

RAILWAY BRANCH.

G.O., No. 1246 *Ref.*

DATED 23rd August/90

[Despatch Abstract.]

*Incidence of the Cost of Transport surplus stores
on their transfer from one line to another. —*

*Resolution of the Govt of India directing to settle
by arbitration the — when the two railway
concerned cannot come to an understanding
Communicated to the Consulting Engineer
for Railways.*

STATEMENT OF STORES ON STATE AND GUARANTEED RAILWAYS ON 31st DECEMBER 1881.

Railway.	Open mileage.	Approximate value of surplus stores.	Approximate value of serviceable stores not surplus.	Total stores.	Surplus stores per mile open.	Total stores per mile open.	Half-yearly cost of stores establishment.	Stores establishment per mile open.	Percentage of half-yearly establishment to "Total stores."
<i>East Indian (new undertaking)</i> ...	Miles. 1,506½	Rs. Not reported	Rs. ...	Rs. 1,19,48,613	Rs. ...	Rs. 7,930	Rs. 1,12,436	Rs. 74,745	0.9409
<i>East Indian (old undertaking)</i> ...	...	12,16,468	...	412,16,468	...	...	...	...	...
<i>Guaranteed Lines.</i>									
Eastern Bengal ...	158½	19,662	8,91,886	9,16,548	123	5,773	1,377	8,674	0.1502
Oudh and Rohilkhand ...	546½	1,50,577	23,91,746	25,42,323	275	4,650	5,322	9,733	0.2093
Sind, Punjab and Delhi ...	663½	51,482	41,99,606	42,51,088	77	6,407	31,824	47,963	0.7486
Madras ...	858	95,967	28,58,227	29,54,194	112	3,443	10,488	12,223	0.3550
South Indian ...	665	2,34,193	21,48,841	23,83,034	352	3,554	10,680	16,108	0.4481
Great Indian Peninsula ...	*1,447½	4,71,941	60,12,861	64,84,802	326	4,479	41,571	28,347	0.6410
Bombay, Baroda and Central India...	†504½	2,26,391	30,64,960	32,91,951	450	6,528	35,300	70,318	1.0723
<i>State Lines.</i>									
Punjab Northern ...	354½	3,30,702	30,25,152	42,55,854	932	11,996	25,385	71,275	0.5941
Indus Valley and Kandahar ...	653	Not reported	...	29,21,211	Not reported	4,474	9,407	14,405	0.3220
Calcutta and South-Eastern ...	28	7,567	68,482	76,049	270	2,716	264	9,425	0.3471
Nalhati ...	27½	7,197	15,337	22,534	264	826	441	16,183	1.9570
Northern Bengal ...	245½	60,796	5,32,877	5,93,673	248	2,418	1,332	5,425	0.2343
Tirhoot ...	85	4,069	7,34,064	7,38,133	48	8,684	2,906	34,188	0.3936
Patna-Gya ...	57	2,220	1,74,375	1,76,595	39	3,098	2,439	42,789	1.3811
Muttra-Hathras ...	29	2,800	31,710	34,510	96	1,190	144	4,965	0.4172
Cawnpore-Farakhabad ...	86	7,786	64,953	72,739	91	845	1,137	13,220	1.5631
Wardah Coal ...	46½	35,635	1,29,453	1,65,088	766	3,550	568	12,622	0.3440
Nagpur-Chhattisgarh ...	98	Not reported	...	2,69,442	Not reported	2,749	2,901	29,602	1.0766
Rangoon and Irrawaddy Valley ...	161	30,070	3,15,179	3,45,249	187	2,144	7,562	46,968	2.1903
Bhavnagar-Gondal ...	192½	Nil	...	3,34,035	Nil	1,735	4,732	24,581	1.4166
<i>Native State Lines.</i>									
His Highness the Nizam's ...	121	32,605	78,848	1,11,453	269	921	2,632	21,752	2.3615
Mysore ...	58	Not reported	...	97,359	Not reported	1,676	5,031	86,742	5.1727

* Includes Dhond-Mannad and Beturs.

† Includes Patri and Gackwar's.

‡ These are the stores which were taken over by Government from the East Indian Railway Company.

N.B.—The value of stores on State Railways is taken from the Financial Statistics which accompanied Public Works Department letter No. 484 R.A. of 1882. The value of stores on Guaranteed Railways is taken from the Revenue Accounts for the second half year of 1881. "Stores in transit" are included. The values of surplus stores are taken from the last Surplus Stores Lists published by each line.

