

Financial (1896) Department.

ORDINARY MS.

G.O., No. 580-81

Dated 27-7-97

INDEXED.

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27/7

[Despatch Abstract.]

Forwarding to the Govt. of India, for favourable consideration, letter from the Chairman, Harbour Trust Board, requesting a reconsideration of its decision, directing that the sanction granted to the issue of a debenture loan of 50 lakhs of rupees by the Board should be considered cancelled.

T 29/7/97

BACK PAPERS.

G.O.	No.	Department.	Date.	G.O.	No.	Department.	Date.

FURTHER PAPERS.

G.O.	No.	Department.	Date.	G.O.	No.	Department.	Date.
7th 3015997							

c 17.7.97

4534186

1923

Financial

Marine (1897) Department.

CURRENT No. 896

Endorsement
Ne 42968 28 June 1897
Order
Transferred to
the Financial Department.

From
 The Chairman,
 Harbour Trust Board,
 Madras.

No. 1328.

J. W. Russell *Colonel R. E.*
Secretary to Government.

Dated 18th June 1897.

Despatched 23rd

Received 25-6-97

Enclosures—

Spare copies three.

SUBJECT.

DEBENTURE LOAN.

Replying to G. O., Financial No. 398, dated 12th May 1897, requesting that the Government of India may be asked to allow the sanction to the issue of the proposed Debenture Loan of Rs. 50,00,000 to stand.

BACK PAPERS.

FOTHER PAPERS.

G. O.	No.	Department.	Date.
adv	11	of 1886	
1696	Q	25-5-97	
310	Q	30-3-97	
275	Q	20-3-97	
157	2Q	5-3-97	
208	Q	16-10-96	
20	398	Fine	12.5.97 and Harper
		Act <u>11</u> of <u>80</u>	

* No. 1328.

MADRAS HARBOUR TRUST,
18th June 1897.

FROM

J. N. ATKINSON, ESQ., I.C.S.,
ACTING CHAIRMAN, HARBOUR TRUST BOARD,
MADRAS.

To

THE HON. COL. D. McNEIL CAMPBELL, R.E.,
Secretary to Government,
Marine Department.

SIR,

SIR, I have the honor to acknowledge the receipt, on the 9th instant, of G. O., Financial, No. 398, dated 12th May 1897, communicated under G. O., Marine, No. 496, dated 28th idem, regarding the proposed issue of a debenture loan for Rs. 50,00,000 by the Trustees of the Harbour at $3\frac{1}{2}$ or $3\frac{3}{4}$ per cent. interest per annum, to repay the existing debt due to Government, which bears interest at $4\frac{1}{2}$ per cent.

2. A resumé of the circumstances leading up to the sanction granted by the Government of India to the issue of this loan was given in the Administration Report of the Trustees for the year 1896-97, paras. 4 to 11, copies of which I submit for ready reference.

3. With regard to para. 3 of the letter from the Government of India, Finance and Commerce Department, dated Simla, 27th April, No. 1889-A, the Trustees would invite attention to para. 11 of their Administration Report, which points out that the opportunity of successfully floating the loan, when proposed, was lost between that time and the receipt of the necessary sanction from H. E. the Governor-General in Council, under Section 34, Madras Act II. of 1896, the money market having in the interval become so unfavourable that it was impossible to offer the loan for public subscription in India with any prospect of success.

4. The money market has remained in the same state up to now, and there is not at the present moment any prospect of an immediate change. It is, however, impossible to predict when a favourable opportunity may occur, or for how long a period it might last; and it is very necessary that the Trustees should be in a position to seize any favourable turn of the money market which may present itself, and be able to act promptly.

5. The Board would, therefore, request that the Government of India may be asked to allow the sanction to the issue of the proposed loan to stand, as if it is necessary to refer for sanction again when a favourable market occurs, the opportunity may again be lost, as was the case before, owing to the unavoidable delay in obtaining sanction; after which it must be remembered notice inviting tenders must for some little time be advertised, which again would mean further delay, during which time the market might change.

6. With regard to the terms of repayment of the existing loan from Government, which now stands at Rs. 48,79,227, the Trustees would, of course, be prepared to abide by any reasonable terms which the Government of India might see fit to impose.

I have the honor to be,

Sir,

Your obedient servant,

J. N. Atkinson
Chairman.

Chairman

*Extract from the Administration Report of the Trustees of the Harbour of Madras
for the year 1896-97 regarding the issue of a Debenture Loan.*

Debenture loan.

