	4	4
Lime Kilns	411	1	10
Total ...	13,929	7	9

As no reliable information could be obtained regarding these losses, it would appear necessary to call upon the Superintendent (on his return from privilege leave) to explain how they have arisen.

6. With reference to the sixth item on the credit side of the profit and loss account, amounting to Rs. 13,309-6-6 as "extra profits on works and standard rates," I bring to notice the following opinion expressed by the Stores Committee in paragraph 32 of their report printed with G.O., No. 914 W., dated 4th April 1881 :—

> "This does not appear to the Committee a correct or politic charge; the object being to make the Workshops pay, the charges should not be more than is necessary to attain this object. If the general percentage is insufficient it should be increased instead of an entirely fresh charge being made under the name of extra profit."

7. With reference to the fourth item on the credit side of the profit and loss account "manufacture" Rs. 1,031-3-8, it was found to represent commission charged for purchasing stores or manufactured articles outside of the Workshops; it should be explained why the Workshops undertook this agency work, as it would appear more properly to be the duty of the stores division.

8. *Muster Rolls.*—With the exception of those who can write their names (which are very few) there is nothing on the muster rolls to show that the men have been paid; these payments should be made in the presence of the senior officer or subordinate on the spot and immediately available, who should certify on the nominal muster rolls or pay sheet the total amount actually disbursed.—*Vide* Public Works Code, paragraph 1564.

9. It should be explained why a maistry on pay of Rs. 35 per mensem is employed and paid by the workshops whose duty is understood to be to look after the contractor's men employed in the foundry.

10. It should also be explained why the following items have been debited to "Contingencies" instead of "Machinery and Plant":—

	RS.	A.	P.
May 1880.—Two portable forges	200	0	0
June 1880.—Two bench vices	21	8	0
September 1880.—Two bench vices	21	8	0

11. During the year the Superintendent has drawn an aggregate of Rs. 718-12-5 personal allowance (under G.O., No. 2693, dated 10th November 1870, and G.O., No. 2232, dated 10th September 1873) on bills realized within three months for work performed for private parties. On reference to the particulars it was found that the allowance had been calculated on the gross collections which included the Superintendent's 4 per cent. personal allowance, for instance :—

	RS.	A.	P.
Bill No. 238, dated 3rd July 1880.—Work and material and Workshop percentages	919	8	9
Superintendents's 4 per cent. personal allowance	36	11	3
	956	4	0

instead of the Superintendent drawing Rs. 36-11-3 as charged in the bill, he drew Rs. 38-4-0 equivalent to 4 per cent. on the total of the bill, which was Rs. 1-8-9 more than he should have drawn.

General Charges.

	RS.	A.	P.		RS.	A.	P.
Cost of Permanent Establishment	12,631	6	4	By percentages on outturn recovered to meet the cost of General Charges as under:—			
Do. of Contingent do. ...	9,811	11	2	Mechanical Department ...	24,814	11	6
Do. of Contingencies ...	1,592	4	9	Instrument do. ...	8,329	0	0
Materials for repairs to machinery, tools and sundry charges.	6,681	1	9	Foundry	4,267	13	7
Mechanical Department for repairs to machinery, &c. ...	1,347	1	9	Manufacture	1,031	3	8
Instrument do. do. do. ...	8	7	0	Raw materials...	376	0	4
Block for depreciation at 2 per cent.	2,280	3	4	Cash for unclaimed wages ..	0	2	0
Machinery and plant do. do. at 2 per cent.	1,872	1	2		38,818	15	1
Government, for Pension and Leave allowances on the amount of the Permanent Establishment charges, Rs. 12,103-2-1, at 25 per cent. ...	3,025	12	6	Balance carried forward to Profit and Loss	431	2	8
	39,250	1	9		39,250	1	9

Profit and Loss Account.

	RS.	A.	P.	RS.	A.	P.		RS.	A.	P.
Government for interest on the opening balance as per Statement "B" on ...	4,17,620	4	11				By Extra Profits on works and standard rates ...	13,309	6	6
Plus amount due on purchase account, 31st March 1880...	323	8	3				Balance of Loss for the year	22,160	0	6
	4,17,943	13	2							
At 5 per cent. as per G.O., No. 52, dated 8th June 1869 ...				20,897	3	1				
Amount ordered in G.O., No. 2127 W., dated 10th September 1880, to be written off to Profit and Loss				208	10	0				
Do. do. as per G.O., No. 1197, dated 1st March 1881 ...				2	15	6				
Balance of General Charges Account				431	2	8				
Loss on Mechanical Department ..	8,362	5	1							
Do. on Instrument Department ...	2,600	12	6							
Do. on Foundry	2,555	4	4							
Do. of Lime Kilns ...	411	1	10							
				13,929	7	9				
Total ...				35,469	7	0	Total ...	35,469	7	0

No. 42-B. ORDER THEREON, 12th December 1881, No. 3081 W.

WITH the papers above recorded the Examiner of Public Works Accounts submits a review of the financial operations of the Presidency Public Works Workshops for the year 1880-81.

2. The liabilities during the year amounted to Rs. 2,24,246 while the assets were Rs. 2,02,086, showing a net loss on the year's transactions of Rs. 22,160.

3. The following comparative statement shows the value of the outturn and the profit or loss for each of the last four years:—

—	1877-78.	1878-79.	1879-80.	1880-81.
	RS.	RS.	RS.	RS.
Outturn	5,73,476	2,58,201	2,16,876	2,08,888
Net Profit	70,944	727	...	..
Net Loss	...	...	18,200	22,160

4. It is observed from this statement that the outturn has steadily decreased, and that while there was a profit of Rs. 727 in 1878-79, in the two subsequent years there was a loss of Rs. 40,000 or about 9½ per cent. on the outturn.

5. The outstandings at the end of the year amounted to Rs. 7,495, since which they have been reduced to Rs. 3,083. Of the latter amount Rs. 2,508 are against Government Departments and Rs. 595 against private parties.

6. In G.O., No. 914 W., dated 4th April 1881, the transfer from the Public Works Workshops to the Stores of articles to the value of Rs. 96,734 was ordered, the object being to relieve the former of charges not properly belonging to them.

7. It was too late to carry out the transfer in the accounts of the past year, and the General Superintendent states that the Workshops will not realize any benefit from the measure until April 1883, as interest on the amount at 5 per cent. will have to be paid for the whole of 1881-82, and he therefore recommends the remission of the charge for the current year. The Examiner suggests that the remission might be sanctioned with effect from the date on which the transfer is effected. This suggestion is approved. The articles will thereafter be disposed of by sale as opportunities offer; proper arrangements being made by advertisement not only in Madras, but in Bombay and Calcutta, to notify as widely as possible the intended sale.

8. In the Committee's report recorded in the Government Order already quoted, they expressed the opinion that the charge for "extra profits" in addition to the percentage for general charges on jobs was neither correct nor politic, and they suggested that if the general percentage charge was insufficient it should be increased instead of an entirely fresh charge being made under the name of "extra profit." Notwithstanding this, the sixth item on the credit side of the profit and loss account is Rs. 13,309 for "extra profit," and the Examiner remarks that it remains for Government to decide whether or not the arrangement is "correct or politic." He points out that it certainly does not appear to be a genuine profit to the shops as a manufacturing concern, though it might be so to a dealer; and that it nevertheless defeats its own end, for what appears a profit to the shops may eventually be outlay on works if the extra profit be recovered on articles issued to Government Departments. The arrangement will now cease.

9. Under the orders marginally noted, the Superintendent is authorised to draw a personal allowance of 4 per cent. on the value of work done for private parties. The Deputy Examiner points out that the amount thus drawn by the General Superintendent during the year was calculated on the gross collections in which the 4 per cent. had already been included. The Examiner thinks that the double percentage must have been drawn inadvertently, but he remarks that the principle under which an officer of Government is granted an extra personal allowance for carrying out the ordinary duties of his position is undemonstrated. No further allowances on this account will be drawn by the Superintendent.

G.O., No. 2963, dated 10th November 1870.
„ „ 2232, „ 10th September 1873.

10. The question is raised in this correspondence as to whether the charge of 5 per cent. on capital now made by Government is not too high. On due consideration the Right Honorable the Governor in Council is of opinion that it is capable of reduction. The charge will in future be calculated at 4 per cent.

11. The attention of the Superintendent will be drawn to the remarks in paragraphs 5, 9, and 10 of the Audit Report by the Deputy Examiner.

12. With regard to the future of the shops, the Examiner remarks that judging from the outturn of the three years 1878-79, 1879-80, and 1880-81 the result to be looked for is a certain loss. He shows that if the "extra profits" be held to be an illegitimate credit, the loss during 1880-81 is virtually over Rs. 35,000 on an outturn of Rs. 2,09,000 or nearly 17 per cent. He suggests that it is for Government to consider whether these prospective losses are compensated by a better class of work turned out than could be obtained from local suppliers.

13. It would, in the opinion of the Governor in Council, be much more satisfactory if private firms existed capable of meeting the requirements of the department, but it is feared that there are none at present which can be relied on to do this, although perhaps the closure of the workshops would give the desired impetus to private enterprise.

14. Among the considerations in favor of maintaining the shops not readily expressed in figures may be placed the value which such an institution possesses as being capable of affording a practical education to the subordinates of the department, either after or before admission to the Civil Engineering College, and prior to their undertaking the active duties of the department. But should the Railway Workshops be thrown open, as in other places for this purpose, there will not be so much need for a training institution under direct Government supervision; and it is quite possible also that these shops might, with slightly extended accommodation and more supervision, be in a position to meet all demands of the Public Works Department which could not be executed in the open market. The Consulting Engineer for Railways will, after inquiry, report on this point, and Colonel Prendergast, Superintending Engineer, Fifth Circle, who, as President of the recent Stores Committee, has acquired much information in regard to the working of the Presidency Workshops, will report his conclusions on the general question raised in these Proceedings as to the future of the workshops and the best arrangements for execution of work should their closure be decided on. Colonel Prendergast will consult with Colonel Shaw-Stewart before submitting his report to Government.

(True Extract.)

Lieut.-Col., R.E.,
Ag. Under Secy. to Govt., P.W.D.

To the Superintending Engineer, Fifth Circle.
" Consulting Engineer for Railways.
" General Superintendent, Public Works Stores and Workshops.
" Examiner of Public Works Accounts.

Exd. S. T. Austin.
Spare Copies

3081/5

GENERAL
ACCOUNT.

Govt. of (1881) Madras.

PUBLIC WORKS.

To

THE SUPERINTENDING ENGINEER,
FIFTH CIRCLE,
&c., &c., &c.

Dated December, 12th.

Issued

Recd. *Encl.*

G.O., 12th December 1881, *No.* 3081 *W.*

DECEMBER.

Nos. 42-A—42-B.

Review of the financial operations of the Presidency Public Works Workshops for the year 1880-81.—Passing orders on a — submitted by the Examiner of Public Works Accounts.