[Heds of Departments.]

Circular No. XXX Railway.

GOVERNMENT OF INDIA.
PUBLIC WORKS DEPARTMENT.
RAILWAY STORES.

To

THE GOVERNMENTS OF MADRAS, BOMBAY, BENGAL, THE NORTH-WESTERN PROVINCES AND
ODH, AND THE PUNJAB.
THE CHIEF COMMISSIONERS, CENTRAL PROVINCES AND BRITISH BURMA.
THE RESIDENT AT HYDERABAD.
THE AGENT TO THE GOVERNOR GENERAL FOR CENTRAL INDIA.
THE CONSULTING ENGINEERS TO THE GOVERNMENT OF INDIA FOR GUARANTEED RAILWAYS.
THE DIRECTOR GENERAL OF RAILWAYS.
THE ACCOUNTANT GENERAL, PUBLIC WORKS DEPARTMENT.

Simla, November 10, 1882.

SIR,

In continuation of Public Works Department Nos. 186-187 R.S., dated the 28th September 1881, I am directed to invite attention to the accompanying tabular statement of stores balances which is transmitted herewith.

2. The statement does not exhibit entirely satisfactory results. Large balances of stores have already accumulated upon State lines; the charges for stores establishments are high; and the small proportion of stores shewn as "surplus stores" appears to indicate that Managers do not exhibit, upon their "surplus stores lists," all articles which they are not likely to utilise within a reasonable period.

3. In order that Revenue may be relieved of the loss which at present falls on a railway which transfers its stores to another line, a clear distinction both in the store yard and in the stores books must henceforth be observed between Capital Stores and Revenue Stores; the charges due to the transfer of *bona fide* Capital Stores being in future borne by Capital, whilst only losses on Revenue Stores will be debited to Revenue.

This measure should relieve the Manager of the transferring line of any hesitation in parting with redundant stores, the transfer of which, being mainly debitable to Capital, will no longer tend to show an unfavourable Revenue balance sheet.

4. All stores for the use of which there is no reasonable prospect within two years should be shown as "surplus." It may be fairly assumed that many items of stores deteriorate every year, or at all events they lose value by becoming old fashioned and not possessing the latest improvements. Under these circumstances, as purchasing railways will probably receive articles of less value than could be obtained from England or elsewhere, a rate of discount for long storage or for deterioration will be fixed as a tentative measure at five per cent. per annum, and the column in the "surplus stores list," headed "Fair market rate proposed to be charged in transfer," should be filled in with prices arrived at on this basis; *i.e.*, the "fair market rate" will represent the present market rates for similar stores when new, less a discount of five per cent. per annum, such discount being limited to 50 per cent. of present market rates.

5. The above applies to all stores which have never been put into the road or used in any way.

6. The price of stores that have been used will be ruled upon a similar basis. In this case the discount for deterioration will be fixed at 10 per cent. per annum upon the value assigned to the articles at the time of their being returned into store with no minimum transfer value.

7. In all cases the transferring railway will deliver the surplus stores free at the nearest station of the purchasing railway.

8. In order that this procedure may be clearly understood, the following examples are given :—

The Punjab Northern Railway has had since 12th October 1875 a pair of girders which originally cost Rs. 10,000 at Jhelum. These girders have never been used. The Indus Valley Railway wants them, and could import them from England to Kotri for Rs. 8,000 at present market rates.

Then the Indus Valley on 1st October 1882 would get these girders from the Punjab Northern Railway for Rs. 4,500,* delivered free at Mooltan, and the Punjab Northern Railway would write off against its Capital Account under the most suitable head of account (in this case "Major Bridges"), Rs. 3,500 + the freight of the girders from Jhelum to Mooltan.

If the above girders had been issued to construction on 1st October 1876, and had been returned to stores in 1880 at an estimated value of Rs. 4,000, and had remained in store up to date, the price charged to the Indus Valley Railway would be Rs. 3,200.†

9. Surplus Revenue stores will be treated on the same principle. Five per cent. per annum of the value of all Revenue stores that have been in stock more than two years will be at once written off to Revenue, and the stores relieved of the same, and this rate of depreciation will be continued until the Stores appear in the books at one-half present market value. Should this point ever be reached, the stores must be sold at once by auction to the highest bidder, but it may be here noticed that on a well managed line serious accumulations of surplus Revenue stores should never occur.