4. The proposal to issue a debenture loan was brought forward by the Hon. Mr. G. L. Chambers, at the meeting of the Board held on the 8th day of November 1895, when a memorandum was read proposing, with reference to the notice given by him at the immediately preceding meeting, that, subject to the consent of H. E. the Governor in Council under section 34, Act II. of 1886, the Trustees should issue a debenture loan under section 36, to repay to the Secretary of State for India the sum due on account of advances made by Government for Harbour construction, and to provide funds for Harbour improvements.

Reduction in
rate of interest.

5. It was resolved to address Government, with a view to obtaining a reduction in the interest payable under section 30, from $4\frac{1}{2}$ to $3\frac{1}{2}$ per cent., and to solicit the favour of early orders to enable the Trustees to take advantage of the then favourable position of the money market for the issue of a loan, should Government decline to reduce the rate of interest.

6. In addressing Government upon the subject on the 18th November 1894, Mr. LeFanu pointed out that the Madras Trust was heavily handicapped with its comparatively small income, in having to pay such large sums annually by way of interest and refund of capital advances, which had amounted for the preceding five years to Rs. 19,50,860, including a voluntary extra refund of Rs. 5,00,000 in August 1894, when it was anticipated that the Harbour would then be shortly completed, without the necessity of borrowing any further advance to finish it; but unexpected delay in completing the work had occurred, the Board had been compelled to apply for an additional loan and the Trustees were advised that a protective groyne to the south of the Harbour, and other works, were absolutely necessary, which it was estimated would add a still further expenditure on capital account of Rs. 16,50,000.

Outstanding
liabilities
1894-95.

7. The position of the Board at that time was as follows:—

Capital debt at the end of 1894-95	Rs. 47,24,242
Completion Estimate	Rs. 3,69,122

Total Debt... 50,93,364

Contemplated expenditure upon Har- bour improvements	Rs. 16,50,000
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Total to be provided for out of loan and invested funds	Rs. 67,43,364
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It was, therefore, proposed to issue a loan of Rs. 60,00,000.

8. The Board had in cash and investments Rs. 9,50,000; total Rs. 69,50,000, which would it was estimated have left an available Surplus balance of about two lakhs of rupees, over and above the sum to be repaid to Government and the contemplated expenditure upon protective works and Harbour improvements. The issue of the proposed loan would have substituted for the outstanding balance due to Government a debt to the public of Rs. 60,00,000, upon which it was shown interest could be paid at $3\frac{1}{2}$ % per annum, and a sinking fund provided sufficient to extinguish the loan in thirty years.

9. In its order upon the Board's proposal, Government declined to reduce the rate of interest, and favoured the Trust with a memorandum from the Financial Department revising the forecast which had accompanied the Board's proposals.

Revised
proposals.

This revised forecast calculated that the Board could reckon upon receiving only 3 per cent. per annum upon investments, instead of $3\frac{1}{2}$ as anticipated by the Trustees, and provided for interest upon the debenture loan at the rate of 4% instead of at $3\frac{1}{2}$.

The result, however, arrived at by Government satisfactorily showed that the Trust could, even under these circumstances, repay the proposed debenture loan of Rs. 60,00,000 in full at the end of a period of thirty years.

10. The matter was in July 1896 referred to the Government of India, the sanction of H. E. The Governor-General in Council being required to the issue of the loan under section, 34 Act II. of 1886, and under date Simla 10th September 1896, sanction was accorded under that section to the issue of a debenture loan of Rs. 50,00,000 bearing interest at either $3\frac{1}{2}$ or $3\frac{3}{4}$ per cent. per annum; and it was stipulated that three months' notice should be given by the Trust before repayment, during the course of the year 1896-97, of the outstanding balance due to Government.

Sanction to
issue Debenture
loan received
from
Government of
India.

20 630 Fine E
25.9.96

11. During the interval which had elapsed between the time that the Board proposed the issue of the loan, and sanction being accorded, the money market became unfavourable, and the Trustees have, since September 1896, deemed it unwise to make the offer to the public, as in the state of the money market during the past six months there appeared little prospect of floating such a loan successfully.

Unfavourable
condition of the
money market.

The Trustees have therefore addressed Government, requesting that the matter may be allowed to remain in abeyance, for the present.

(True Extract.)

C. PINSENT,
Secretary.

C17.7.97
R19.7.97

Financial Department.