P. W. DEPARTMENT.

908/10

READ the following:—

From the Examiner P. W. Accounts.
No. 114 W dated 2nd September 1881

FOR ORDERS.

With the papers above recorded the Examiner of Public Works Accounts submits a review of the Financial Operations of the Presidency P. W. Workshops for the year 1880-81.

The liabilities during the year amounted to Rs. 2.24.246 — while the assets were Rs. 2.02.086 .... showing a net loss on the year's transaction of Rs 22,160 ....

The

FOR ORDERS.

The following comparative statement shows the value of the outturn and the profit or loss for each of the last four years.

	1877-78	1878-79	1879-80	1880-81
	Rs	Rs	Rs	Rs
Out turn	5.73476	2.58201	2.16.876	2.08.888
net profit	70.944	727	"	"
net loss	"	"	18200	22.160

It will be seen that the outturn has steadily decreased and that while there was a profit of Rs. 727 in 1878-79, in the two subsequent years there was a loss of Rs. 40,000 or about 9½ per cent on the outturn.

The outstandings at the end of the year amounted to Rs. 7495 since which they have been

been reduced to Rs. 3083. Of the latter amount Rs. 2508 are against Govt. Depts. and Rs. 595 against private parties.

In G.O. No. 914 W. of 4 April 1881, the transfer from the P.W. Workshops to the Stores of articles to the value of Rs. 96,734 was ordered, the object being to relieve the former of charges not properly belonging to them.

It was too late to carry out the transfer in the accounts of the past year, and the Genl. Supdt. states that the Workshops will not realize any benefit from the measur until April 1883,

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as interest on the Amount at 5 % will have to be paid for the whole of 1881-82, and he therefore recommends the remission of the charge for the current year. The Examiner suggests that the remission might be sanctioned with effect from the date on which the transfer is effected.

× The attention of the Supdt. will be drawn to the Examiner's remarks as to the manner in which the profit and loss statement is submitted.

In the Committee's report recorded in the G.O. already quoted, they expressed the opinion that the charge for "extra profits" in addition to the percentage for general charges on jobs was neither correct nor politic, and they suggested that if the general percentage charge was insufficient it should be increased, instead of an entirely fresh charge being made under the name of "extra profit". Notwithstanding this the sixth item on the credit side of the profit and loss account is Rs 13.309 for "extra profit" and the Examiner remarks that it remains for Govt. to decide whether or not the arrangement is "correct or politic". He ~~remarks~~ points out that it certainly does not appear to be a genuine profit to the

the shops as a manufacturing concern though it might be so to a dealer, and that it nevertheless defeats its own end, for what appears a profit to the shops may eventually be outlay on works if the extra profit be recovered on articles issued to Govt. Departments.

The remark in the latter part of para 5 and paras 9 and 10 of the Dy. Examiner's report will be referred to the Genl. Supdt. for explanation.

Under the orders marginally

G. O. No. 2963 d/10 Nov/70
" 2232 d/10 Sept/73

marginally noted, the Supdt. is authorized to draw a personal allowance of 4 per cent on the value of work done for private parties. The Dy. Examiner points out that the amount thus drawn by the Genl. Supdt. during the year was calculated on the gross collections in which the 4 per cent had already been included. The Examiner thinks that the double percentage must have been drawn inadvertently, but he remarks that the principle under which an Officer of Govt. is granted an extra personal allowance for carrying out

out the ordinary duties of his position is undemonstrated.

With regard to the future of the shops, the Examiner remarks that judging from the outturn of the three years 1878-79, 79-80 & 1880-81 the result to be looked for is a certain loss. He shows that if the "extra profits" be held to be an illegitimate credit; the loss during 1880-81 is virtually over Rs 35.000 on an outturn of Rs 209.000 or nearly 17 per cent. He suggests that it is for Govt. to consider whether these prospective losses

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are compensated by a better class of work turned out than could be obtained from local suppliers.

He also thinks it may be considered whether the charge of 5 per cent on Capital is not too high, and reasonably capable of reduction.

The last similar review submitted was for the year 1878-79 (G. O. No. 2688 d/ 24th Octr. 1879) and no explanation is afforded as to why no report was rendered for the 1879-80.

The

The points requiring orders are the following:

(1) Whether interest for the current year on the value of articles transferred to the P.W. Stores shall be remitted.

(2) Whether the Committee's suggestion as regards "extra profits" shall definitely be ordered to be adopted.

(3) Whether the present arrangement under which the Supdt. draws 4 per cent personal allowance on the value of work done for private parties, shall be disturbed

(4) Whether any notice shall be taken of the Examiner's remarks as to the future prospects of the Workshops -

(5) Whether the charge of 5 per cent on Capital shall be reduced and, if so by how much.

CM

Colonel R.E.
Secretary to Govt. P.W.D.

S

A.

Profit and Loss account of Residency Workshops D. P. W. for the year 1880-81

To Cost of Permanent Establishment Rs 12631-6-4		
Do Contingent Do Rs 9811-11-2		
Contingencies Rs 1592-4-9	24035 6 3	
" Materials for Repairs to machinery tools and Sundry charges	6681 1 9	
Mechl Dept for repairs to Machinery tools	1347 1 9	
Inst Dept for Do Do	8 7 "	
" Public Department (see O)	208 10 "	
" Sales (see N)	2 15 6	32283 10 3
" Block for Depreciation	2280 3 4	2280 3 4
" Machinery and Plant for depreciation	1872 1 2	1872 1 2
" Government for interest on the Opening Balance Rs 417943-13-2	20897 3 1	20897 3 1
" Government for Pension and Leave allowances on the amount of Permanent Establishment charges Rs 12103-2-1	3025 12 6	3025 12 6
" Loss	13929 7 9	13929 7 9
Total Rupees		74288 6 1

8362 5 1 Mech Dep
2803 ... 6 Instr Dep
2553 4 1 Foundry
411 1 10 Manufacturing

By Profit on the ordinary Working of the Shops		
" Mechanical Department	24,814 11 6	
" Instrument Department	8,329 " "	
" Foundry	4267 13 7	
" Manufacture	1031 3 8	
" Raw Materials	376 " 4	
" Extra profits on works and Standard rates	13,309 6 6	
" Cash for unclaimed wages &c	" 2 "	52,128 5 7
Manuf 5410 10 8 Raw Mat 6898 11 10		
" Loss		22,160 0 6
Total Rupees		74,288 6 1

308/13

A. R. Boyle C. E.
Offg. Genl. Lieut. P. W. Workshops

B. Her Majesty's Government

To Transfer to Capital, amount	417620 4 11	417620 4 11	By Opening Capital	417620 4 11	417620 4 11
" Cash	59095 3 6		By Cash Cheques payable	138625 – – ~~129000 – –~~	bal
" Transfers	142991 6 11	202086 10 5	" Interest on Capital	20397 3 1	
" Loss	" "	22160 0 6	" Pension and Leave allowances	3026 12 6	
			" Net profit	" "	162048 15 7 ~~[illegible]~~ 61698 11 4 61323 11 4
			" Decrease to Capital		
Total Rupees	224246 10 11		Total Rupees	224246 10 11	

bal

3/14

J Hamilton
W Clerk

A R Boyle C.E.

Offg. [illegible]

To Balance being the Value of Capital on 1st April 1881	~~355,921 9 7~~ 356,296 9 7	~~355,921 9 7~~ 356,296 9 7	By Transfers from Her Majesty's Government being value of Capital invested in the shop on the 1st April 1880.	£417,620 4 11	417,620 4 11
Decrease to Capital		~~61,698 11 4~~ 61,323 11 4			
Total Rupees		417,620. 4 11	Total Rupees		417,620 4 11

A. R. Boyle C. E.

Offg. Genl [illegible]

3081/15

Cr.

Block

To Balance on 1st April 1880	114010	4	8	By Depreciation at 2 %	2280	3	4
				" Balance	111,730	1	4
Total Rupees	114010	4	8	Total Rupees	114010	4	8

Clerk

A. R. Boyle C.E.
Offg: Genl. Suptt. P. W. Workshops

3081
16

C.

Machinery and Plant.

To Balance on 1st April 1880	Rs 93603 11 10	By depreciation at 2%	Rs 1872 1 2
		" Balance	Rs 91731 10 8
Total Rupees	93603 11 10	Total Rupees	93603 11 10

308/17

A. R. Boyle C. E.
Offg. Head Supdt P. W. Workshops

Dr.

Cash

	Rs.	As.	Ps.	
To Balance				
" Government Cheques payable	139,000	"	"	x
" Sales	50,918	6	8	x
" Profit and Loss for unclaimed wages &c	"	2	"	
	189918	8	8	
Total Rupees	189918	8	8	

	Rs.	As.	Ps.	
By Government	59,095	3	6	x
" Purchase	36,435	1	2	x
" Mechanical Department	34,353	11	4	x
" Instrument Department	14,738	7	4	x
" Salaries and Contingencies	24,035	6	3	x
" Foundry	5,092	8	6	x
" Lime Kilns	16,167	1	7	x
" Sales	1	1	"	
	189918	8	8	
Total Rupees	189918	8	8	

308/18

A. R. Boyle C.E.
Offg. Genl Supdt P. W. Workshops

G.

Mechanical Department

To Balance on 1st April 1880				19,225	4	2	By Sales	21,009	1	6			
" Cash for labour &c.	34,853	11	4				" Public Department	95817	4	"			
" Materials	45,951	3	4				" Instrument Department	1,953	12	11			
" Percentages for charges general	24,814	11	6				" Manufacture	3,465	4	2			
" Foundry	21,809	9	1				" Raw Materials	100	10	3			
" Lime Kilns	"	"	"				" Foundry	3007	9	4			
" Public Department	1700	13	"	128,630	"	3	" Lime Kilns	477	14	5			
							" Profit and Loss for repairs of tools machinery &c.	1,347	1	9	127,178	10	4
							" Loss				8362	5	1
							" Balance of instruments articles [illegible] of [illegible]				12,414	5	1
Total Rupees				147955	4	6	Total Rupees				147,955	4	6

308/19

[illegible]
Hd. Clerk

A. R. Boyle C.E.
Offg. Genl. Supdt. P.W. Workshops

H.

Instrument Department.

To Balance on 1st April 1880				5,662	13	10	By Sales	1597	15	" X			
" Cash	14738	7	4 X				" Public Department	27618	10	" X			
" Raw Materials	6466	14	5 X				" Manufacture	377	2	6 X			
" Percentage for charges general X	8329	"	" X				" Mechanical Department	"	"	"			
" Mechanical Department	1,953	12	11	X 30,408	2	8	" Profit and Loss	8	7	"	X 29,602	2	6
							" Loss X				X 2600	12	6
							" Balance including percentage				X 3948	1	6
Total Rupees				36,151	"	6	Total Rupees				36,151	"	6

308/20

A. R. Boyle C.C.
Offg. [illegible]

Dr.

