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TAMIL NADU ARCHIVES

GOVERNMENT OF TAMIL NADU

P.W.D DEPARTMENT

G.O. No.	886-W	Press.
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Dated	31-3-1881	197.

R.R.

Not to be folded or roughly handled

886
1

GOVERNMENT OF MADRAS.

PUBLIC WORKS DEPARTMENT.

31st March 1881, No. 886 W.

General.
Account

Read the following paper :—

No. 102. From Lieutenant W. L. C. BADDELEY, R.E., General Superintendent, Public Works Workshops, to the Chief Engineer, Public Works Department, Chepauk, dated Madras, 17th March 1881, No. 3,251 W.

As the official year is drawing to a close, I have the honor to submit for your consideration an important point in connection with the working of this workshop, which, I think, if approved of, should be brought into operation from the commencement of next official year.

2. At present the workshop is expected to pay yearly to Government a sum of Rs. 30,000 as interest on Capital, and, in order to meet this charge, a rate of percentage is levied on work executed which is extremely detrimental to the workshop and to Government.

3. The high rate of percentage affects the workshop by driving away work and reducing it to the position of an establishment which is only employed for special works, and consequently the cost of buildings, establishment, &c., is distributed over a comparatively small outturn.

4. The loss to Government is, I consider, a double one, for the resources of the workshops are only partly utilized, and there is always the probability that officers will get work executed in the market at rates which, although somewhat less than the workshop prices, are far in excess of the actual cost of the works in the workshop.

5. I need scarcely say that in cases where the workshop has been called upon for an estimate, but it has been decided to do the work by private agency, there can be no doubt but that Government pay more than if the work was executed in the shops, for in the first case the total payment is made by Government, while in the latter only a portion of the bill is a Government payment, the remainder being merely a book transaction between the workshop and some other office or department. Seeing therefore that the workshop fails to fulfil the object for which it was established, merely because it has become necessary to return yearly to Government a fictitious profit, I would beg to suggest that during the next official year the question of profit should be set aside except in so far as the ordinary expenses of the workshop are concerned, that is to say the percentage charged on works should be only sufficient to pay for the cost of establishment and general charges, omitting all interest on capital.

6. Even after the reduction in percentages the workshop rates will be such that private firms can compete for work of ordinary character; but at present competition is out of the question, as the amount of fictitious profit allowed for in every workshop bill is about double what would be considered a fair trade profit.

7. The average outturn may be taken as 1,70,000 and the interest on capital 30,000, or to put it clearly about 22 per cent., in addition to the ordinary percentages to cover cost of establishment and general charges, has to be added to each bill to obtain the Rs. 30,000 interest required by Government. Should the proposal to waive

all interest be sanctioned, the rate of percentage to be charged to cover the cost of establishment and general charges would be fixed from time to time according as work was abundant or slack, and it might be expected to vary from 15 to 20 per cent.

No. 103. ORDER THEREON, 31st March 1881, No. 886 W.

THE General Superintendent's argument is unsound in principle, and, if accepted, would lead to objectionable consequences. The item interest on capital is an essential portion of the workshops charges, and its omission would cause only an imaginary lowering of rates.

2. The prime object for which the workshops are maintained is the execution of work for the State, and, if private work be undertaken, the prices should not be such as to compete unfairly with those of private firms, as would be the case if the workshops were relieved of a charge which must be borne in some form or other by every private firm.

3. While desirous of seeing the workshops rendered efficient and kept in full work, the Government consider that it would be hardly right to enforce a rule by which all State departments should send all their work to the shops. If the needful economies are effected in regard to the establishment entertained, and attention given to the goodness of the work turned out, the results in this respect can hardly fail to be satisfactory.

(True Extract.)

Major, R.E.,
Under Secy. to Govt., P.W.D.

To the General Superintendent, Public Works Workshops.

„ Superintending Engineers.

„ Superintendents of Works.

To the Consulting Architect.

„ Superintendent, Madras Harbour Works.

„ Examiner of Public Works Accounts.

„ Public, &c., Departments.

„ Revenue Department.

