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Financial (1898) Department.

ORDINARY MS.

G.O., No. 449

DATED 16.5.98

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[Despatch Abstract.]

Recording proceedings P.W.D., passing orders on the method of financing the proposed extension of the Mayavaram - Muthupet Railway to Aadiyarkoil.

18.5.98

BACK PAPERS.

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

FURTHER PAPERS.

G.O.	No.	Department.	Date.	G.O.	No.	Department.	Date.
3819/98	4/99						
3822/98	2/99						
589/99							

RAILWAY.

Government (1898) of Madras. PUBLIC WORKS.



Recd. } 7-5-1898.
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Enclosures

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G.O., No. 537 Ry., 5th April 1898.

APRIL.

N^o 449.916th
May 1898.

Recorded.

27/5/98
27/5/98
27/5/98

Extension of the Mayavaram-Mutupet Railway to Avadaiyarkovil

Passing orders on the method of financing the proposed —.

WITH ORDER

Copy will be added to the file. 27/5/98

GOVERNMENT OF MADRAS.

PUBLIC WORKS DEPARTMENT.

Railway.

Read again the following paper :—

G.O., No. 660 R., dated 15th September 1897.

Read the following papers :—

From—The Joint Secretary to the Govt. of Madras, P.W. Dept., Railway Branch.

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

Dated—Madras, 29th January 1897, No. 72 R.

I am directed to forward, for the orders of the Government of India, two applications from the Tanjore District Board for leave to construct railways in that district, and to make the necessary surveys.

2. The lines proposed are—

(1) An extension of the Mayavaram-Mutupet Railway through Adirampatnam and Pattukkottai to Avadaiyarkovil; and

(2) A line from Kumbakonam to Mannargudi through Nidamangalam.

3. The length and cost of these lines is estimated to be as under :—

(1) 45 miles cost 15 lakhs.

(2) 21 „ „ 13 „

4. It is proposed to raise the necessary capital by borrowing in the open market on the security of receipts from the opened portion of the Mayavaram-Mutupet Railway and from the railway guarantee cess.

5. The proposal has the strong recommendation that it will enable these railways to be built at once without laying any burden on Provincial or Imperial resources; whereas if the proposed lines have to wait until sufficient funds, arising from the railway cess and from the profits of the Mayavaram-Mutupet Railway, have accumulated, it will take some fifteen years before they can be built. Although, as far as this Government is aware, there is no precedent for permitting a District Board to capitalise its resources in the manner proposed, a similar operation appears to have been sanctioned in the case of the Howrah Municipality, which is shown, in Appendix D of the Finance and Revenue Accounts of 1894-95, as having borrowed half a lakh in the open market for the construction of portable railways, &c.

In the opinion of this Government there appears to be no objection to the proposed method of financing these lines provided that the conditions laid down in the rules framed by the Government of India under sections 5 and 7 of the Local Authorities Loan Act 1879 (*vide* paragraphs 4 and 5 of Resolution No. 16, Proceedings of Government of India, Department of Finance and Commerce—Loans and Advances No. 14, dated 1st January 1889) are observed. And having in view the undoubted benefits which would accrue to the districts served by the proposed railways His Excellency the Governor in Council desires to recommend the proposal for favourable consideration.

6. As the proposed lines were likely to affect the prospects of the South Indian Railway and of the proposed line from Madura to Pamban, the views of the Agent, South Indian Railway, have been called for, and a copy of his letter is attached. It will be seen that he has no objection to No. (1) branch provided it is not extended to join the Madura-Pamban Railway.

7. This proviso seems to this Government to be a reasonable one, and the Agent has accordingly been informed that there is no present intention of making such an extension, though the Government cannot pledge itself to say it will never be made.

8. As regards the objection raised to the link from Kumbakonam to Nidamangalam, His Excellency the Governor in Council is in accord with the Agent in thinking that the disadvantages of this line outweigh its advantages, that portion of the district being already well served with roads and railways. The same objections do not apply to the portion of the second project from Nidamangalam to Mannargudi.

9. No statistics of traffic between Avadaiyarkovil and Mutupet have yet been collected (these will be called for), but the District officers report favourably on the prospects of the first line and there is good reason to think that the second will be not less remunerative.