Foundry

To Cash	5092	8	6 ✗	
" Raw Materials	11996	14	" ✗	
" Percentages for charges General	4267	13	7 ✗	
" Mechanical Department	3007	9	4	✗ 24,364 13 5
Total Rupees	24,364	13	5	

By Mechanical Department	21,809	9	1	✗ 21,809 9 1
" Loss ✗				✗ 2555 4 4
Total Rupees	24364	13	5	

[illegible]

A. R. Boyle C.E.
Offg. Controller [illegible]

Dr. **Lime Kilns**

To Balance on 1st April 1880		6,523 14 6	By Public Department	23,540 14 8	
" Cash	16,167 1 7		" Sales	1,227 8 "	24,768 6 8
" Public Department	2,010 10 "		" Loss		411 1 10
" Mechanical Department	477 14 5	18,655 10 "			
Total Rupees		25,179 8 6	Total Rupees		25,179 8 6

308/22

A. R. Boyle C.E.
Offg. Exel. Engineer P. W. [illegible]

K. Manufacture

To Balance on 1st April 1860				✗64,408	15 11
" Public Department	296	4	6 ✗		
" Mechanical Department	3465	4	2 ✗		
" Instrument Department	377	2	6 ✗		
" Percentage for charges, general ✗	1031	3	8 ✗	5169	14 10
" Profit				✗6410	10 8
Total Rupees				75,989	9 5

By Public Department	12,667	7	" 0		
" Sales	17,367	5	1 ✗	30,034	12 1
" Balance of manufactured articles on hand as per list including percentages				✗45,954	13 4
Total Rupees				75,989	9 5

308
23

[illegible]

A. R. Boyle C.E.
Offg. Genl. Supdt. P.W. Works Lah.

308/24

Dr

Raw Materials

To Balance on 1st April 1881				104,069	13	2
" Purchase	37,012	12	"			
" Public Department	13,606	2	6			
" Mechanical Department	100	10	3			
" Percentages for charges General	376	"	4	51,095	9	1
" Profit				6,898	11	10
Total Rupees				162,064	2	1

By issue to Mechl. Department	45,951	3	4			
Instl. Department	5466	14	5			
Foundry	11,996	14	"			
General	6681	1	9			
Public Department	3712	12	"			
Sales	4331	9	11	78,140	7	5
Balance as per list				83,923	10	8
Total Rupees				162,064	2	1

A. R. Boyle C.E.
Offg. Genl. Supt. P. Works C.P.

M. Purchase

To Cash	36,435 1 2	✗	By Balance on 1st April 1880		✗	323 8
" Balance	901 3 1	✗	" Raw Materials	37012 12 –	✗	
			" Manufacture			37012 12
Total Rupees	37,336 4 3		Total Rupees			37,336 4 3

308/28

A. R. Boyle
Offg. Genl. Supdt. P. W. Workshops

1.

Sales

To Balance on 1st April 1880		✗ 8798 10 –	By Cash	·	50918 6 8 ✗	
" Mechanical Department	21009 1 6 ✗		" Profit and Loss as per	2	15 6 ✗	50921 6 2
" Instrument Department	1597 15 – ✗		G.O. 1197 d/1 Mar/81			
" Manufacture	17367 5 1 ✗		" Balance			✗ 3411 12 4
" Raw Materials	4321 9 11 ✗					
" Lime Kilns	1227 8 – ✗	[illegible]				
" Cash	1 1 –	✗ 45,534 8 6				
Total Rupees		54,333 2 6	Total Rupees			54,333 2 6

30/8/86

[illegible]
Hd Clerk

A. R. Boyle Col
Offg. Superintdt. P. W. Workshops

C.

Public Department

To Balance on 1st April 1880				✗ 1540 5 "	By transfer	160,605	4	11 ✗	
" Raw Materials	3712	12	" ✗		" Raw Materials	13606	2	6 ✗	
" Mechanical Department	95,817	4	" ✗		" Manufacture	296	4	6 ✗	
" Instrument Department	27,618	10	" ✗		" Mechanical Department	1700	13	" ✗	
" Manufacture	13,667	7	" ✗		" Sales				
" Lime Kilns	23,540	14	8 ✗		" Profit and Loss as per G.O. No 2727 W dt 10 Sept 80	208	10	" ✗	
" Transfers	17,613	14	" ✗		" Lime Kilns	2010	10	"	✗ 178427 12 11
" ~~Sales~~				180970 13 8	" Balance				✗ 4083 5 9
Total Rupees				182,511 2 8	Total Rupees				182,511 2 8

308/27

[illegible]
H. Clerk

A. R. Boyle Col.
Offg. Genl. [illegible]

Dr.

Transfers

To Public Department	160,605 4 11	160,605 4 11	By Public Department	17,613 14 "	17,613 14 "
			" Government		142,991 6 11
Total Rupees	160,605 4 11		Total Rupees	160,605 4 11	

308/98

[illegible] Hd. Clerk

C. R. Boyle C.E.
Offg. Genl. Supdt. P. W. Works [illegible]

Dr Cheques Payable Cr

To Government	138625 - -	138625 - -	By Cash	139000 - -	139000 - -
Balance		375 - -			
Total Rupees		139000	Total Rupees		139000

Dr Balance Sheet

To Blocks	111,730 1 4		~~By Cheques payable~~	~~375~~
" Machinery and Plant	91,731 10 8		By purchase bills payable	901 3 1
" Mechanical Department	12,414 5 1		" Capital	356296 9 7
" Instrument Department	3948 1 6			
" Manufacture	45,954 13 4			
" Raw Materials	83923 10 8			
" Sales or Bills receivable	3411 12 4			
" Public Department	4083 5 9	357,197 12 8		
Total Rupees		357,197 12 8	Total Rupees	357,197 12 8

A. R. Boyle C.E.
Offg. Genl. Supdt. P.W. [illegible]

School of Arts - G O No
1764 dd/ 18 July/81 orders
that the Supt School of Arts be
called upon in the course of [illegible] to adjust
the sum outstanding agst
him or explain the cause of
delay
~~[illegible]~~ Bill rendered 22 Oct/[illegible]
[illegible]

G O 1549 dd/20 June/81
Govt orders Secy of State
to be addressed for repairs
to Ship Kirklock to be
recovered from Messrs [illegible] Steel of
L'pool the owners thro' the
India House

Bill rendered in May/81

Adjusted in [illegible]/81
[illegible]/81

List of Bills Outstanding on the 31st March 1881

208
30

On whom	No of Bills	Adjustment	Cash	Remarks
1878-79				
rintendent School of Arts	1636	...	1125 15 "	
1879-80				
ms. C. Bulliard	45	...	107 11 "	[illegible] 30
1880-81				
r. S. Francis	311	...	2 " "	pd
Do	584	...	1 13 "	pd
Do	610	...	4 " "	
Engr. West Coast Division	654	97 10 "	...	pd
cal Fund Board Bezwarah	707	...	40 8 "	pd
Mr. S. Francis	735	...	1 7 "	pd
Do	772	...	2 1 "	pd
Mr. A. Hosie	818	...	2 12 "	pd
orbroya Naik	826	...	1 7 "	pd
Mr. S. Francis	827	...	2 1 "	pd
Engr. L. F. Works Masulipatam	870	...	209 " "	
p. Burnet & Co. Agents Kirklock	953	...	479 8 "	pd
Mr. S. Francis	973	...	" 5 "	pd
Do	974	...	1 5 4	pd
Do	975	...	5 2 "	pd
ommy. Storekeeper General	1019	...	3 4 "	pd
Mr. S. Francis	1024	...	1 7 "	
x: Engr. Chingleput	1046	62 2 "	...	Adjusted in June/81 pd
Cothundasawmy Pillay	1080	...	19 3 "	
c. H. H. the Princes of Tanjore	1083	...	95 8 "	pd
Messrs Arbuthnot & Co.	1089	...	86 4 "	Adjusted
x: Engr. South Arcot Division	1101	179 14 "	...	
Do	1103	277 5 9	...	Adjusted
Carried over		616 15 9	2192 11 4	

Brought Over		616 15 9	2192 11 4	
Commissioner of Salt Revenue	1109	422 15 „	. .	Adjusted in June/81
Superintendent School of Arts	1119		310 12 „	Bill rendered 17 May/81 –
Superintendent of Works, Presidency	1123	940 „ „	. . .	Bill rendered 15 May/81
Barrack Master Madras	1127	36 2 „	. .	Adjusted in June
Do	1131	258 8 „	. . .	Do
P. W. Stores	1135	743 14 „	. . .	Adjusted in [illegible]
Superintendent School of Arts	1139		9 „ „	Bill rendered 17 May/81 –
Soobramania Naik	1140	. . .	4 „ „	pd
M. Ponnambala Naik	1141	. . .	„ 12 „	pd
Officer Commanding 1st Regiment Central India Horse Indore	1147	. . .	104 8 „	pd
Foundry Contractor	1162	. . .	10 14 „	pd
President L. F. Board Ellore	1163	. . .	19 15 „	pd
Chief Engineer for Irr: Madras	1164	20 3 „	. .	Adjusted in [illegible] 81
Under Sec: to Government P.W.D.	1190	. . .	101 15 „	pd
Mess. Deschamps & Co	1191	. . .	143 „ „	pd
Mons. H. D'Clozette	1201	. . .	132 3 „	pd
Inspector Genl: of Ordnance & Magazine	1204	459 12 „	. . .	
Appathoraiy	1212	. . .	„ 6 „	pd
Mr. H. Freeman	1214	. . .	1 1 „	pd
Mess Groves & Co Coonoor	1216	. . .	4 1 „	pd
A. Mooroogasen	1217	. . .	„ 11 „	pd
Spinning & Weaving & Co	1218	. . .	142 6 „	pd
Captain Butler	1222	. . .	6 „ „	pd
Mr. S. Francis	1223	. . .	1 15 „	pd
Do	1226	. . .	„ 4 „	pd
Collector of Ganjam	1230	16 10 „		Adjusted in June/81
Venkatarayaloo	1236	. . .	96 12 „	pd
Superintendent of Works Godavery	1237	36 12 „		Adjusted in June/81
Carried Over		3551 11 9	3283 2 4	

Brought Over		3551 11 9	3283 2 4	
Ex: Engr. South West Division	1241	425 11 „	6 (3)	Adjusted in June/81
Commissary of Ordnance	1243	17 4 „	. . .	Do
Foundry Contractor	1245	. . .	13 4 „	pd
Superintendent of Works Godavery	1246	63 7 „	. . .	Adjusted in June/81
Mess. Massey & Co	1250	. .	52 6 „	pd
Mess Arbuthnot & Co Secretaries and Treasurers Orissa Gold Mining Company	1252	. . .	48 „ „	pd
Chockalinga Maistry	1253	. . .	20 „ „	pd
Collector of Ganjam	1254	25 4 „	. . .	(✕)
		4083 5 9	3416 12 4	
Deduct Advance		„ „ „	5 „ „	
Total Rupees		4083 5 9	3411 12 4	

A. R. Boyle C.E.
Offg. Genl. Supdt. P.W. Workshops

(✕) Not adjusted
Bill rendered 31 March

GO 1963 to d/ 22 July/81 orders this to be written off to P L – the facts were that certain goods ~~which were returned~~ were suppl.d in May/81 – some of which were rej.d which reduced the bill to Rs 449.10/- this sum was adjusted in May/81 – It would have been simpler to have adjusted the difference by a write-back instead of writing off the first bill to P L –

one, and should be dropped altogether, first cost and repairs" being the only debits, and sums realised by sales being credits per contra – In such 'depreciation' as a revenue charge has no real existence, as it only acts by diminishing the saleable value of the articles concerned, which latter is a capital, and not a revenue credit –

(3) All allowances to the Superintendent or to other officials to be fixed, and the charging of percentages on work to be absolutely forbidden –

(4) The result of these changes would of course be that the rates for work would be greatly

Pl. 18-9.

lowered, and that they would be far below those charged by private firms, who have to pay interest on capital &c.; the proper remedy for this, and one that I have never ceased to recommend, is the absolute abandonment of all private work. If however this cannot be carried out, then a special percentage, so high as to be almost, if not quite prohibitory should be added to all charges to private purchasers.