„ Military do.

Exd. E. C. Shunker.

Spare Copies

GENERAL
ACCOUNT.

Govt. of (1881) Madras.
PUBLIC WORKS.

To

THE GENERAL SUPERINTENDENT,
PUBLIC WORKS WORKSHOPS,
&c. &c. &c.

Dated March, 31st.

Issued

Recd.

Encl.

G. O., 31st March 1881, No. 886 W.

MARCH.
Nos. 102-103.

Presidency Public Works Workshops.—
Orders on proposal from the General Super-
intendent to omit the item interest on capital
in the accounts of the —.

PRESIDENCY PUBLIC WORKS WORKSHOPS.

Madras, 17th March 1881.

No. 3251.

From

THE GENERAL SUPERINTENDENT,

PUBLIC WORKS WORKSHOPS.

To

The

Chief Engineer P. M. C.

Chepauk.

Madras.

Sir,

Enclosures.

1) As the official year is drawing to a close, I have the honor to submit for your consideration, an important point in connection with the working of this Workshop, which, I think, if approved of, should be brought into operation from the commencement of next official year.

2) At present the Workshop is expected to pay yearly to Government a sum of Rupees 3000 — as interest on Capital, and, in order to meet this charge, a rate of percentage is levied on work executed which is extremely detrimental to the Workshop and to Government.

3) The high rate of percentage affects the Workshop by driving away work, and reducing it to the position of an Establishment which is only employed

employed for special works, and
Consequently the cost of buildings,
Establishment &c, is distributed over
a comparatively small out turn.

4) The loss to Government is I consider
a double one, for the resources of the
Workshops are only partly utilized and
there is always the probability that
Officers will get work executed in
the market, at rates which although
somewhat less than the workshop
prices are far in excess of the actual
cost of the work in the Workshop.

5) I need scarcely say that in
cases where the Workshop has been
called upon for an estimate, but
it has been decided to do the work
by private agency, there can be no
doubt but that Government pay
more than if the work was executed
in the Shops, for in the first case
the total payment is made by
Government, while in the latter, only
a portion of the Bill is a Govern-
ment payment, the remainder
being merely a book transaction
between the Workshop and some other
office or Department. Seeing therefore
that the Workshop fails to fulfill
the

the object for which it was establish-
ed, merely because it has become
necessary to return yearly to the
Government, a fictitious profit I
would beg to suggest that, during
the next official year, the question
of profit should be set aside
except in so far as the ordinary
expenses of the Workshop are
concerned, that is to say the
percentage charged on works
should be only sufficient to
pay for the cost of establishment
and general charges, omitting
all interest on capital.

6) Even after the reduction in percent-
ages, the Workshop rates will be
such, that private firms can
compete for works of ordinary
character, but at present
competition is out of the question
as the amount of fictitious profit
allowed for in every Workshop
Bill is about double what would
be considered a fair trade profit.

7) The average outturn may be taken
as 170,000 and the interest on
Capital 30,000 or to put it clearly
about 22 percent, in addition to
the ordinary percentages to cover
cost of establishment and general
charges.

26
Charges, has to be added to each
Bill to obtain the 30000 Rupees
Interest required by Government.
Should the proposal to waive
all interest be sanctioned the
Rate of percentage to be charged
to cover the cost of Establi-
ment and general charges
would be fixed from time to
time according as work was
abundant or slack and it might
be expected to vary from 15 to 20
percent.

I have the honor to be
Sir

Your Most Obedt. Servant

W. Baddley D.H.C.

Genl. Supdt. P.W. Workshop

Presidency P. W. Workshops

From

THE GENERAL SUPERINTENDENT

P. W. WORKSHOPS

Madras

To The Chief Engineer
B.M.M.
Madras

No. 3257

Dated 17 March 1881
Despt. 10
Recd. 17

No. of Enclosures

Subject

Submits for consideration
the fact of this Factory being
obliged to pay 30000 Rs as
Interest on Capital - to fort
by which a rate of percentage
is levied on works executed
here which proves detrimental
both to the shops & Government

H. W. Hindle

In order

This draft embodies
an order for all Govt
shops to entrust the
work without reserve
to price to our P.W.

