

Cont of India to be

in your letter under
reply.

I have read

L

Despatch
6/6/94

W
1.6

No. 1375 W. d. 4 June 1894.

No. 1400 W. d. 6 June 1894

To be returned to Govt without delay

May
14/6/94

INDEXED

16.

His Excellency the Govr

Objections to purchase
of stores through
India office

No. 1400 W. dt 6th June 1894.

To,
The Secretary to the
Government of India,
Public Works Dept.

Sir,

In reply to your
letter No. 177 M dated
16 May 1894 I am
directed to state that
a reply has been sent
to the Chamber of
Commerce, Madras,
in the sense indicated
in paras 5 to 8 thereof.

I am to add that
His Excellency the
Governor in Council
entirely concurs in
the views expressed

Govt of India to be
based on a misunder-
standing of the actual
circumstances.

4. I am also directed
to add that the Govt
of India are not prepared
at present, to re-open
the question of further
relaxing the existing
rules for the supply
of stores for the public
service.

I have &c

S

W

20.5

With ² enclosures.

29/5/94

Letter dispatched through the Madras
affair

Madras affair asked to give the no. & date

No & date intimated Maj 1/6/94
on 6th instant. Rev 1/6

INDEXED.
7/6

Letter to Chairman
Chamber of
Commerce

No: 1375 W. d. 4th June 1894.

C. No. 4215
No: 1400 W. d. 6th June 1894.
Note for His Excellency

In sending up
the former papers on
this subject I had
overlooked the fact
that the Government
of India would expect to
a reply to their letter, &
a draft is now submitted.

S

W

106

ed
p.

5

c

d

purchase of stores for the public service have been tentatively relaxed, and I am to invite attention to the marginally cited Resolutions of the Govt of India on the subject.

2. I am also to say, that the system under which stores are procured for the public departments in this country through the agency of the India office, was exhaustively considered by the Finance Commission of 1886, and in the opinion of the Govt of India, the efficiency and economy of the present system was, on the whole, sub-

Finance Dept. Resolution
N^o 2650 d/25 June 1891
Public Works Dept. Resolu-
N^o 226 M d/14 June 92.

stantially established, whilst experience in regard to the procedure for the supply of railway stores has shown that it leaves little to be desired, in the direction of promptness, quality of supplies, or lowness of price.

3. With regard to the particular case referred to in the latter portion of the letter of the Chamber of Commerce, I am to say that a complete statement of the facts does not appear to have been laid before the Chamber as the remarks made on the case in question seem to the

through the India
office and through
private agency is a
matter of fact, though
accurate knowledge
of the facts is of necessity
confined to a small
number of people, of
whom I naturally am
one, and I am entirely
certain of the correctness
of the statements
made in paras 3 & 4
of my note.

S

20.5 W

H.C.

Objections raised
by the Madras Chamber
of Commerce to the
purchase of stores.
Thro' the India
office

No. 1375 W. d. 4th June 1894.

The Chairman,
Chamber of Commerce,
Madras.

Sir,

W
31 May

With reference to
your letter dated 20th
February 1894 addressed
to the Secretary to the
Government of India
Public Works Dept, I am
directed by His Excellency
the Governor in Council,
under instructions from
the Government of India,
to inform you that
since the issue of the
Govt of India letter No.
139 M dated 20 May
1890, to the Karachi
Chamber of Commerce,
the orders which then
existed regarding the

Despatched through the Madras office.

C.M.S.
29.5.94

OSL
H.C. 29.5.94

~~His Excellency the Governor~~

Objections raised by
the Madras Chamber
of Commerce to the
purchase of
stores through the
India Office

C. No. 4215
No. 1375 L. of 4th June 1894.
Note for His Excellency

With regard to
His Excellency's remarks
on my note of the 25th
instant I am well
aware of the rumours
mentioned, and ^{it was} because
I was aware of them
that I thought it right
to mention my own
experience in the matter.

2. Of course the truth
of rumours as to under-
hand proceedings of the
kind referred to must
be more or less a
matter of opinion, but
the question of the
relative price and
quality of stores supplied

Seen by
31 May

W. L. L.
H. L. L.
R. L. L.

W. L. L.
H. L. L.
R. L. L.

events partially removed
by a glance at the
advertisement columns
of any of the leading
engineering papers in
England.

7. I had a considerable
insight into the practice
of the India Office
when ordering the
machinery for the Perigen
Wahs in 1888, and can
testify from personal
knowledge that there
is no lack of either
"active competition"
or "thorough publicity".

8. The Chamber
quote an example of
delay from the
present system; con-
cerning this I can
only say that "one

FOR ORDERS.

story is good till
another is told," but
even if the facts were
as stated it merely
proves that the India
store department
like other human
agencies is not infallible.
9. The Chamber
produces no evidence
in support of the
sweeping statement
made in the last few
lines of its letter, and
I believe the statement
to be absolutely untrue.

L

255

Chambers
25/4

of the present system by the Chamber of Commerce and others are simply the result of ignorance.