In place of (c) and (d) standard rates should be adopted for all work capable of being so treated, the difference between the cost at these rates, and

---

3 NOV 81
INDIA
ACCOUNTS

D.W. 208

The subject of this Office note is so technical and the questions raised of such a character that I think we have no right to throw on the Government the onus of deciding without offering ourselves a very distinct opinion as to the solutions which we should recommend.

As to Q (1) the first point to decide is where the grant of [illegible],000 Rs resumed is to come from? — Can any of it be equitably thrown on Imperial or must it all fall on Provincial? — If the latter will General Revenue be benefitted by the sales & if so to what amount?

As regards (2) there seems no doubt but that the Committee's recommendation should be adhered — or again with reference to

(3) ~~that~~ the Genl. Supt. should draw no such percentage as ~~that~~ noted

As to (4) I think we are brought fairly to face with the question which I have long foreseen — viz. Of what practical advantage is it to Govt. to retain these shops?

Failing private firms, cannot the Railway shops do all we want both better and cheaper; and cannot they be as good if not a better School for our rising Overseers? Colonel Shaw-Stewart is I believe of this opinion & anyhow we must meet it fairly & fully

The General Supt. will clearly have to explain some of the points adverted to in the report and he may as well deal with the broader question in doing so

The Q (5) is comparatively immaterial and may be easily considered when the larger issues as above have been settled

If you can see your way to a comprehensive treatment of the above I should be glad to have an Office Note on the subject, after instituting such further enquiries as you think necessary.

13.5.81

The probably not nearly such good reasons for workshops at Calcutta Bombay and I believe several other places have already been done away with — greatly in the interests of economy

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GOVT. OF MADRAS. } 188 . { P. W. DEPT.

3 8/33

SECRETARY.

Chepauk, 1st November 1881.

OFFICE NOTE.

To W

Accounts of the Presidency Workshops

My main reason for refraining from any expression of opinion in the "for orders" note prepared on this subject was that my opinion as to the proper course to be adopted is so fundamentally (in principle and not merely in detail) opposed to the theory on which the shops are worked that no criticism of detail could be of any value–

These shops are treated as a self supporting institution, with interests entirely independent of the general accounts of the department, and debited with charges intended to correspond with those that a private manufacturing firm would have to pay in the way of interest on buildings, depreciation of plant &c., but which have no real existence in fact, and which are only charged in order to carry out the principal analogy between the Workshops and a private manufacturing concern–

Among these items the chief are

?

Decrease of capital – ?
61,598

Interest on capital
3@8/34 Rs 20,897

Depreciation of machinery
Rs 4,052

Leave and pensionary allowances
Rs 7,026

Undoubtedly if the shops are to be considered as purely self-supporting and independent of the general interests of the department these charges must be made, but they are none the less purely fictitious–

There is no more reason for debiting the workshops, or in other words "tools and plant" with the interest on the cost of buildings &c than there is ~~with~~ for debiting the works executed in each Division with the interest on the Executive

and Superintending Engineer's
Offices —

The course would be a reasonable one if the interest were debited to some head of service other than that to which the workshops belong, but it is pure waste of labour for Government to credit itself with interest on the cost of a mass of buildings, and then debit itself with an equivalent sum in the shape of working expenses —

But if the charging of interest on buildings be unnecessary, it is quite incomprehensible in the case of stores — Why interest should be charged on the cost of stores retained for custody in the workshop buildings, and not on those

contained in the P.W. Stores, belonging to the same Department and under the same management, is beyond explanation —

= I doubt whether the workshops will ever be brought to a satisfactory footing until the whole idea of their being "self supporting" is abandoned — and they are treated as part of the working establishment of the department, and no more expected to "pay" directly than the Chief Engineer's or the Examiner's Offices —

For this purpose it would be necessary that (a) all charges for "interest" and "depreciation" should be abandoned -

(b) All charges for Permanent establishment be charged direct to "Establishment" -

It should be noted here that our existing rule provides for the staff employed at the shops -

(c) That the cost of labour and materials be charged direct to the work turned out -

(d) That a single percentage be added to the above charges to meet the cost of repairs to machinery, working of ditto, and other general charges -

(e) Cost of new machinery be charged direct, by special estimates, to 'Tools & Plant' -

(f) The charge for depreciation of machinery is a purely fictitious

the actual cost under (c) and ~~(d)~~ being treated as profit and loss -

Of course the net (at the end of each year) result would be a profit or a loss, which must be credited or debited as at present to 'Tools & Plant'; but the sum so treated would never be great, as the items charged are only, (with small exceptions) those that vary directly with the quantity of work, and the rates for the latter would remain tolerably constant, instead of being as at present constantly made to vary by the imposition of heavy charges entirely independent of the work done -

The above remarks are made on the supposition that the sloops are to be maintained, but in your note of the 19th Sep. you raise the far broader question whether they should be –

On this point the arguments for and against are so evenly balanced that I have for a long time hesitated in coming to a conclusion, but after long and careful thought I am bound to say that I think the balance of advantage would be in favour of their abolition –

Only if this be decided on, officers must be encouraged to indent more

? Goods of Indian manufacture

freely on England than is done ~~at~~ present, and with the recent extraordinary development of the policy of obtaining goods of all kinds in India (which in too many cases will mean the payment to European adventurers of a premium at the expense of the Indian taxpayer) it is doubtful how far proposals of this nature will be looked upon with favour.

As to one point to which you advert in your note, namely the use of the sloops "as a school for our rising officers", I can only say that I have never heard of their being of any value in this respect, and know of no case of

[illegible] LOSS, IT SEEMS TO ME TO BE

a young subordinate being trained in them —

With regard to the other 15 specific queries contained in your note of 19/9/81;

(1) The charge is wholly Provincial, but from what has been said in this note you will gather that I do not see why any charge should be made at all; the stores in question belong to the Provincial Government, and have ~~[illegible]~~ already been paid for; it can only be by something very much like a financial quibble that expenditure can be said to be rendered necessary by their transfer from the Workshops to the Stores —

(2) Whatever be the principle on which the shops

the [illegible] are

are worked, only one percentage of charge, to cover all charges not susceptible of specific distribution, should be made — see (d) above —

(3) Certainly he should draw no such charge; see (g) above —

(5) Answered already —

R No 191 Dated 6
4/11/81

No 953 N of 2 Novr/81

C

Please take the subject of these notes up at your early convenience and let me have your opinion on the several points adverted to

1/11/81

3/11 HG 3.11 3/11

A[illegible]URE LOSS, IT SEEMS TO ME TO BE

[Exr. Wks. Form No. 111.]

GOVT. OF MADRAS. 288/2/11 9 1881. P. W. DEPT.

EXAMINER, P. W. ACCOUNTS.

Madras, 5TH, NOVEMBER 1881.

OFFICE NOTE No. 783.

To

W.

YOUR OFFICE NOTE NO. 953, DATED 2ND, NOVEMBER 1881.

DY. W'S ARGUMENTS ARE NOT AT ALL CLEAR TO MY UNDERSTANDING. HE SAYS THAT THE EXTRA CHARGES (INTEREST ETC.) MUST UNDOUBTEDLY BE MADE IF THE SHOPS ARE TO BE CONSIDERED SELF-SUPPORTING, AND YET HE INSISTS THAT SUCH CHARGES ARE PURELY FICTITIOUS; IF FICTITIOUS, THE NECESSITY FOR THEIR BEING MADE IS NOT LOGICAL. THEN HE SAYS THAT THE SHOPS CANNOT BE ON A SATISFACTORY FOOTING UNLESS THEY ARE MADE PART & PARCEL OF THE ORDINARY WORKING ESTABLISHMENT OF THE DEPARTMENT AND ARE NOT EXPECTED TO RETURN ANY DIRECT REVENUE. CONSIDERING IT HAS BEEN PROVED TO DEMONSTRATION THAT AS A FINANCIAL UNDERTAKING THEY GIVE A CERTAIN AND [illegible] LOSS, IT SEEMS TO ME TO BE

Keep with Genl. No.

dated 18 .

OPPOSED TO ALL SENSE THAT BY TREATING THEM ON ANOTHER BASIS AS REGARDS ACCOUNTS THEY CAN EVER BE ON A SATISFACTORY FOOTING, AND TO TAKE THEM AS PART OF ORDINARY WORKING ESTABLISHMENT WOULD SIMPLY CONCEAL WHAT EXPERIENCE HAS AMPLY PROVED THEM TO BE- A LOSING CONCERN.

2. IT IS SCARCELY NECESSARY TO DISCUSS THE PROPRIETY OF THE EXTRA CHARGES, AS WITHOUT THEM IT WOULD BE NO MORE POSSIBLE TO ARRIVE AT THE FINANCIAL POSITION OF THE SHOPS, THAN IT WOULD BE POSSIBLE TO ASCERTAIN THE FINANCIAL POSITION OF AN INDIVIDUAL BY INSPECTING HIS BANKER'S PASS BOOK.

3. AS TO THE RS.96,000/. THE ARTICLES IN THE SHOPS DO NOT BELONG TO THE PROVINCIAL GRANT, FOR THEY HAVE BEEN PAID FOR BY THE SHOPS AND ARE SHOP'S PROPERTY. (GOVERNMENT DOES NOT DEBIT ITSELF WITH THE WORKING EXPENSES BUT ONLY WITH (LOSS) THE NET RESULT). THE STORES HOWEVER ARE PROVINCIAL AND THEREFORE IF THE RS.96,000/ BE TAKEN OVER FROM SHOPS BY STORES, PROVINCIAL MUST PAY FOR THEM, AND A GRANT IS NECESSARY. THE PROFIT (PROCEEDS) DERIVED BY THE SHOPS FROM THE QUASI SALE TO STORES WILL EVENTUALLY BE CREDITED BY GOVERNMENT TO GENERAL REVENUE, BUT THIS WILL BE QUITE AN INDEPENDENT TRANSACTION IN THE PUBLIC ACCOUNTS.