Workshops, but I confess
I am not so satisfied
regarding the management
of the shops as to wish
to see so strong a law
planned to private
competition, and I

would therefore with the

H. W. Hindle's permission modify
page 3 of the order as shown
marginally in pencil

Att

30/3/81

Approved

I do not understand

that but he has written

in the G.O. being

undoubtedly correct

question

C. A. W.

Leave as is
modified
pencil
20/3

must be done in some form

856/7

Read the following:—

From the General Supt^g P. W. Workshops, Madras
 No 3257 W dated 17 March 1881.

FOR ORDERS.

The General Superintendent's argument appears unsound in principle and if accepted would lead to objectionable consequences in practice.

The prime object for which the workshops are maintained is the execution of work for the State, and it is an open question how far the undertaking of private work by such an institution is justifiable; in any case it is certain that the prices for such work should not be such as to compete unfairly with those of private firms.

It is obvious that this latter must be the case if the shops are relieved of a charge which must be borne in some form.

Lement
 114

or other by every private firm.

With regard to para 5 of the Superintendent's letter, it must be admitted that it is a disadvantage for Government work to be entrusted to private firms, even though the prices of the latter may be nominally lower, as the extra price paid to the shops is a mere matter of bookkeeping and it is worthy of consideration whether all Government work which the shops can satisfactorily execute should not be entrusted to them without reference to price.

This however is a question entirely distinct from that of an imaginary lowering of rates by the omission of an essential portion of the workshop charges.

J. B. S.

Major R. B.

For Secretary to Govt.

P. M. S.

FOR ORDERS.

Am. W. S. S. S. S. S.

88/14

No. 886 H. 17 sent

PUBLIC WORKS DEPARTMENT.

PROCEEDINGS OF THE MADRAS GOVERNMENT.

Under date the 31st March 1881.

Read the following:

From

The Genl Supt.

Per Mr. Woodshops.

No. 325/17th March 1881.

The General Superintendent's argument is unsound in principle, and, if accepted, would lead to objectionable consequences. The item interest on Capital is an essential portion of the workshop charges, and its omission would cause only an imaginary lowering of rates.

2. The prime object for which the workshops are maintained is the

execution of work for
the state, and if private
work be undertaken,
the prices should not
be such as to compete
unfairly with those of
private firms, as would
be the case if the work-
shops were relieved
of a charge which
must be borne in some
form or other by every
private firm.

The Govt. agree with
the Supt. that it is a
disadvantage for State
work to be entrusted
to private firms, even
though the prices of the
latter may be nominally
lower, as the extra
price paid to the

While desirous of seeing
the workshops rendered ef-
ficient and kept in full
work the Government consider
that it would be hardly right
to enforce a rule by which
all State Departments should
send all their work to the
shops. If the useful econo-
mies are effected in regard

to the establishment enter-
tained, and attention to
workshops is a mere
given to the goodness of matter of work and
the work turned out the government. All
results in this respect Govt. departments
can hardly fail to be
satisfactory. Economies are expected to be
effected in regard to the P.W. workshops,
without a premium to
price, all work
which can be satis-
factorily executed
there, and which
cannot be undertaken
by Govt. Agency else-
where.

- To the Genl Supt of Workshops.
- Supt. Engineers ✓
- Supt. of Woods ✓
- Cann. Ammunition ✓
- Supt. M. & Woods ✓
- Ex. P.W.A. ✓
- Public Works Dept. ✓
- Railway Dept. ✓
- Ministry of Defence ✓

Att
30/3/81
29/5

1728 *Q*

Govt. of 1881 *Public*
PUBLIC WORKS.

To
Dated
Issued
Recd. Encl.

1-4

G. O. 31 Mar 1881, No. 886

Nos. 102 to 103

Presidency *P. W. Workshop*
Orders or ^{proposals} ~~letter~~ from the
Genl. Inspct to examine
omit the item interest
Capital in the account
the —

203/15