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TAMIL NADU ARCHIVES

GOVERNMENT OF TAMIL NADU

REVENUE DEPARTMENT

G.O. No. / B.P. No.	1421	Press. / Mis.
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Archives 1—10,006—19-4-79.

1421

Proceedings of the Madras Governmnt, Public Works Department,
19th February 187. *No.* 547.

o. 440. Read the following endorsemen of the Chief Engineer for Irrigation, dated 31st January 187, No. 109-W :—

From Major P. LAMBERT, R.E., Exariner, Railway and Irrigation Accounts, to Lieutenant-Colonel J. MULLINS, R.E., Chief Engineer for Irrigation, dated Madras, 20th November 1876 No. 1,418-I.

I HAVE the honor to report that the Government Accountant at Kurnool has rought to my notice that the working expenses of the Madras Irrigation and Canal ompany are now being defrayed from funds obtained by cheques drawn on loan ccount.

2. It has been customary for the Chief Engineer and Manager to draw from oan account when short of Revenue Funds, and to make a recoupment afterwards, ut this practice does not seem to be any longer allowable under the recent orders of he Secretary of State forbidding further advances for working expenses. As the arnings of the Company are not likely to be sufficient to defray the cost of working xpenses during each year, the recoupment to Capital of funds borrowed for Revenue expenditure does not seem to be feasible, I the Company will, in that case, be receiving advances indirectly through Capit

3. Under the altered relations of th npany with Government it does not seem to be advisable that Capital Funds sho e now expended on working expenses without the express sanction of Governme nd I have the honor to request that early instructions on this subject may be iss

From J. H. LATHAM, Esq., Chief Engin and Manager, Madras Irrigation and Canal Company, to Lieutenant-Col J. MULLINS, R.E., Chief Engineer for Irrigation, dated Kurnool, 18t cember 1876, No. 127.

In reply to your No. 60-I.C.C., of 29 ltimo, I have the honor to explain that hitherto it has been usual to draw th ney necessary for current expenses, whether Capital or Revenue, from the balar vailable for Revenue expenditure, or failing this from the balance of Capital (loa original Capital). The true charges were corrected, after completion of the nece calculations, by repayment between the several accounts. This was in general rdance with G.O., No. 2,072, dated 30th July 1874.

2. This practice still continues. It oposed to complete all the adjustments in each half-yearly account ending e 31st December and 30th June. It is observable that there is no chance evenue failing to repay all adjustments due to loan for the half-years endir 31st December yearly, but that the Company might on the present system it spent the full sum sanctioned by Government for maintenance, possibly spend re than the Revenue would repay in tl other half-year. This liability will c nue until the "Reserve Fund"* set aside at the end of each half-year should b ple for the repairs and maintenance of the half-year then commencing.

* Clause 23 of Contract, 3rd of June 1863.

It would be inconvenient to attempt to oney for the supply of divisional indents for money severally for Capital ture and for maintenance; since

the chief expense is that of staff and management, and that is divided and charged between Capital and Revenue some month or two after the close of each current month in proportion depending on the expenditure in cash and stores upon the new works.

Meantime, I have the honor to ask the sanction of Government, till further notice, to carrying all the unspent Revenue of this and subsequent half-years to the "Reserve Fund" above referred to.

The Government advised by their officers will have plenty of time for making any further arrangements for precaution or for disposal of surplus revenue, which the fluctuations of Revenue may from time to time require.

The most correct formal way would be for Revenue and Capital both to contribute equally, say three-quarter lakh, to a "General Fund" on the 1st January next, and to renew yearly whatever on clearing the accounts should be found credited to either account. Monthly, or even half-yearly, clearances would not suit the peculiar character of the Company's revenue, which comes in nearly all in one annual lump.