10. The proposals are submitted to the Government of India with the recommendation that the first line from Mutupet to Avadaiyarkovil may be sanctioned and also that portion of the second line lying between Nidamangalam and Mannargudi.

ENCLOSURES.

STATEMENT UNDER HEAD 8 OF THE APPLICATION.

The District Board, Tanjore, possesses a fund which is called the Railway Guarantee Fund and which consists of 3 pies in every anna of the Local Fund cess raised in the district. This fund was called into existence because owing to the nature of the soil of the district it is impossible to make or maintain efficient roads even at a prohibitive cost and the fund was intended to develop the district by the construction of railways. This being the origin and object of the fund the District Board considers that it should be utilized to construct such railways as the district needs as soon as possible. The Board desires to use the fund only for the development of the district. It does not desire competing or highly remunerative lines. The Board considers that the accumulation of the fund is practically a misapplication of it and it seeks not income but those railways which are urgently wanted owing to defective communications. It is plain the Board thinks, that its duty in this matter can be best discharged by capitalizing its funds by which means it will not only be able at once to make not less than 65 miles of very necessary lines but to take off within a very few years the whole or the greater part of the tax now needlessly imposed on the district. The Board conceives that there can be no objection to the capitalization of its cess. This course is not only recognised but pressed on municipalities for works of local interest and improvement and as the Board's object in this project is solely the construction of a local work of general utility it trusts that this proposal on its part will meet the approbation both of the Government of Madras and of the Government of India.

The taluk of Pattukkottai through which the District Board proposes to extend the Mayavaram-Mutupet Railway is a strip of country about 15 miles wide by 35 to 40 miles long lying between the native State of Pudukkottai and the sea. It differs from the rest of the district in that it is not comprised in the delta. It possesses a fertile though sandy soil. Though it is mostly dry land, it contains in its southern part a very large number of small tanks of which however very many are rainfed. Under these tanks is grown rice which is the best in the district but which notwithstanding is known to have been left to rot as it could not be taken out. It is crossed by four somewhat large rivers which take their rise in the country to the west. Though it possesses only one town of over 10,000 persons Adirampatnam, and one of 5,000, viz., Pattukkottai through which the railway is to pass, it is a populous tract having a population of 300 to the square mile. Owing to the nature of the soil from which as in the delta no materials for metalling roads can be obtained, it is almost without communications worth the name. It contains a large number of temples and holy places. Along the sea coast are several large salt factories.

The reasons which have led the Board to resolve to extend the railway to this tract are as follow :—

It is that portion of the district which at present most needs a railway for its development. The district is 3,710 square miles in extent. As in the delta tract which is 2,295 square miles in extent, there are 181 miles of railway it seemed plain that the Pattukkottai taluk which is 900 square miles in extent was that portion of the district most needing railway extension for its development.

In this southern taluk also, a railway line ought to be fairly successful financially. It would open up a new, fertile and populous tract of country. The cost of construction need not be heavy though there are only three considerable rivers to cross since the line will stop on the north side of the Vellar near Avadaiyarkovil.

The line will pass through or near many of the large centres of trade and population in the taluk, viz :—

Adirampatnam	...	...	...	...	...	...	10,748
Pattukkottai	...	...	...	...	...	...	5,028
Tamarankottai	...	...	...	...	...	...	3,842
Kalagam	...	...	...	...	...	...	1,332
Arasankulam	...	...	...	...	...	...	2,404
Avadaiyarkovil	...	...	...	...	...	...	2,480
Manamelgudi	...	...	...	...	...	...	3,559
Arantangi	...	...	...	...	...	...	2,708

A list is appended of the important chattrams in the taluk and also a statement showing the towns, markets, &c., which will be served by the line on both sides.