10. It should be clearly understood that the term "surplus stores" does not mean worthless stores. Worthless stores should be broken up for scrap or else sold off at any price, as there is no economy in maintaining an expensive Stores Establishment to look after materials which are only fit for the scrap heap.

It is manifestly of no use to bring such materials upon the surplus Stores Lists. On the contrary, that list should contain only articles which are in serviceable order, but which a careful scrutiny of the Stores balances shews to be in excess of the next two years requirements of the line upon which they have accumulated.

11. The provisions of this circular will come into force on the 1st January 1883, and the earnest attention of Managers of State Railways is invited to the reduction to workable proportions of the present excessive stock of stores.

12. The Government of India also desires that instructions be issued to the Engineers-in-Chief of Railways under construction to prohibit them from purchasing new plant or material, either by indent or by local purchases, so long as such articles either new or second hand, although possibly not of latest design, are available in Surplus Lists of other lines not very remotely situated from the scene of operations.

13. These orders only apply to surplus stores on State Railways; but the Government of India considers that they might with equal advantage be made applicable to the surplus stores on guaranteed undertakings, and requests that the attention of the agents of the several Companies be drawn to these rules with a view to a speedy reduction of the surplus stores balances.

I have the honor to be,

SIR,

Your most obedient Servant,

W. S. TREVOR, Colonel, R.E.,

Secretary.

Document accompanying.
Tabular Statement of Stores Balances.

GOVERNMENT OF INDIA.
PUBLIC WORKS DEPARTMENT.
RAILWAY STORES.

To

Circular No. XXX Railway.

Dated Simla, November 10, 1882.

Received

Reduced rates of transfer of State Railway
Stores.

[For Heads of Departments.]

Circular No. XII Railway.
GOVERNMENT OF INDIA.
PUBLIC WORKS DEPARTMENT.
RAILWAY STORES.

Simla, the 15th July 1890.

Incidence of the cost of transport of Surplus Stores on their transfer from one line to another, to be settled by arbitration when the two Railways concerned cannot come to an understanding.

Read—

Public Works Department Code, Vol. IV (Second Edition), Chapter V, para. 27.

Read also—

Public Works Department Circular No. XXX Railway, dated 10th November 1882, para. 7.

OBSERVATIONS.—In the rules read in the preamble it is prescribed, that, in all cases of the transfer of surplus stores of State Railways, the transferring line will deliver the stores free of freight at the nearest station of the purchasing line.

2. This ruling, it is observed, has often a prejudicial effect on the utilization of surplus stores, especially when the contracting lines are separated from each other by an intervening line which has no interest in the transaction. In such cases the incidence of cost of transport over the intervening railway presents a difficulty and, the transferring line rather than incur the expense of conveying its surplus stores free of freight charges to the nearest station of the purchasing Railway, often prefers to retain its stores in the hope of eventually using them itself, with the result that they frequently remain unutilized.

3. It thus happens that many favourable opportunities of utilizing surplus stores and of thus reducing the suspense balances of State Railways are lost, and the orders of the Government as contained in Public Works Department Circular XXX Railway, of 10th November 1882, remain inoperative.

RESOLUTION.—In order to avoid the practical inconvenience which is described in the above paragraphs, the Government of India desires that in dealing with the question of the transfer of surplus stores the two railways concerned should consider the subject with a mutual regard to the interests of each and come to an understanding such as is suggested in Public Works Department Code, Volume III, Chapter VI, para. 33, before the transfer is effected, *viz.*, as to whether the transferring railway should bear the whole of or only a portion, and in the latter case what portion, of the freight charges up to the nearest station of the receiving line.

2. In the event of no satisfactory arrangement being independently arrived at, the question should, in the case of State Railways under the control of the Director General of Railways, be referred to that officer for arbitration, or, in the case of one or both of the State lines being under the control of Local Governments, to the Government of India for orders.

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For guidance.

ments, and Administrations and to the Officers noted in the margin, for information and guidance.

For information.

Ordered also, that a copy be sent to the Local Governments and Administrations and to the Officers

noted in the margin, for information.

Colonel, R.E.,

Secy. to the Govt. of India.

To,
The Joint Secretary to the Government
of Madras (Railway Branch)

^B
No 1246 R 7 23^d Public works Department

Aug 190
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Communicated to the
Consulting Engineer for Railways
for information and guidance

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~~Ag. R~~

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To
The Comptroller for Rs.
Ex. B. Rikar.
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