4. THEN AGAIN ARISES THE QUESTION- WHY SHOULD STORES, ALREADY OVER-SUPPLIED, BE BURDENED WITH ARTICLES WHICH THE SHOPS HAVE CHOSEN TO ACCUMULATE, AND IN WHICH STORES HAD AND HAVE NO CONCERN? WE ARE ALREADY CONSIDERING HOW TO REDUCE THE INORDINATE SUPPLY IN THE A.W. STORES, AND IT SEEMS ABSURD TO AUGMENT THAT SUPPLY AND THEN THROW THE ONUS OF ITS DISPOSAL ON STORES. WHY NOT DISPOSE OF THE ARTICLES ON ACCOUNT OF THE SHOPS AND FACE THE DIFFICULTY? A LOSS AND A LARGE ONE IS INEVITABLE, AND TO DEAL WITH IT PIECEMEAL NOW, AFTER THE FACT HAS BEEN EVIDENT FOR SOME TIME PAST, AND HAS NEVER BEEN DETERMINEDLY ENCOUNTERED, WILL ONLY DEFER WITHOUT AMELIORATING.

5. AS TO THE PRACTICAL TRAINING REFERRED TO FOR APPRENTICES, I DARE SAY, THE RAILWAY AND PRIVATE SHOPS

WOULD HELP US FOR A CONSIDERATION. BUT THIS, THERE CAN BE NO DIFFICULTY IN ASCERTAINING.

6. I THINK MYSELF THAT THE SHOPS ARE A VERY EXPENSIVE LUXURY, AND THAT WE COULD GET OUR WORK DONE IN THE PRESIDENCY TOWNS AS WELL, AND PROBABLY MORE ECONOMICALLY, EVEN TAKING SEA AND RAIL FREIGHT INTO THE CALCULATION. IT IS NO USE THINKING OF EXTRA PERCENTAGES, AND SO FORTH, BECAUSE WE KNOW THAT WE MUST HAVE COST REDUCED AND NOT INCREASED. FURTHER, EXTRA PERCENTAGES MAY GIVE NO LOSS (PERHAPS A PROFIT) TO THE SHOPS, BUT ON THE OTHER HAND THE DIVISIONS HAVE TO PAY HIGHER AND WORKS THEREBY COST MORE. WHETHER FURTHER REDUCTION IN THE SHOPS ESTABLISHMENT IS PRACTICABLE, IS FOR THE SUPERINTENDENT TO DECIDE. IF IT IS, IT IS STRANGE THAT HE SHOULD NOT HAVE REDUCED IT AT HIS OWN INSTANCE, AND I THINK WE MAY ASSUME HE IS WORKING AS LOW AS HE FINDS IT PRACTICABLE.

7. I THINK IT QUITE IMMATERIAL WHETHER OR NOT PRIVATE WORK BE UNDERTAKEN, BUT THERE IS NO REASON WHY, IN MADRAS, THE PUBLIC SHOULD RESORT TO THE GOVERNMENT SHOPS.

[illegible]

8. WHAT WE MUST HAVE EXPLAINED VERY CLEARLY IS WHY, IN SPITE OF THE PERCENTAGES CHARGED OVER AND ABOVE ACTUAL COST, EVERY DEPARTMENT OF THE SHOPS SHOWS A LOSS.

C.

8D.
5.11

To Hon W Huddleston

3481 W.

30/9
For orders

Letter from the Examiner
P.W. Accounts No 114 W
D. 2nd Sept. 1881

With the papers recorded the Examiner submits a review of the financial operations of the P W Workshops for the last official year

For a full comprehension of the subject the original papers require perusal, and as questions of a very important bearing as to the future policy to be adopted with reference to the continued existence of the Workshops have come up, it is ~~thought~~ best here to take only the salient points on which to solicit

I think the interest charge on the articles to be transf'd might be omitted for the current year if the transfer is to be carried out. But I am rather disposed to endeavour to sell away the surplus stock

The "extra profit" charge on articles issued to Govt. Depts shd. I think cease.

The 5% commission to the Supt. on private work shd. I think cease & if any such charge is made to individuals it shd be credited to the shops. If it is merely a decision of Government.

In 1877-78 the workshops showed an apparent profit of Rs 70,944, and even in 78-79 there was the small amount of Rs 727 which might also be so claimed.

An abnormally large amount of work was no doubt turned out in the first year owing to the requirements of the famine, and the officer then superintending the shops took occasion, with insufficient authority, to manufacture articles for stock which though for the moment showing a profit to the shops have ever since proved a heavy burthen.

Added to this the workshops at this time took in hand to manufacturing lime not only for the department but for sale to the public in such large quantities as to interfere most objectionably with private dealers (a practice since put an end to)

With the cessation of famine, the prohibition to manufacture unless stock, or to interfere in the private lime trade, the profits of the shops have disappeared, and from the Examiner's statement it appears that the loss on all operations was Rs 18,200 in 1879-80 and Rs 22160 in 1880-81.

Large however as these are, they do not adequately represent the actual losses.

Under the heading "Extra profits" charges have been maintained which the Committee, whose report is printed with

---

an allowance to the Supt out of a sale receipts it shd. cease.

The interest charge on Capital might be reduced as proposed.

But on the larger question, I think Col. Shaw Stewart, Col. Brandreth should be asked to report as suggested.

It seems to me that there is a certain work needing to be done for Govt in W.S. & that neither Ry Shops nor private works can undertake to do it.

It must be got done somehow.

Probably our present system checks private enterprise.

Why not ask for proposals to take the whole off Govt hands at a valuation?

A company might be formed to do it.

Has the [illegible] heard of the Rajpur works?

L.W. 3/12/81

G.O. No 914 W of the 4th April 1881, considered to be "neither correct nor politic"; thus introduced over and above the previously authorized general percentages had clearly be its object the exhibition of a fictitious profit.

In his remarks the Examiner shows that if these "extra profits" are held to be illegitimate credits the virtual loss during 1880-81 has been over Rs 35,000 or nearly 17 per cent on the total out-turn of Rs 209,000

With the increased facilities now afforded for dealing directly with home manufacturers, ~~which~~ also owing to other causes, there can be little prospect of improving in future this very unfavorable financial position

While ~~this~~ rule in all

probability be less work to do the charge for superintendence must it is to be feared inevitably increase from the necessity of providing for promotion with the effluxion of time

As put by the Examiner ~~the~~ question ~~therefore~~ arises as to whether ~~these~~ certain and probably increasing losses are compensated by the latter class of work turned out, or by other advantages to the department not easily expressed in figures

The question thus raised has as a fact had often before this to be put with reference to other similar concerns in various parts of India, and after mature consideration the several Governments have been compelled in a large number of cases to accept the abolition as the only possible

Solutions of the difficulty

At Calcutta and Bombay the shops have succumbed in the face of private competition, and those which owed their origin to the commencement of some of the great irrigation works have had to yield after a few years when the ~~work~~ operations due to the original work slackened. Even the Roorkee shops tho' in many respects favored by exceptional circumstances have it is understood been carried on at a loss for several years past.

— the old workshops known as the "Iron bridge yard"

The reason for such unfavorable results are not far to seek – So long as there is a large demand for the manufacture of certain definite classes of work, the ordinary principles which guide manufacturing concerns can be adhered to systematically, and this combined with the constant flow of work in the execution of a large irrigation project insures favorable results which can be gauged by figures, and be appreciated in other ways.

This period of their existence past, these concerns of necessity become mere jobbing shops – The recognized principles which guide manufacturing operations can no longer be adhered to – They have to take up work of the most heterogeneous character, and as they gradually go down hill have almost to tout for private work to keep themselves alive.

By degrees it becomes more and more difficult to meet the pay and promotion of a staff of officers & subordinates who in any true sense can be considered as experts

This latter phase already presents difficulties with the Madras Workshops, and it was only the other day when Mr. Baddeley having been compelled to take leave to the hills it was found impossible to place any Engineer Officer in charge; for two months the shops had to be superintended by a young Asst. Engineer fresh from Coopers Hill College.

Should circumstances sever Mr. Baddeley's connection permanently with the shops, a contingency which must be considered, it will be by no means easy if indeed it will be possible to find a suitable successor among our Assistant Engineers — and the financial condition of the concern will not admit of our employing an Officer of higher departmental grading.

As regards the goodness of the work turned out by the shops it may be said without any desire to disparage or throw discredit on the present supervision that the guarantees are not any favourable in this respect and as a fact complaints in some respects well founded have at times reached Government.

Workshops management is a speciality which the constitution of the P.W. Dept. does not provide for, and indeed cannot be provided for unless under very exceptional circumstances which do not exist in the present case.

On the other hand the workshops of the Madras Railway Compa have necessarily a very superior organization and are known to execute first class work; an enquiry however made as to their ability to meet the demands of this department has not been favorably replied to.

The Agent & Manager in his letter No 740 of the 25th October reports that he is unable to undertake any work for the Department as the Estabt. & accommodation at Perambore are insufficient.

Similarly with regard to the South Indian Railway Co. Shops the Agent in his No 10855 of the 10th October on much the same grounds states that they are not prepared to execute work for the Department.

Although these replies do not absolutely bar our getting work done at one or other or both of these Shops it is clear that unless some means be found for increasing their accommodation and supervision they could not meet our demands. That something however might be done to aid them in this direction is apparently by no means improbable and should the Government desire it the matter might be specially enquired into and reported on by Colonel H. A. Shaw-Stewart.

It would of course be on the whole more satisfactory if private firms here could undertake to meet our requirements but at present the only shops (Messrs. Simpson & Co's) in this line ask

organized on too
small a scale to afford
the requisite guarantees

It can however scarcely
be doubted that should
Government decide to
close their shops, which
now to a certain ex-
tent compete with private
trade, the encouragement which
is now wanting would be
afforded to the latter;
and as our plant,
if not also our premises,
would in case of sale
be acquired on very
advantageous terms
it is not by any means
improbable that on
the Government intention
becoming known, a
distinct effort may
be made to establish
private workshops on
a moderately large
scale

Even under the
supposition that we
cannot look for much
of our work being done
by local agency it may
still be fairly anticipated
whether with Calcutta, Bombay,
and even England so
near, all serious delay
might not be avoided

It must be borne in
mind that the Dowlaish-
-weram and Bezwada
shops are organized on
a scale adequate to
meeting all but certain
very special requirements
of both the great delta
works, and that the
Cauvery delta works of
are of a character which
keeps their requirements
on the most moderate
scale - Each Division
has moreover its small
workshops which meets
its ordinary demands
for repairs of tools &c

As regards the repair
and renewal of
mathematical and

Surveying instruments which formerly needed a special branch and Superintendent in the Presidency workshops the system adopted within the last two years of sending all such work to England is understood to have proved so satisfactory that it will probably be ~~adopted~~ continued in future

The suppression of the Workshops at Madras would therefore by no means place the Dept. in a helpless condition though until it has settled down to the new state of things some delays may be the immediate result

On the other hand we may fairly look eventually for greater expedition, a better class of work, and certainly greater economy than at present exists

Amongst the considerations not readily expressed in figures may be placed the value which such institutions possess in an educational sense and chiefly their practical value in training our subordinates, or in using the shops simply as a test before admission to the C.E. College

Major Pennycuick discusses with regard to this that he has never heard of the Workshops being "of any value in this respect" — Hitherto it is true they have not in any way laid themselves out for communicating instruction and it is therefore not fair to conclude that with proper arrangements something in this way might not be effected

Still here the ~~class~~ miscellaneous class of would entail there could be no very sys-tematic instruction unless under arrangements which would certainly lead to enhanced outlay.