The line ought to command a very considerable through passenger traffic because Avadaiyarkovil the terminus will be only 55 miles from Ramnad while Madura is over 80. This line will carry all the pilgrim traffic to Rameswaram for by it the pilgrimage can be made right handed. Avadaiyarkovil is itself a place of much sanctity and resort and for this reason also as well owing to the number of local shrines, the railway will get much pilgrim traffic. Since Avadaiyarkovil is not 20 miles from Devakottai, the home of the Nattukkottai Chetties, a trading community known all over the South of India and the Straits, it will carry a large number of passengers to and from that place and from the very populous tract of which it is the centre. It will get also the passenger traffic from a large portion of the Ramnad zemindari and of the east part of Sivaganga. It will also get all the passenger traffic from Pudukkottai town, for the journey thence to a station at the Perungadu village *via* Arantangi will be only 25 miles against nearly 40 by any other route.

It will get also local passenger traffic which should be fairly large having regard to the population. From Mutupet to Pattukkottai it will pass Tamarankota at 5 miles, Adirampatnam at 9 miles and Pattukkottai at 16 miles. At Tambikkinallavankottai there is a large salt factory. Between Pattukkottai and Perungadu the country is not thickly inhabited but it will pass Kalagam at 9 miles and Arasankulam at 20 miles. It is difficult to determine from the census returns, owing to the difficulty of identifying the villages in any given survey area, what the population per square mile of the southern part of the taluk is but it is, the opinion of all those who know the country that the Ponbetti firka, *i.e.*, the south portion, is a very populous part. The population works out 277 per square mile for Government villages so far as can be ascertained. It is also well known that the part of Madura surrounding Devakottai is very rich and populous. This line is therefore the connecting link between this populous tract and the Tanjore delta and hence the passenger traffic will be all through traffic both ways at least as far as Pattukkottai.

As to goods traffic so far as the Board is aware, no statistics have been taken except with a view to the extension of the line from Mutupet to Adirampatnam. So far as these statistics go they are favourable. They show that the produce which is being brought out is only agricultural produce and salt; but even now it is being moved in quantities which give a rate of Rs. 17 per mile per week if the railway carried it all. The returns for 12 months are consolidated in the appended statement.

The annexed statement shows the value of the trade of Adirampatnam and Mutupet for the 5 years shown :—

Statement showing the value of the trade of Mutupet and Adirampatnam for the years shown.

Years.	Mutupet.		Adirampatnam.	
	Import.	Export.	Import.	Export.
	RS.	RS.	RS.	RS.
1891-92	19,422	5,68,746	1,15,031	3,65,358
1892-93	92,802	6,21,779	1,60,394	3,86,247
1893-94	61,112	5,82,942	1,87,852	3,80,690
1894-95	46,738	8,35,947	87,613	6,58,187
1895-96	56,071	8,16,105	48,586	7,25,573

This statement shows that a considerable volume of trade is even now running to Adirampatnam and Mutupet.

There is also a probability of considerable paddy trade for the following reason. As has been said above the Pattukkottai rice which is mainly grown in the Ponbetti firka is much prized and commands a considerably higher price than the delta rice where it is procurable. It will therefore be carried into the delta for the consumption of the rich mirasidars of that tract either delta rice or other products being sent back to pay for it, giving rise to traffic over the whole line both ways.

At present there is an increasing demand for ground-nut through all the southern parts suited for its growth and already there is a considerable trade where such is possible having regard to communications. The Board thinks that with the making of this railway a great impetus will be given to this very paying product not only in the Pattukkottai taluk but also in the State of Pudukkottai. It will be brought over the whole of the proposed line and shipped probably at Adirampatnam and Mutupet. Salt in all probability will be sent back to pay for it. There is thus a probability of trade both ways in connection with this staple too. Having regard to the fact that the town of Pudukkottai is much nearer to this than to any other line it is probable that, in the course of time, a paying feeder line to the proposed line will be constructed to that place.

The Board also desires to make this line with a view to improving their own property in two ways. By its extension and the drawing to it of the pilgrim traffic, the Mayavaram-Mutupet line must largely benefit and since the bulk of the chattram villages are in the Pattukkottai taluk, the endowment funds of the Board will be largely benefited.