3. In almost every case in which stores plant or machinery are required from England they can be obtained far cheaper and of far better quality through the Secretary of State than by any private agency.

4. It frequently happens that stores are urgently required and there being no time to obtain them through the India Office they have to be purchased locally, in such cases the price paid is

that the Chief Engineer can speak from his own experience of the India Office as to the straightforwardness of their store Department as regards the Sengar requirements. But although in this particular respect, he can give them an excellent character, it does not suppose he is altogether ignorant of some very ugly rumours as to their procedure in other cases - which have no doubt raised in the minds of certain people in this country a not unnatural desire to ~~prevent~~ ^{direct to} themselves the profits which Rumour described as having dropped into other people's pockets. How far Rumour may or not be true, I can not say - nor as I have said before, would I attempt to stir up the mud, unless I were pretty confident that I could extract from it what I expected to find. By their present action the M.C. of C. have not done much towards ^{increasing} ~~maintaining~~ their reputation for good sense.

W
26 May

almost invariably higher than would have been paid if the stores had been obtained in the regular way.

5. The "legitimate trade" referred to by the Chamber of Commerce, means simply the employment of middlemen whose profits would come out of the pocket of the taxpayer.

6. The reference to "the absence of active competition and thorough publicity" merely shows that the Chamber knows nothing of the manner in which stores are obtained by the India Office, an ignorance which would have been at all

No: 1375 W of 4 June 1894

Read the following:—

Letter from the Government of India
No 177 M dated 16 May 1894.

FOR ORDERS.

The Government
of India having answered
the letter of the Chamber
of Commerce there
apparently is no course
open to this Government
except to communicate
the ^{answer} ~~same~~ as requested.

I think it right how-
ever to say that my own
opinion, derived from
upwards of thirty years
experience is entirely
in accord with that of
the Government of
India, and that the
complaints and abuse

Yes - the Chamber of Commerce have
I think gone up with a very weak case.
at the same time there is no doubt a
very strong impression in the public mind
that there are or have been some very serious
proceedings regarding the manner in which
incidents are supplied through the India Office.
What truth there is in such an "impression"
I cannot say - I would prefer to pass it
"sub silentio" unless I had something definite
to go upon. The Madras Chamber of Commerce
w^d. have been better advised if they had done
the same - & especially in the one concrete
case they bring forward, where apparently they
have acted on some hearsay, rumour, without
having the facts established. I am very glad

25.1.86.2026
21.8.91.22686
5.1.92.536
23.1.92.2346
1.7.92.19056

Received at 004 23/5/94

Endorses 2/-
Repts: 6.6.94

For orders
C. 17085
24/6/94

5W

3. The Madras Chamber of Commerce, therefore, begs the Government of India to lose no time in securing such a modification of the existing rules as may result in greater efficiency and increased economy and reference is made in the latter portion of the letter to a certain case of the delay in the supply of railway stores as an example of the inconveniences caused by the present system.

4. I am directed to say that it escaped the attention of the Government of India that this letter, which should have been addressed to the Government of Madras in the first instance, was irregularly submitted direct to the Government of India, but that as some time has elapsed since its receipt the Government of India think it expedient to communicate to the Government of Madras their views on the subject instead of returning the letter for submission through the proper channel.

5. Since the issue of the Government of India letter No. 139 M. dated 20th May 1890, to the Karachi Chamber of Commerce, the orders which then existed regarding the purchase of stores for the public service have been tentatively relaxed, and I am to invite attention to the marginally cited Resolutions of the Government of India on the subject.

Financial Department Resolution	Copy attached for
No. 2650, dated 25th June 1891.	reference.
Public Works Department Resolution	
No. 226 M. dated 14th June 1892.	

6. I am also to say, that the system under which stores are procured for the public departments in this country through the agency of the India Office was exhaustively considered by the Finance Commission of 1886, and in the opinion of the Government of India, the efficiency and economy of the present system was, on the whole, substantially established, whilst experience in regard to the procedure for the supply

of

of railway stores has shown that it leaves little to be desired in the direction of promptness, quality of supplies, or lowness of price.

7. With regard to the particular case referred to in the latter portion of the letter of the Chamber of Commerce, I am to say that a complete statement of the facts does not appear to have been laid before the Chamber as the remarks made on the case in question seem to the Government of India to be based on a misunderstanding of the actual circumstances.

8. I am also directed to add that the Government of India are not prepared, at present, to re-open the question of further relaxing the existing rules for the supply of stores for the Public Service.

9. I am directed to request that, if the Government of Madras see no objection, the conclusions arrived at by the Government of India with regard to the question raised in the letter from the Chairman of the Madras Chamber of Commerce and which are expressed in paragraphs 5-8 of this letter may be communicated to that Chamber, together with copies of the Resolutions referred to in paragraph 5 ante.

I have the honour to be,

Sir,

Your most obedient servant,

J. L. Cunningham
Secretary.

Documents accompanying:-

Copy of letter, dated 20th February 1894, from Madras Chamber of Commerce.