On the other hand the Madras Railway Shops afford a much better field for such instruction and it will be observed that the Agent & Manager in his letter of the 29th October is prepared to recommend to the Board ~~that~~ under certain restrictions & stipulations ~~the~~ an offer to be made to a certain number of Students of the C.E. College for communicating a thorough practical training in the Art of Mechanical Engineering, as seems to be not infrequently done on many Railways at home

There would on this and other grounds appear therefore to be no sufficient reason for maintaining our Workshops

[illegible]

~~Since joining~~ this Dept. I have myself felt convinced that this issue must eventually come up in this form before Govern.t and as both the Examiner and especially Major Pennycuick have each arrived at the same conclusion I see no reason for further postponement of the question ~~Debate~~

Should the Government generally accept the conclusion there will remain a good deal of detail to be gone into as to ~~connected with~~ the best use to which to put the existing workshops building, the disposal of the machinery, plant, and the manufactured Stock &c before any direct action can be taken

Instead of any ~~any~~ immediate closure of the Shops it is I think possible that the more advisable course may be to provide for their gradual extinction

The Superintending Engineer Colonel Prendergast might be called on to take the subject up, and report his conclusions as to the best method to be followed. He has already as President of the Stores Committee made himself well acquainted with the Shops and his opinion would no doubt carry weight with Government

On one point however there is no particular reason for delay — ~~Addl etc~~ — I allude to the transfer from the Shops to the Stores of articles to the value of Rs 96,734 as ordered in G O No 914 W of 6th April 1881 the object being to relieve the Foremen of Charges not properly belonging to them

The Examiner in his lette

of the 5th inst. observes that the articles to be then disposed of being the Shops' property, already paid for, the Govt. only has to debit itself with the loss on the sales as against Provincial and questions the propriety of the order transferring the articles to the Stores

Why he asks "should the
"Stores already oversupplied
"be burthened with articles
"which the Shops have
"chosen to accumulate
"and in which the Stores
"had and have no
"concern? and adds
"Why not dispose of the
"articles on account of
"the Shops and face the
"difficulty? A loss and
"a large one is inevitable
"and to deal with it
"piecemeal now after
"the fact has become evi-
"-dent the same time pass

"and has never been
"determinately encountered
"will only defer without
"ameliorating."

There would certainly be little advantage gained by merely transferring the articles as here pointed out; in fact the only object in so doing was to allow of sales being made from the Stores according as the market proved favorable.

It is however questionable whether a long deferred transaction of this kind will in the end prove best, and for myself I should be inclined to adopt the more direct method advocated by the Examiner, and ~~direct~~ order the sale of the articles under such arrangements regarding Advertisement in Calcutta Bombay &c as the Supdt. Examiner may consider to be necessary.

Should the Government accept the suggestion to wash their hands of the Workshops Stock and block, the articles above alluded to will of course in that case fall in with the rest and for their disposal would form part of the general transaction.

In case the Government are indisposed to carry out the radical measure of reform which I have ventured to recommend there are a few specific points regarding which orders are required on the present papers viz:

(1) Whether interest for the current year on the value of articles transferred to the P.W. Stores should be

remitted?

It was too late to carry out the transfer in the past year and if transferred during the current year in accordance with the order of Govt: the Examiner suggests that the remission of the 5% interest, which is now charged on the value of the Articles (Rs 96 734) against the Shops, may be made from the date on which the transfer is effected –

If on the other hand the Articles be sold outright instead of being transferred the interest charge would necessarily adjust itself '*pari passu*' with the sales

(2) Whether the Committees suggestion as regards the charges under head "Extra profits" shall now be definitely adopted?

Notwithstanding the Committees suggesting the Sundry items exhibited by the Superintendent on the credit side of the profit and loss Account is Rs 13,309 for these profits – The Examiner points out that this charge is not only not a genuine profit but defeats its own end, for what appears to be a profit to the Shops may eventually may resolve itself into nothing or worse i.e. if the charge be made on Articles issued to the Govt. Departments

It is not in my opinion a legitimate charge and should cease as recommended by the Committee

(3) Whether the present arrangement under which the Superintendent draws 4 per cent personal allowance on

value of work done for private parties should continue?

Under the orders marginally× noted the Superintendent was authorized to draw this percentage, but it is pointed out that the amount drawn in the past year by the Superintendent has been calculated on the gross collections in which the 4 per cent had already been included. - Probably this occurred through oversight as it was obviously incorrect

The Examiner remarks that the principle under which an Officer of Govt: is granted an extra personal allowance for carrying out the ordinary duties of his position is undemonstrated, and certainly if the principle on which the allowance rests be treated (the [illegible]

× G.O. No 2963 Dd 10 Nov. 1870
" 2232 Dd 10 Sep 1873

of Government in all analogous cases but I am ~~[illegible]~~ of the allowance should cease

The only possible exception probably should be the allowance which as an exceptional case has been definitely sanctioned in the case of Stores [illegible] Cleared & forwarded on account of the Mysore State, though even in this case, such payments should be more correctly made as a contribution towards Provincial Establishment generally

(4) Whether the charge of 5%. on Capital should be reduced, and if so by how much?

The Examiner thinks it may be considered whether the charge is not too high at the present day, and to the best of my judgment I should think 4%. any be reasonably sub-stituted looking to the value of Govt. Securities and the premium percentage at which public loans can be effected.

/ In conclusion it will be necessary in the order disposing of this case to draw the attention of the Superintendent of the Workshops to the remarks made by the Dept. Examiner in paras 5, 9 and 10 of his Report in view to explanations being afforded

28/11/81

3081/56 81

FROM THE EXAMINER P. W. ACCOUNTS,

MADRAS.

TO THE SECRETARY TO GOVERNMENT,

PUBLIC WORKS DEPARTMENT.

NO. 114W MADRAS, 12 SEPTEMBER 1881.

SIR,

I HAVE THE HONOR TO SUBMIT FOR THE INFORMATION OF GOVERNMENT, —— // —— THE FOLLOWING COMMUNICATIONS:-

LETTER NO. 1045, DATED 22ND. JULY 1881 FROM THE GENERAL SUPERINTENDENT P. W. WORKSHOPS, TOGETHER WITH THE ANNUAL ACCOUNTS OF THE SHOPS FOR THE YEAR 1880-81.

AUDIT REPORT BY THE DY. EXAMINER ON THE ANNUAL ACCOUNTS FOR 1880-81.

2. IN REGARD TO THE REMARKS IN PARA 10 OF THE SUPERINTENDENT'S LETTER, I HAVE TO EXPLAIN THAT THE TRANSFER OF THE ARTICLES TO THE P. W. STORES COULD NOT BE CARRIED OUT IN ACCOUNTS FOR THE PAST YEAR OWING TO WANT OF A GRANT TO MEET THE DEBIT UNDER STORES, THE SUPERINTENDENT'S PROPOSAL HAVING BEEN RECEIVED LATE IN APRIL OF THE CURRENT YEAR. INTEREST MIGHT BE REMITTED BY GOVERNMENT WITH EFFECT FROM THE DATE ON WHICH THE TRANSFER IS EFFECTED DURING THE CURRENT YEAR.

3. THE REPORT OF THE DY. EXAMINER LEAVES ME LITTLE TO COMMENT UPON. THE RESULT OF THE WORKING OF THE SHOPS

DURING

DURING THE YEARS 1878-79, 1879-80 AND 1880-81, SHEWS THAT THE OUTTURN HAS STEADILY DECREASED, AND THAT THOUGH THERE WAS A SMALL PROFIT OF RS.788 IN 1878-79 THERE HAS SINCE BEEN A LOSS IN THE TWO SUBSEQUENT YEARS OF RS.40,000, OR ABOUT 9$\frac{1}{8}$ PER CENT ON OUTTURN.

4. OF THE OUTSTANDINGS RS.2,508·9 ARE AGAINST GOVERNMENT DEPARTMENTS AND RS.575 AGAINST PRIVATE INDIVIDUALS.

5. I QUITE CONCUR IN THE DY. EXAMINER'S REMARKS AS TO THE MANNER IN WHICH THE PROFIT AND LOSS STATEMENT IS SUBMITTED. IT IS IMPOSSIBLE TO ARRIVE AT ANY PROPER UNDERSTANDING OF THE POSITION OF THE SHOPS FROM THE FIGURES PUT FORWARD BY THE SUPERINTENDENT, WHICH ARE UNINTELLIGIBLE IN AN ACCOUNTS VIEW. THE STATEMENTS PREPARED BY THE DY. EXAMINER ADMIT OF NO MISUNDERSTANDING. FROM THESE LATTER IT APPEARS THAT GENERAL CHARGES HAVE BEEN COVERED BY THE PERCENTAGES CHARGED ON OUTTURN TO WITHIN RS.452, INCLUDING THE QUESTIONABLE ITEM OF RS.1,037-3-8 REFERRED TO IN HIS PARA 7.

6. IN REGARD TO THE 'EXTRA PROFITS' (PARA 6) AND THE LEGITIMACY OR OTHERWISE OF THE INCREASE OF RATES OF ISSUE, THE COMMITTEE HAVE ALREADY EXPRESSED THEIR OPINION, AND IT REMAINS FOR GOVERNMENT TO DECIDE WHETHER OR NOT THE ARRANGEMENT IS 'CORRECT OR POLITIC'. IT CERTAINLY DOES NOT APPEAR TO BE A GENUINE PROFIT TO THE SHOPS AS A MANUFACTURING CONCERN, THOUGH IT MIGHT BE SO TO A DEALER. IT DEFEATS ITS OWN END NEVERTHELESS, FOR WHAT APPEARS A PROFIT TO THE SHOPS MAY EVENTUALLY BE OUTLAY ON WORKS, IF THE EXTRA PROFIT BE RECOVERED BY ISSUE OF ARTICLES TO

GOVERNMENT

GOVERNMENT DEPARTMENTS, AND THIS CANNOT HAVE BEEN INTENDED, OTHERWISE WHAT POSSIBLE MEANING CAN BE ATTACHED TO 'STANDARD RATES'.