The financial success of this line will, of course, entirely depend on the cost of construction, and the cost of construction will be very light except for the bridging. The rivers which are to be crossed are in their nature jungle streams, *i.e.*, after heavy rain a spate runs down them for a few hours and then subsides and communications are seldom cut off or for more than 24 hours at a time. Except in times of flood the quantity of water passing down the rivers is inconsiderable. As this is to be a local line which will be an enormous gain to the country, even if communication be interrupted for some days occasionally, the Board thinks should investigation show the cost of bridging to be very high that at first instead of constructing costly bridges to carry the line, causeways should be made across the rivers with vents in the middle sufficient to pass the water ordinarily coming down the river and that in time of freshes the water should be allowed to pass over the rails; or the rails may be carried across the beds of the larger rivers, on screw piles. If it be found possible and necessary afterwards to build bridges these causeways could be turned into road crossings for the railway will follow almost the line of the road. It will be unnecessary at present to take the line across the Vellar at Avadaiyarkovil. It can stop on the north bank which is less than a mile even from the shrine itself.

Having regard to the principle on which the Government of India has determined to make advances from the famine insurance fund this line cannot be regarded as having claims upon that fund for but little has ever been or is likely ever to be spent in Pattukkottai on famine relief. When scarcity prevails there it is met by migration to the delta or by resort to the chattrams; but in regard to portions of the Ramnad and Sivaganga Zemindaris, this line would be of much use as a protection against famine and would have a strong claim even on the principle laid down by the Government of India. The Board does not press its application for this line as a famine protective line but as a branch line, and it would urge the protective value of the line more as a reason why it should obtain the aid and sympathy of Government for this undertaking on its part than for any other reasons.

In regard to the financing this project, the Board thinks that looking to the nature and object of the railway cess, it is their duty to make as soon as possible all the railways the district requires and to take off or divert the cess as soon as possible thereafter. It has no desire to heap up and invest the cess however lucrative such investment might be. It wishes therefore as soon as possible to realize the capital it has invested in the Mayavaram-Mutupet railway and apply it to further railway extension. This it can do either by disposing absolutely of its interest in the line or by capitalizing the interest it receives from it. This interest will probably in future years never fall below Rs. 50,000. On the security of this sum as well as its cess, it desires to raise the capital necessary to make the lines wanted within the district either by a loan from the Government of India or in the open market as Government may direct. The Board would observe in this connection that the latest quotations show that the last Madras Municipal 4 per cent. loan is selling in the open market for Rs. 115, *i.e.*, that body can borrow on the security of its revenue only at under 4 per cent. The 1895 loan of 4,00,000, of the Madras Municipality was placed at 108-125 Rupees and was covered 4 times over. Looking to the much better security which it can offer, the Board thinks that it could raise a loan in the open market on certainly better terms than the Municipality. There seems little doubt that the Board can raise the money wanted and provide a sinking fund for redemption after 50 years for 4.55 per cent. The annual railway income of the Board which it can capitalize is 1,50,000 rupees roundly.

As will be seen from the resolution, the Board has named at present as the capital required a sum of Rs. 15,00,000. It is roughly estimated that the 45 miles of line proposed to be made should not cost even with bridging more than the average cost per mile of the Mayavaram-Mutupet Railway, *i.e.*, half a lakh of rupees. The cost of bridging on the Mayavaram-Mutupet line was 34.84 per cent. of the total cost. Though there may be some large bridges on this line there will be few small ones and the cost of formation will be very low. It is anticipated that by the time it is wanted, the Railway Guarantee Fund will have a balance of about 8 lakhs to its credit so that with this sum it will need but the 15,00,000 asked for. The Board however have named that sum merely as a rough estimate for the purpose of the application and are able and prepared to raise a larger sum if necessary for the project. But it is confident that if the bridging cost is kept down as suggested it will not be necessary to raise more than 10,00,000 for the project if even so much.

MUTUPET-AVADAIYARKOVIL LINE.

FORM A.

To accompany all applications for leave to construct a branch or feeder Railway in any part of British India.