In the above letter the Ch gineer and Manager explains that funds for working expenses of the Com taken indiscriminately from the balance available either of Capital, Loan venue Funds, the adjustment between the several accounts being made wh monthly accounts are completed. There is no objection to this procedure as the funds for expenditure are provided by letters of credit on Government Tr irrespective of Revenue earnings. Since the 30th September 1876, these have ceased and the funds for working expenses have now to be provided f monthly and half-yearly credits allowed to the Company for supply of irrigat from the Company's own resources. The case is, therefore, under altered co and it is possible that the funds intended to be employed only on Capit may be expended on Revenue without recoupment being made.

2. The Chief Engineer and remarks in his letter that "it is observable that there is no chance of Rev ng to repay all adjustments due to loan for the half-years ending 31st yearly, but that the Company might on the present system, if it spent th um sanctioned by Government for mainte- nance, possibly spend more than th nue would repay in the other half-year." It is not clear on what grounds nfidence reposed by Mr. Latham in the increase of the Revenue earnings canal is based. For each of the three years 1873-74 to 1875-76 inclusive orking expenses for the half-year ending 31st December have been considerab xcess of the earnings of the whole year.

Season.		Expenses, nding 31st ber.	Earnings of whole Season.	Difference.
			Rs.	Rs.
1873-74		70	65,350	2,220
1874-75		66	52,823	27,643
1875-76		33	59,626	25,107

It is not known in this office what prop rtion of the total earnings from irrigation is due to monthly irrigation, and possibly the greater part of these earnings as well as those for crop irrigation would be credited to the Company during the last half of the year, but some part of the monthly irrigation revenue as well as that from miscellaneous receipts must be due to the earlier months of the year, so that the actual excess of working expenses over receipts would be more than is shown above for the last half of the year. The excess on first half of the year would of course be considerably more than on last half, as the earnings would depend entirely on monthly irrigation and miscellaneous receipts.

3. With reference to the remarks made in paragraph 3 of Chief Engineer and Manager's letter, the method of apportioning the cost of establishment to Capital in proportion depending on the expenditure in cash and stores upon the new works does not seem to be correct nor in accordance with the sanction contained in G.O., No. 2,072, dated 30th July 1874. The method of apportioning charges of establishment between Capital and Revenue is sanctioned on the same system as was made applicable to Guaranteed Rail n 1872. In this system the percentage of cost of establishment is calculated total *cash* outlay in India on Capital or Revenue Works, and the cost of stor pended on the works is excluded under the orders conveyed in paragraph 5 of G ment of India Resolution, published in Madras G.O., No. 732, dated 14th Marc 2. In the Budget Estimate, however, of the Madras Irrigation and Canal Co for 1876-77 the cost of establishment chargeable to Capital is entered at o rd of the intended outlay on works chargeable to capital, which must include of stores too. The debit to Capital on account of cost of establishment, therefo ms to have been sanctioned in excess and the charges have been made in accor with the sanction.

4. With reference to the proposal in 4th paragraph of Chief Engineer and Manager's letter, Clause 23 of Con lated 3rd June 1863, provides for the formation of a Reserve Fund after the R Account has been debited with such payments as mentioned in Clause 22, w epresent payments for the necessary working expenses of the canal, and un Revenue earnings are capable of supplying funds for actual working expen he formation of a Reserve Fund does not seem to be practicable.

MADRAS, (Signe P. LAMBERT, Major, R.E.,
23*rd January* 1877. *iner, Guar. Railway & Irrign. Accts.*

From Major P. LAMBERT, R.E., Exami Railway and Irrigation Accounts, to
Lieutenant-Colonel J. MULLI R.E., Chief Engineer for Irrigation,
dated 23rd January 1877, No. 8 -I.C.C., dated 9th January 1877, has

WITH reference to Chief Engineer's December 1876, from Chief Engineer the honor to return letter No. 127, dated y, with a note on it by the Examiner. and Manager, Madras Irrigation and Canal

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SUBMITTED to Government.

The application of Capital or Loan to meet Revenue charges is, it is thought, inadmissible.