C.No. 1923 of 1897, dated 28th June,
from the Marine Dept.

Subject. Debenture loan.

1. H. M.

2. ~~H. M. the Governor.~~

FOR ORDERS

The Harbour Trust Board, requests a reconsideration of the decision conveyed in para. 3 of Mr. Gamble's letter, No. 1889 A, d/ 27th April 1897, in which it was intimated that the sanction granted by the Govt. of India to the issue of a debenture loan of 50 lakhs of rupees by the Board should be considered cancelled, as it was inconvenient that the matter should remain in suspense for an indefinite period. The Board contends that the opportunity of successfully floating the loan was lost in the interval that elapsed between the application from the Board and the receipt of the sanction of the Govt. of India; that the present state of the money market does not offer any prospect of the loan being floated with any chance of success; that it is impossible to predict when a favourable opportunity may occur or for how long a period it may last; and that it is very necessary that the Trustees should be in a position to act promptly and to seize any favourable turn of the market which may present itself. It therefore urges that if it is necessary to refer for sanction when a favourable market occurs, the opportunity may again be lost.

50 398 2nd 12597 DR

Whom fault was this but the
H.T.B's, I shd like to know.
They must have been no delay
if their orig. calculations had
been reasonable & correct
No

19/7/97

owing to the unavoidable delay in-
volved in obtaining the sanction of
the Govt. of India and in advertising
for tenders. Orders are solicited
as to whether the application may be
forwarded to India for favourable con-
sideration.

Cmb.
14.7.97

Submitted that this may
be done 16/12/97.

19/7/97

[G.
24.]
500-28-10-96.

C21.7.97
R27.7.97

FINANCIAL DEPARTMENT.

Papers to be read in proceedings :—

Again G.O., dated	189 , No.
Again G.O., dated	189 , No.
Current No. 1923	of 1897, dated 28 th June from the Marine Department.
" "	" 189 , " , "
" "	" 189 , " , "

L. A. E. the Governor.

(draft is India for Offshore) ORDER. W^o 580 d/27 July '97

The application will be forward-
ed to the Govt. of India for favourable
consideration.

To
The Marine Dept. (P 10) Cmb.
4/8/97 Letter W^o 581 d/27 July '97

To the Secretary to the Govt. of
India, Fin. and Com. Dept.

Sir,

I am directed to forward
~~the favourable consideration of the Govt.~~
~~of India, copy of a letter from the Chair-~~
man, Harbour Trust Board, requesting a
~~reconsideration~~ recommendation of the decision conveyed
in para. 3 of Mr. Gamble's letter, No. 1889A
d/ 27th April 1897, ^{in which} ~~where~~ it was inti-
mated that the sanction granted by the
Govt. of India to the issue of a deben-
ture loan of 50 lakhs of rupees by the
Madras Harbour Trust Board should be con-
sidered cancelled, as it was inconvenient
that the matter should remain in suspense
for an indefinite period. It will be ob-
served that the Harbour Trust Board con-

*
No. 1823 d/18th June 1897.

C

19/7/97

tends that the opportunity of successfully floating the loan was lost in the interval that elapsed between the application from the Board and the receipt of the sanction of the Govt. of India; that the present state of the money market does not offer any prospect of the loan being floated with any chance of success; that it is impossible to predict when a favourable opportunity may occur or for how long a period it may last; and that it is very necessary that the Trustees should be in a position to act promptly and to ~~seize~~ ^{opportune} seize any ~~favourable~~ turn of the market which may present itself. It is therefore urged that if it is necessary to refer for sanction when a favourable market occurs the opportunity may again be lost, owing to the unavoidable delay involved in obtaining the sanction of the Govt. of India and in advertising for tenders.

Cms.
19.7.97
2. I am to commend the application to the favourable consideration of the Govt. of India
LD
25/7/97

been given for copying
been copied 297
been examined 3037
been signed

1857

Write Daily Hc for S.C. of the C. 31/7/97.

AGAIN G.O., No. 189

SENT No.

TO C. No.

OF GOVERNMENT

OF GOVERNMENT

SENT WITH DITO.

NOT FILED UP, BEING MEANT FOR DESPATCH IN ORIGINAL.

the Secy of
Ministry

A = Copy in full.
B = Not to be copied.
P = Copy abstract only.
Q = Copy heading only.

Like for
despatch on 20/8/97

29/7/97

29/7/97