Nature of particulars to be specified.	Particulars.
1. The name of the company, person or persons by whom the application is preferred; the proposed amount of capital, the number of shares and the amount of each share.	1. Name.—The Tanjore District Board. 2. Capital.—Rs. 15,00,000 3. Number of shares.—Rs. 15,000 4. Amount of each share.—Rs. 100
2. The termini together with the names of all the principal towns from, in, through or into, or near which the railway is intended to be constructed.	Mutupet and Avadaiyarkovil north bank of the Vellar on the termini. The line will pass through Adirampatanam, Pattukkottai, Kalagam, Sithathikadu, Arasankulam and Perungadu. See statement No. 1 appended for towns near which the line will pass.
3. The length as far as known of the proposed railway.	45 miles.
4. The gauge proposed and weight of rail, &c.	As adopted for the Mayavaram-Mutupet Railway.
5. The motive power to be employed.	Steam.
6. The maximum tolls, rates and fares intended to be charged on the proposed railway.	As Mayavaram-Mutupet Railway.
7. Details of any agreement which may have been provisionally arranged or which it is desired to enter into, under which the proposed line when constructed is to be leased out for working to any existing railway administration.	It is proposed to entrust the working of the line to the South Indian Railway Company. Terms to be fixed hereafter.
8. Any further information that may be required to enable the Government of India to thoroughly understand the scope of the proposals.	Vide Statement annexed.

Extract from the Proceedings of the District Board, Tanjore, dated 25th July 1896.

2. Read G.O., No. 1148 L., Miscellaneous, dated 20th June 1896, passing orders on District Board's resolution No. 2, dated 28th March 1896, regarding extension of railway lines in the Tanjore district and District Board's resolution No. 2, dated 8th July 1896.

Proposed by the President and seconded by M.R. Ry. S. A. Swaminada Aiyar Avargal.

The Board resolve to apply to Government for permission to make a railway line from Mutupet *via* Adirampatnam, Pattukkottai, Kalagam and Nagudi to Avadaiyarkovil under notification of the 28th April 1896, published in Part I of the *Fort St. George Gazette*, pages 534 to 539. Also to send in an application for the immediate survey of the line in Form A as under:—

- | | |
|-----------|--|
| Column 1. | Capital Rs. 15,00,000; shares Rs. 500; number 3,000. |
| " 2. | As in list appended marked A as far as Avadaiyarkovil. |
| " 3. | 45. |
| " 4. | Mayavaram-Mutupet Railway, &c. |
| " 5. | Steam. |
| " 6. | As in Mayavaram Mutupet Railway. |
| " 7. | South Indian Railway; terms to be fixed hereafter. |
| " 8. | As in the President's letter hereto annexed. |

They would raise the capital either in the open market by pledging their share of the Mayavaram-Mutupet Railway and their cess which amounts to about one lakh of rupees or from Government of India or of Madras or as Government may order.

The Board would allot Rs. 20,000 for the survey of this line. The Board will carry out such registration of traffic as Government may consider necessary under the original resolution of the 28th March.

Carried by 22 for and 1 against, 1 not voting.

Memorandum under Head 8 of the Application.

The District Board holds that the best way to employ its railway-cess is to capitalize it and make as soon as it can the railways which the district needs having regard to the urgency of their necessity for the development of the district in all its parts. It has therefore resolved to take up the extension to Avadaiyarkovil of the Mayavaram-Mutupet Railway and has set aside a sum of Rs. 23,00,000 for that purpose. It is probable that the scheme will not require that sum especially if the cost of bridging is minimised in the way suggested in the remarks appended to the application to make it submitted to the Government of India. But for the purpose of the present application, the Board will take it that 23,00,000 of its capital is pledged. The question arises as to how much is left and what the Board should do with it.

Exclusive of any profit which may be made from the Avadaiyarkovil line, the Board has assets—

Cess roundly ...	Rs. 1,00,000
Profits of Mayavaram-Mutupet line roundly ...	50,000
Total ...	1,50,000

If the Board borrows, Government will insist on its providing a Sinking fund to repay the loan in 30 or 50 years. For every lakh borrowed therefore, if the Sinking fund is invested in Government 3½ per cent. loan, the Board must pay annually if repayable in 30 years Rupees 1,937.13, if repayable in 50 years Rs. 763.45. All the latest loans of the Madras Municipality are for 50 years and the Board thinks it best to adopt the same term.