2 Copy of letter No. 139 M, dated 20th May 1890, to the Karachi Chamber of Commerce.

B.C.

3. I am to add that the question of the advisability of modifying the rules regarding the local purchase of materials imported from abroad is at present under consideration.

communications
should be addressed to
the Secretary.

No. 177 M.
GOVERNMENT OF INDIA.
PUBLIC WORKS DEPARTMENT.
CIVIL WORKS.
Miscellaneous.

To

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

Simla, the 16th May 1894.

Sir,

I am directed to forward, herewith, copy of a letter dated 20th February 1894; from the Chairman, Chamber of Commerce, Madras, to the Secretary to the Government of India, Public Works Department, in which is communicated the opinion of the Members of the Madras Chamber of Commerce that the policy pursued by the Government of India regarding the purchases of stores made in England through the Secretary of State for the Government of India is prejudicial to the legitimate trade of India and unfavourable to economy.

2. Reference is also made to the reply given by the Government of India in answer to a representation made in 1890, on the same subject, by the Madras Chamber of Commerce in conjunction with the Karachi Chamber of Commerce, to the effect that the question of the advisability of modifying the rules regarding the local purchase of materials from abroad is at present under consideration; and it is remarked that so far as the Madras Chamber of Commerce is aware no substantial modification has been made in the rules then under discussion.

Copy of a letter No: 139 M,
dated 20th May 1890, from the Government
of India, Public Works Department, to
the Chairman, Chamber of Commerce,
Karachi.

I am directed to acknowledge
the receipt of your letter, dated the 9th
May 1890, communicating the opinion
of the members of your Chamber that
the present policy pursued by the
Government of India in prohibiting, as
far as possible, the local purchase of
stores of European manufacture is pre-
judicial to the legitimate trade of India
and unfavourable to economy.

2. In reply I am to say that the rules
in force on the subject have been devised
by Her Majesty's Secretary of State
for India in the interests of economy,
and that the Government of India
has every reason to suppose that due
care is exercised by the authorities concerned
to procure in the cheapest market
the supplies required.

Ms E. 2
4215/84

with agencies in England. The Government of India in its reply to the Karachi Chamber on that occasion remarked that "the question of the advisability of modifying the rules regarding the local purchase of materials imported from abroad is at present under consideration." Since then, however, so far as this Chamber knows, no substantial modifications have been made in the rules then under discussion. In view of the fact that the question of exchange ^{aspects} has assumed such serious ^{of late} this Chamber supposes that it would be agreeable to the Government of India to secure the advantage of local competition for its orders as well as the reduction of the Secretary of State's drawings to meet the cost of the purchase of stores by the India Office. It therefore respectfully begs the Government of India to lose no time in securing such a modification of the existing rules as may result in greater efficiency and increased economy. As the bulk of all stores now form regular articles of trade they could be purchased as well in the local market as through the India Office, and there can be no doubt that healthy competition in India itself would ensure a direct saving in the cost of them to the Government of India. As an example of the inconveniences which the Government of India is caused by the present system, apart from the extra cost, we need only quote the recent delay in the completion of a railway in North West India by more than half a year because the sleepers did not come out until many months after the rails, and when they did come they came without the keys. As regards Railway stores generally this Chamber would point out that on examination of expenditure incurred by such lines as purchase stores on their own account at home shows that such lines obtain far better bargains and incur, pari passu, far smaller expense than does the Government of India in its purchase (through the India Office) of stores for State Railways in India. This of itself is proof sufficient in the

Chamber's

Chamber's opinion that the present Government system is a faulty one.

I have the honour to be,

Sir,

Your most obedient servant,

(Sd.)

J. A. Bayson,
Chairman.

A.R.K.

THE CHAMBER OF COMMERCE,

Madras, 20th February, 1894.

From

THE HON'BLE MR. J. A. BOYSON,

CHAIRMAN, CHAMBER OF COMMERCE,

MADRAS.

To

THE SECRETARY

TO THE GOVERNMENT OF INDIA, (P. W. D.,)

CALCUTTA.

Sir,

I have the honour to inform you that this Chamber has been invited by the Rangoon Chamber of Commerce to unite in a representation to the Government of India regarding the very large purchases that are made in England through the Secretary of State for the Government of this country and the loss to the public revenue which it can be shown is in many cases the result of this system. The members of this Chamber concur with the Rangoon merchants in thinking that the policy pursued in this important matter is prejudicial to the legitimate trade of India and unfavourable to economy. This opinion this Chamber has repeatedly expressed in common with other Chambers of Commerce in India. The last occasion on which it took the liberty of addressing the Government of India on the subject was in 1890 when it joined with the Karachi Chamber in asking that a reform might be made in a system so disadvantageous to Indian traders and Indian tax-payers generally. It pointed out how unsatisfactory was the guarantee possessed by the Government of India under the system that the purchases made in its behalf were made in the cheapest market by the most competent buyers. It expressed the opinion that in the absence of active competition and thorough publicity the purchases must be made much less advantageously than would be the case were they entrusted to firms in India

with