7. THE REMARKS IN PARAS 8, 9, AND 10 WILL NO DOUBT OBTAIN EXPLANATION FROM THE SUPERINTENDENT.

8. I BEG TO DRAW ATTENTION TO PARA IX REGARDING THE PERCENTAGE DRAWN BY THE SUPERINTENDENT ON BILLS FOR PRIVATE WORKS. THE DOUBLE PERCENTAGE RECOVERED IN THE INSTANCE GIVEN, AND IN OTHER POSSIBLE INSTANCES IN PRACTICE, MUST HAVE BEEN DRAWN INADVERTENTLY, BUT THE PRINCIPLE UNDER WHICH AN OFFICER OF GOVERNMENT IS GRANTED AN EXTRA PERSONAL ALLOWANCE FOR CARRYING OUT THE ORDINARY DUTIES OF HIS POSITION IS UNDEMONSTRATED.

9. AS TO THE FUTURE OF THE SHOPS, THE SUPERINTENDENT ANTICIPATES THAT IN ORDINARY YEARS THE OUTTURN WILL AVERAGE 2 LAKHS. JUDGING FROM THE RESULTS OF THE YEARS 1878-79, 1879-80, 1880-81, DURING WHICH THE OUTTURN HAS AVERAGED A LITTLE OVER 2$\frac{1}{4}$ LAKHS PER ANNUM, THE RESULT TO BE LOOKED FOR IS A CERTAIN LOSS. IF THE 'EXTRA PROFITS' BE HELD TO BE AN ILLEGITIMATE CREDIT TO THE WORKSHOPS AS A MANUFACTURING DEPARTMENT, THE LOSS DURING 1880-81 IS VIRTUALLY OVER RS.35,000, ON AN OUTTURN OF RS.2,09,000 OR NEARLY 17 PER CENT. IT IS FOR GOVERNMENT TO CONSIDER WHETHER THESE PROSPECTIVE LOSSES ARE COMPENSATED BY A BETTER CLASS OF WORK TURNED OUT THAN COULD BE OBTAINED FROM LOCAL SUPPLIERS. FURTHER IT MAY BE CONSIDERED WHETHER THE CHARGE OF 5 PER CENT ON CAPITAL IS NOT AT THE PRESENT DAY TOO HIGH, AND REASONABLY CAPABLE OF

REDUCED

REDUCTION.

I HAVE THE HONOR TO BE,

SIR,

YOUR MOST OBEDIENT SERVANT,

D. P. [illegible]

EXAMINER P. W. ACCOUNTS.

3081/58

G.O. No 2693 D/ 10 Novr 1870
" " 2232 D/ 10 Septr 1873
" " 648 W. D/ 4 March /79
" " 2688 W. D/ 24 Octr /79
" " 2127 W. D/ 10 Septr /80
" " 915 W. D/ 4 April 1881
Misc. No 1198 W. 12 May 1881
G.O. No 1549 W. D/ 20 June 1881.

FROM THE EXAMINER P. W. ACCOUNTS,

MADRAS,

TO THE SECRETARY TO GOVERNMENT,

P. W. DEPARTMENT.

NO. 114 W

DATED 2 SEPTEMBER 1881.

RECD.

ENCLOSURES. 3.

1 FORWARDS THE AUDIT REPORT BY THE DY. EXAMINER ON THE ANNUAL ACCOUNTS OF THE PRESIDENCY WORKSHOPS FOR 1880-81.

Re Cir 9-12.

ENCLOSURE
3 NOV 81
EXAMINER P. W. ACCOUNTS

PRESIDENCY PUBLIC WORKS WORKSHOPS,
Madras, 22nd July 1881.

No. 1045 W.

308/89

From

THE GENERAL SUPERINTENDENT,
PUBLIC WORKS WORKSHOPS,

To

THE Examiner of
P. W. Accounts,
Chepauk.

Enclosures.

SIR,

I have the honor to submit herewith the annual accounts of the Presidency P. W. Workshops for the year 1880-81.

2nd During the year, the Workshop became liable to Government for

1st To Cash drawn from Treasury — ~~139,000~~ 138,625 - -
2nd To Value of Stores &c received without payment — 17,613 14 -
3rd To interest on Capital — 20,897 3 1
4th To pension and leave allowances — 3,025 12 6
5th To Net profit — - - -
~~180,911~~ 180,536 15 -

3rd Of this amount the following payments were made:-

1st Payments into Treasury — 67,095 3 6
2nd Approved Invoices — 160,603 10 11
3rd Net Loss — 22,161 10 6
24,860 8 11

leaving for decrease to capital, a balance of Rupees 61,323 - -

4th The gross profits amounted to Rupees 52,128 5 7 against which charges aggregating Rupees 74,290 - 1 have been debited, leaving a net loss of Rupees 22,461 10 6 as exhibited in Statement A.

5th The opening and closing balances of the capital accounts as noted in the following table, exhibits decrease to capital amounting to Rupees 61,323 - 11 - 4.

	Capital on 31st March 1881	Capital on 31st March 1880	Increase	Decrease
Stock	111,730 1 4	114,010 4 8		2,280 3 4
Machinery and Plant	91,731 10 8	93,603 11 10		1,872 1 2
Mechanical Department	12,414 5 1	19,325 4 3		6,910 15 2
Instrument Department	3,948 1 6	5,662 13 10		1,714 12 4
Lime Kilns	- - -	6,523 14 6		6,523 14 6
Manufacture	45,954 13 4	64,408 15 11		18,454 2 7
Raw Materials	83,923 10 8	104,069 13 2		20,146 2 6
Sales	3,411 12 4	8,798 10 -		5,386 13 8
Public Department	4,083 5 9	1,540 5 -	2,543 - 9	
	357,197 12 8	417,943 13 2	2,543 - 9	63,289 1 3
Deduct bills payable	901 3 1	323 8 3	901 3 1	323 8 3
	356,296 9 7	417,620 4 11	1,641 13 8	62,965 9 -
		356,296 9 7		1,641 13 8
		61,323 11 4		61,323 11 4

6th The value of the outturn and net profit of the year under review as compared with the outturn and net profits of the two previous years is as follows.

	1878-79	1879-80	1880-
Outturn	258,201 8 8	21,876 - -	208,888
Net Profit	727 11 10	- -	-
Net Loss	- - -	18,200 10 11	22,461 10

7th A List of outstanding bills on the 31st March 1879, is herewith submitted amounting to Rupees 7,495 - 2 - 1, of which a sum of Rupees 3,647 - 1 - 8, only remains to be realized.

8th Under G.O. No. 2127 W. dated 10th September 1880, Rupees 208 - 10 - - were written off to "Profit and Loss" under "Public Department", and under G.O. No. 1197 dated 1st March 1881 Rupees 2 - 15 - 6 were written off under "Sales"

9th A valuation Statement of materials and manufactured articles is enclosed.

10th The transfer of Stores ordered in G.O. 914 W of 4th April 1881 will be carried out during the current year, but the Workshop will not realize any benefit from this until April 1883, for during the whole of 1881-82, interest at the rate of 5 percent will have to be paid upon the value of the Stores viz Rupees 96,000 —— An application was made with a view to the transfer being effected in the Supplemental accounts for March 1881 which would have at once relieved the

two

Workshop

Workshop of capital to the extent noted above, but it was ruled that the transfer could not take place until the commencement of the present official year.

Under these circumstances, I would beg to suggest that you will recommend to Government that no interest be charged during the current year upon the sum of 96000 Rupees the value of the Stores to be transferred to the P.W. Store Department.

11. The outturn during the year under review is slightly lower than that of 1879-80 and I anticipate that in ordinary years the outturn will average about 2,00000 Rupees, and will consist almost entirely of special works which cannot be satisfactorily executed elsewhere in the Presidency.

I have the honor to be
Sir
Your Most Obdt Servant

A. R. Boyle. C.E.
Offg. Genl. Supdt. P.W. Workshops

EXAMINER P.W. ACCOUNTS
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ENCLOSURE
EXAMINER P.W. ACCO
3 NOV 81

3081/61

ACCOUNTS

Presidency P. W. Workshops.

From

THE GENERAL SUPERINTENDENT,
P. W. WORKSHOPS,
Madras.

To

The Examiner of
P. W. Accounts
Madras

No. 1045 W.

Dated 22nd July 1881.
Despd. 23rd July 1881.
Recd.

No. OF ENCLOSURES.

Subject.

Submits the Annual Accounts of the Presidency P. W. Workshops for the year 1880/81 with his remarks.

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3 NOV 81
ACCOUNTS

308/62

Note by the Deputy Examiner on the accounts of the Presidency workshops for 1880-81. Inspected 19th and 20th August 1881.

The financial results of the transactions of the year under review are as follow:

Liabilities

Cash from Treasury	1,38,625 — .. — ..
Interest on Capital	20,897 — 3 — 1
Charge on account of Leave and Pension allowance	3,025 — 12 — 6
Decrease in Capital	61,698 — 11 — 4
	2,24,246 — 10 — 11

Assets

Payments into Treasury	59,095 — 3 — 6
Adjustments by transfer debits	1,42,991 — 6 — 11
Net Loss	22,160 — .. — 6
	2,24,246 — 10 — 11

2. It will be seen from the above that the years operations (1880-81) of the workshops have resulted in a net loss of Rs 22,160 - 0 - 6. This loss has been debited to Tools and Plant in the Provincial accounts for 1880-81.

3. The following comparative statement shews the value of the out-turn and the Profit or loss for each.

each of the last 4 years

	1877-78	1878-79	1879-80	1880-81.
Out-turn	5,73,476-9-3	2,58,201-8-8	2,16,876-1-2	2,08,888-13-2
Net Profit	70,944-12-11	727-11-10	"	"
Net Loss	"	"	18,200-11-11	22,160-0-6

4. The outstandings (or bills unpaid and unadjusted) at the end of the year under review amounted to Rs 7,495-2-1; since then they have been reduced to Rs 3083-9-.. The present outstandings are as follows.

1	Superintendent School of Arts	1125—15—.
2	Executive Engineer West Coast	97—10—.
3	Messrs Burnet and Co	479—8—.
4	Superintendent School of Arts	310—12—.
5	Superintendent of Works Presidency	940—.—.
6	Superintendent School of Arts	9—.—.
7	Secretary H. H. Princess of Tanjore	95—8—.
8	Collector of Ganjam	25—4—.
		3083—9—.

Bills No 1 and 3 have already been reported to Government, Vide G.O. No 1764 W dated 18th July 1881, and G.O. 1549 W dated 20th June 1881, the Superintendent should press for an early settlement of the remaining bills

5. The Profit and Loss account seems to have

been made out on a wrong system as it includes General charges &c which should be a separate head of account and subsidiary to that of Profit and Loss. I append an amended Profit and Loss and General charges accounts, which, I submit, shew a clearer and more correct statement of the year's operations than the Profit and Loss statement submitted by the Superintendent. The word "Profit" on the 1st line on the credit side of the Profit and Loss statement submitted by the Superintendent is a misnomer as the items shewn as Profits represent percentage charges realised on the out-turn of the different Departments, calculated to cover cost of General charges which include superintendence, Establishment, Fuel, Contingencies, Pension charges &c which appear on the debit side of that account and which is impossible otherwise to allocate. There is a further advantage gained by the proposed ledger Head "General charges" and that is, it can be seen at a glance, whether the percentages realised and credited to this account have covered the debits of the same account. I prominently bring to notice an item Loss, Rs 13,929-7-9 debited to Profit and Loss, which appears on reference to the accounts, is Departmentally divisible as follows.