Beside the Sinking fund, the Board will have to pay the annual interest. The question is at what rate the Board can borrow. The Madras Municipality has borrowed in 1895 at 4 per cent. repayable in 50 years and the value of the Rs. 100 stock is by the latest quotations 115. The President, Madras Municipality, has informed the Board that the Madras Municipal 4,00,000 loan of 1895 was covered four times over at a premium of Rs. 8.125. Coming into the market with no previous debt and with solid security in railway property at its back, the Board can borrow no doubt in the open market at 3½ per cent.

For every 1,00,000 borrowed repayable after 50 years, the Board must provide therefore an annual payment of Rs. 4,513.45 or say roundly Rs. 4,550.

The board can provide therefore annual payments from the Railway Guarantee fund alone sufficient to enable it to raise $\frac{1,50,000}{4,550} = 32,96,704$ or 33 lakhs roundly. Of the sum of 23,00,000 alluded to above as pledged to the Mutupet, Avadaiyarkovil line Rs. 8,00,000 are to be provided by the accumulation of the fund before the capital can be wanted. But Rs. 15,00,000 are therefore to be raised by loan. Hence the District Board has cess free which will capitalize to 18 lakhs.

Having provided for the Pattukkottai taluk, the Board thinks the next line to which the Board should turn its attention is a line from Kumbakonam to Mannargudi. Starting from Kumbakonam with 54,307 persons it will pass Valangaman at 7 miles with 7,244, Nidamangalam

at 12½ miles with 2,806, and will end at Mannragudi 21 miles with 20,395. Though it serves to open up no new country, it will serve a very large population and so is fairly wanted. It will bring Kumbakonam within 40½ miles of Negapatam port against 45 to Karikal. It will be comparatively expensive to make. The best line for it seems to be to start from the west side of the Arasilar Railway bridge near Kumbakonam *via* Valangaman to the east end of the existing bridge over the Vennar near Nidamangalam and into Nidamangalam station over the existing bridge and line. The cost of bridging the Arasilar and the Vennar will thus be saved, though no doubt some expense will have to be incurred in adapting these bridges. After leaving Nidamangalam station and utilizing the existing bridge over the Korayar it would run in a straight line between the Korayar and Pamaniyar to the south end of Mannargudi near the temple the line running parallel to the river bank or the line may be taken on the west side of the Pamaniyar but as this will put the river between the railway and the rich country, this line should, if possible, be avoided. The length of this line may be taken as 21 miles. The line will thus cross (1) the Tirumalairajanar, (2) the Mudikondanar, (3) the Kodamurutti, (4) the Vettar. The bridging will thus be heavy. It will cost certainly not less per mile than the Mayavaram-Mutupet line but probably more. According to the Capital account of the Mayavaram-Mutupet line up to the last half-year, the length of the line is 53½ miles and its cost Rs. 50,500 per mile.

Taking the proposed line to cost 60,000 a mile, the cost of the line will be 12,60,000 against 18 lakhs which the Board can provide.

Against the extra cost of construction however may be set the saving in the upkeep of the metalled road now maintained which will not be less than Rs. 8,000 a year which represents about Rs. 1,80,000 of capital. This line will not compete with the Mayavaram-Mutupet line unless it is extended to the south which the Board would not advocate at present. If it earns Rs. 80 a mile per week, the Mayavaram-Mutupet earnings, the gross earnings of the line will be 87,360, of which 66 per cent. or two-thirds must be set aside to pay working expenses and hire of rolling-stock, leaving Rs. 29,120 as profit or it will pay 2·31 per cent. on 12,60,000.

No traffic statistics have been taken of late years. In the year 1883, however, statistics were taken for six months. The following are the summarised figures found in Board's Proceedings, No. 2722 of 11th September 1883:—

Place.	Number of carts loaded with grain passing each way.	Number of carts laden with other goods.	Number of empty carts.	Number of juktas or other passenger vehicles laden.	Number of juktas or passenger vehicles not laden.	Total.
Valangaman	5,199	10,388	7,333	23,723	173	RS. 46,816
Mannargudi	17,607	18,064	12,970	25,445	315	74,401

The Board would most strongly urge the advantages of capitalizing its resources. By doing so it will gain two immense advantages—

Firstly.—It will be enabled to make the lines it wants immediately. If it is to go on as at present accumulating the cess it will be 8·725 years before it can take the Mutupet-Avadaiyarkovil project in hand and assuming that the above project takes two years to make and at the end of that time pays 2½ per cent. on 20,00,000, the Board will probably be in a position to take up the second project in 4·68 years. Thus it will be on the whole (8·725 + 2 + 4·68) 15·505 years before the present project can be carried out.