There can be no objection, however, to advances being made to Revenue from Capital or Loan Funds to meet the charges for establishment, which under the arrangement sanctioned in G.O., No. 2,072, of the 30th July 1874, are all in the first instance debited to Revenue, the adjustment of the debit due to Capital being subsequently made on the construction outlay becoming known. These advances should, however, be limited to the probable amount of the charge which is readily ascertainable, it being one-third of the construction outlay.

2. It will be necessary to reserve from surplus revenue of one-half year sufficient funds to meet when added to the expected income of the following half-year, the maintenance charges of the latter period. This is provided for in Clause 23 of the contract.

All unspent revenue at the close of a half-year may, as proposed by Mr. Latham, be until further orders carried to the credit of the Reserve Fund, but this fund should not be at the Chief Engineer and Manager's disposal, but appropriations should be made therefrom with the sanction of Government to meet working expenses on the acceptance by Government of an estimate by that officer of the

(1.) Working expenses of an lf-year.
(2.) Estimated income of an do.
(3.) Difference to be provid from the Reserve.

The requisite transfer would then be e from the Reserve to the credit of the Revenue Funds at the disposal of the C any's officers.

3. The undersigned does not rec mend that any change should be made at the present time in the details of the justment between Capital and Revenue on account of establishment charges. e Examiner, in paragraph 3 of his note, points out a small difference betwee e practice of the Madras Irrigation and Canal Company and that of the Railwa ut the inclusion of stores on both sides, or their exclusion from both sides, can e very little difference, and apparently in the instructions of the Governme India with respect to Railways it was

Proceedings, Madras Government, dated 1 March 1872, No. 732.

"Expenditure in England on account of Stores" which was to be excluded from of establishments employed in India. the calculation of the incidence of the cost material, but the Irrigation Company' e case of the railways such exclusion was been nominal and practically therefor penditure on English stores since 1874 has in proportion to the expenditure whic establishment charges are now distributed establishment supervises.

(Signed) JOHN MULLINS, Lieut.-Colonel, R.E.,
Chief Engineer for Irrigation.

No. 441. ORDER THEREON, February 1877, No. 547.

IRRIGATION, No. 42.

Account.

first paragraph of the endorsement HIS GRACE the Governor in Council is of opinion that advances of Capital funds to meet Revenue expenditure must be strictly limited as indicated in the Chief Engineer for Irrigation.

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2. When surplus revenue may bec e available the balance will until further orders be carried to the credit of a Reser Fund with reference to Clause 23 of the Contract of 1863, and thereafter withdra ls from this Reserve to meet Revenue expenditure will be made after the approva of an estimate of receipts and expenditure of the half-year for which an assignme ay be required.

3. There appears to be no sufficie ason for making a change in the mode of adjusting establishment charges, but t xaminer should, if an alteration of detail be considered of importance, show v difference in the charges already made to Capital and Revenue respectively unde G.O., No. 2,072, of the 30th July 1874, would result.

(True tract.)

Lieut.-Colonel, R.E.,
Secretary to Government.

To the Chief Engineer for Irrigation.
" Chief Engineer and Manager of the M Irrigation and Canal Company.
" Examiner, Irrigation Company's Accou
" Revenue Department.

Exd. T. D. Ryan.
20 Spare Copies

Rev. Dept.

Govt. of 1877 Madras.

PUBLIC WORKS.

No 498

To

The CHIEF ENGINEER for IRRIGATION

&c., &c., &c.

Dated February 19th

Issued

Recd. 12 March

Encl.

G. O., 19th February 1877, No. 547.

FEBRUARY.

Nos. 440-441.

Madras Irrigation and Canal Company.—Passing orders on Note by the Chief Engineer for Irrigation submitting papers relative to the objectionable procedure adopted of defraying the working expenses of the — from Loan Fund Accounts, and suggesting the formation of a Reserve Fund.

No 1121

Com. Stotts

Board of Revenue