	Rs	as.	p
Loss on Mechanical Department	8,362	5	1
Instrument Department	2,600	12	6
Foundry	2,555	4	4
Lime Kilns	411	1	10
Total	13,929	7	9

as no reliable information could be obtained regarding these losses, it would appear necessary to call upon the superintendent (on his return from privilege leave) to explain how they have arisen.

6. With reference to the sixth item on the credit side of the Profit and Loss account — amounting to Rs 13309-6-6 as "Extra profits on works and standard rates", I bring to notice the following opinion expressed by the Stores Committee in para 32 of their report printed with G O No 914 W dated 4 April 1881.

> "This does not appear to the Committee a "correct or politic charge; the object being to "make the workshops pay, the charges "should not be more than is necessary to "attain this object. If the general percentage "is insufficient it should be increased "instead of an entirely fresh charge being made "under the name of extra profit".

7. With reference to the fourth item on the credit side of the Profit and Loss account "Manufacture" Rs 1031-3-8, it was found to represent Commission charged for purchasing Stores or Manufactured articles outside of the workshops; it should be explained why the workshops undertook this agency work, as it would appear more properly to be the duty of the Stores Division.

8. Muster Rolls - with the exception of those who can write their names (which are very few)

there

there is nothing on the Muster Rolls to shew that the men have been paid. These payments should be made in the presence of the Senior Officer or Subordinate on the spot and immediately available, who should certify on the Nominal Muster Roll or Pay sheet the total amount actually disbursed. Vide Public Works Code, para 1564.

9. It should be explained why a Maistry on pay of Rs 35 per mensem is employed and paid by the workshops whose duty is understood to be, to look after the Contractor's men employed in the Foundry.

10 It should also be explained why the following items have been debited to "Contingencies" instead of "Machinery and Plant"

May 1880	2 Portable Forges	200—..—..
June 1880	2 Bench Vices	21—8—..
September 1880	2 Do	21—8—..

11. During the year the Superintendent has drawn an aggregate of Rs 718-12-5 personal allowance (under G O No 2693 dated 10 November 1870 and G O No 2232 dated 10 September 1873) on bills realized within 3 months, for work performed for Private parties. On reference to the particulars it was found that the allowance had been

Calculated

calculated on the gross collections which included the Superintendents 4 percent personal allowance, for instance:–

Bill No 238 dated 3rd July 1880.

Work and Material and workshop percentages	919 – 8 – 9
Superintendents 4 percent personal allowance	36 – 11 – 3
	956 – 4 – "

instead of the Superintendent drawing Rs 36-11-3 as charged in the bill, he drew Rs 38-4-0 equivalent to 4 percent on the Total of the bill, which was Rs 1-8-9 more than he should have drawn.

General charges

Cost of Permanent Establishment	12,631 – 6 – 4	By percentages on out-turn recovered to meet the cost of General charges as under.	
Do Contingent Do	9,811 – 11 – 2	Mechanical Department	24,814 – 11 – 6
D Contingencies	1,592 – 4 – 9	Instrument Department	8,329 – " – "
Materials for repairs to Machinery Tools and Sundry charges	6,681 – 1 – 9	Foundry	4,267 – 13 – 7
Mechanical Department for repairs to Machinery &c	1,347 – 1 – 9	Manufacture	1,031 – 3 – 8
Instrument Do Do Do	8 – 7 – "	Raw Materials	376 – " – 4
Block for depreciation at 2 percent	2,280 – 3 – 4	Cash for unclaimed wages	" – 2 – "
Machinery and Plant do do at 3 percent	1,872 – 1 – 2		38818 – 15 – 1
Government, for Pension and Leave allowances on the amount of the Permanent Establishment charges Rs 12,103-2-1 at 25 percent	3025 – 12 – 6	Balance carried forward to Profit and Loss	431 – 2 – 8
	39250 – 1 – 9		39250 – 1 – 9

Profit and Loss account

Government for interest on the opening balance as per statement "B" on Rupees	4,17,620—4—11		By extra profits on works and standard Rates	}	13,309—6—6
Plus amount due on purchase account 31st March 1880.	323—8—3				
	4,17,943—13—2				
at 5 percent as per G.O. No 52 dated 8th June 1869.	}	20,897—3—1			
Amount ordered in G.O. No 2127 W dated 10th September 1880 to be written off to Profit and Loss	}	268—10—"	Balance of Loss for the year	}	22,160—"—6
Do Do as per G.O. No 1197 dated 1st March 1881	}	2—15—6			
Balance of General charges account		431—2—8			
Loss on Mechanical Department	8,362—5—1				
Instrument Department	2,600—12—6				
Foundry	2,555—4—4				
Lime Kilns	411—1—10	13,929—7—9			
		Rs 35,469—7—"		Rs	35,469—7—"

No 3081 W

Genl Acct

PUBLIC WORKS DEPARTMENT.

PROCEEDINGS OF THE MADRAS GOVERNMENT.

UNDER date the 12th Decr/81

Read the following:—

308/66

From,

The Examiner P.W. Accounts (A.E. No 114 W of 3rd September/81)

With the papers above recorded the Examiner of P.W. Accounts submits a review of the financial operations of the Presidency P.W. Workshops for the year 1880-81.

2. The liabilities during the year amounted to Rupees 2,24,246—"—" while the assets were Rs 2,02,086, showing a net loss on the year's transactions of—

Rupees 22,160.

3. The following comparative statement shews the value of the outturn and the profit or loss for each of the last four years:—

	1877-78	1878-79	1879-80	1880-81
	Rupees	Rupees	Rupees	Rupees
Outturn	5,73,476	2,58,201	2,16,846	2,05,588
Net profit	70,944	727	..	..
Net loss	..	..	18,200	22,160

4. It is observed from the statement that the outturn has steadily decreased and that while there was a profit of Rupees 727 in 1878-79, in the two subsequent years there was a loss of Rs 40,000 or about 9½ per cent on the outturn.

5. The outstandings at the end of the year amounted to Rupees 7,495, since which they have been reduced to Rupees 3085. Of the latter amount Rs 2508 are against Government Departments, and Rs 595 against private parties.

6. In G.O. No 914 W dated 4th April 1881, the transfer from the P.W. Workshops to the Stores of articles to the value of Rs 96,734 was ordered, the object being to relieve the former of charges not properly belonging to them.

7. It was too late to carry out the transfer in the accounts of the past year, and the General Superintendent states that the workshops will not realize

any benefit from the
measure until April 1883,
as interest on the amount
at 5% will have to be
paid for the whole of 1881-82,
and he therefore recommends
the remission of the charge
for the current year. The
Examiner suggests that
the remission might be
sanctioned with effect
from the date on which
the transfer is effected.
This suggestion is approved.
The articles will thereafter
be disposed of by sale
as opportunities offer, proper
arrangements being made
by advertisement not
only in Madras, but
in Bombay and Calcutta
to notify as widely as
possible the intended sale.

8. In the Committee's report
recorded in the G.O. already
quoted, they expressed the
opinion that the charge
for "Extra profits" in addition
to the percentage for general
charge on jobs was neither
correct nor politic, and
they suggested that if
the general percentage charge
was insufficient it should
be increased, instead of
an entirely fresh charge
being made under the
name of "Extra profit."
Notwithstanding this, the

sixth item on the credit side of the profit and loss account is Rs 13309 for "Extra profit", and the Examiner remarks that it remains for Govt. to decide whether or not the arrangement is "correct or politic". He points out that it certainly does not appear to be a genuine profit to the shops as a manufacturing concern, though it might be so to a dealer, and that it nevertheless defeats its own end, for what appears a profit to the shops may eventually be outlay on work of the

Extra profit be recovered on articles issued to Government Departments. The arrangement will now cease.

G.O. No. 2963 of 10 Novr 1870
" " 2232 of 10 Septr 1872

9. Under the orders marginally noted, the Superintendent is authorised to draw a personal allowance of 4 per cent on the value of work done for private parties. The Deputy Examiner points out that the amount thus drawn by the General Superintendent during the year was calculated on the gross collection in which the 4 per cent had already been included

The Examiner thinks that the double percentage must have been drawn inadvertently, but he remarks that the principle under which an officer of Government is granted an extra-personal allowance for carrying out the ordinary duties of his position is undemonstrated. No further allowance on this account will be drawn by the Superintendent.

10. The question is raised in this correspondence as to whether the charge of 5 per cent on Capital now made by Government is not too high. On due consideration the Rt. Honorable the Governor in Council is of opinion that it is capable of reduction. The charge will in future be calculat at 4 per cent.

11. The attention of the Superintendent will be drawn to the remarks in paras 5, 9 & 10 of the Audit Report by the Deputy Examiner.

12. With regard to the future of the Shops, the Examiner remarks that judging from the outturn

of the three years 1878-79, 1879-80, and 1880-81 the result to be looked for is a certain loss. He shows that if the "Extra profits" be held to be an illegitimate credit, the loss during 1880-81 is virtually over Rs 35,000 on an outturn of Rs 2,09,000 or nearly 17 per cent. He suggests, that it is for Government to consider whether these prospective losses are compensated by a better class of work turned out than could be obtained from local suppliers.

13. It would, in the opinion

of the Governor in Council be much more satisfactory if private firms existed capable of meeting the requirements of the Dept., but it is feared that there are none at present which can be relied on to do this, although perhaps the closure of the workshops would give the desired impetus to private enterprise.

14. Among the considerations in favor of maint.g the Shops not readily expressed in figures may be placed the value which such an Institution as the Presidency P.W. Workshops possesses as being capable of

affording a practical education to the subordinates of the Department either after or before admission to the Civil Engineering Colleges, and prior to their undertaking the active duties of the Department. But should the Railway Workshops be thrown open, as in other places for this purpose, there will not be so much need for a training Institution under direct Government supervision. Much It is quite possible also that these shops ~~may~~ might, with slightly extended accommodation

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and more supervision, be in a position to meet all demands of the P.W. Dept which could not be executed in the open market. The Consulting Engineer for Railways will, after enquiry, report on this point - and Colonel Prendergast, Superintending Engineer Fifth Circle, who, as President of the recent Stores Committee, has acquired much information in regard to the working of the Presidency Workshops will report his conclusions on the general question raised in these Proceedings as to the future of the

Workshops and the best
arrangements for execution
of work should their
closure be decided on
Colonel Prendergast
will consult with Col.
Shaw Stewart before
submitting ~~[illegible]~~ his report
to Government.

R.J.

[illegible]

8/12/81

To,

The S.E. V Circle.
" Con. Engr. for Ry.
" Genl. Supdt. M. Stores & Mfty.
" Examiner M. Accts.

S 11/12

Dated 20/12/81

Cor: 9.12. [illegible] 11.12.