Secondly.—It will be enabled to divert or suspend the cess as soon as the lines are made. If the capital is borrowed, the annual payment at 4,550 per lakh will, for 27 lakhs, amount to Rs. 1,22,850. If the lines pay 2½ per cent., the receipts on 27 lakhs will be Rs. 67,500 and the receipts from the Mayavaram-Mutupet line will be 50,000. Hence the total receipts will be 1,17,500 or the Board will only have to find Rs. 5,350 annually. Thus if the present accumulation system be persisted in, about 16,00,000 on the most favourable calculations will be levied off the district without any need whatever in addition to the 13,00,000 already sunk in the Mayavaram-Mutupet Railway or a total of 29,00,000 of unnecessary taxation.

The board thinks this line a useful one and likely to be financially sufficiently successful. It therefore has resolved—

(1) That an application be submitted to the Government of India to make this line as a branch line.

(2) That an application be made for its survey.

(3) That Rs. 10,000 be set aside from the Guarantee fund for the cost of survey. The Board thinks this would be a good opportunity to get the survey done by the same party which will make the Pattukkottai survey.

Since the above memorandum was first put into type, a large conversion of the 3½ per cent. stock of the Government of India has been announced. It seems safer to take a rate of 3 per cent. for the Sinking fund in the future. Taking 3 per cent., the annual payment for Sinking fund will be Rs. 886·55 per lakh and the total annual payment per lakh will be roundly Rs. 4,650. Hence the sum which the board can borrow will be 32,25,807 or roundly 32½ lakhs instead of 33 lakhs.

KUMBAKONAM-MANNARGUDI LINE.

Form A.

To accompany all applications for leave to construct a branch or feeder railway in any part of British India.

Nature of particulars to be specified.	Particulars.
1. The name of the company, person or persons by whom the application is preferred; the proposed amount of capital, the number of shares and the amount of each share.	1. Name.—The District Board, Tanjore. 2. Capital.—Rs. 13,00,000. 3. Number of shares.—Rs. 13,000. 4. Amount of each share.—Rs. 100.
2. The termini together with the names of all the principal towns from, in, through or into or near which the railway is intended to be constructed.	Termini. Kumbakonam and Mannargudi. Principal Towns. Valangaman, Alangudi, Nidamangalam, Puvanur.
3. The length as far as known of the proposed railway.	21 miles.
4. The gauge proposed and the weight of rails, &c.	Same as Mayavaram-Mutupet Railway.
5. The motive power to be employed.	Steam.
6. The maximum tolls, rates and fares intended to be charged on the proposed railway.	Same as Mayavaram-Mutupet Railway.
7. Details of any agreement which may have been provisionally arranged or which it is desired to enter into, under which the proposed line when constructed is to be leased out for working to any existing railway Administration.	South Indian Railway. The terms to be fixed hereafter.
8. Any further information that may be required to enable the Government of India to thoroughly understand the scope of the proposals.	See memorandum annexed.

From the Proceedings of the District Board, Tanjore, dated 29th August 1896.

2. Read President's memorandum on the Railway Extension from Kumbakonam to Mannargudi.

The District Board resolves unanimously to apply to be allowed to make the line proposed as a branch line and to apply for its survey at the same time as the Pattukkottai line and to allot Rs. 10,000 from the Railway Guarantee Fund for its survey. The Form marked A appended is approved.

In this connection, the Board would wish to make the shares in the Mutupet-Avadaiyarkovil line each Rs. 100 as in the above application.

From—The Agent, South Indian Railway.

To—The Consulting Engineer for Railways, Madras.

Dated—Trichinopoly, 2nd November 1896, No. 1012.

In reply to your letter No. 178/O, dated 10th October 1896, I have the honour, to offer the following remarks on the proposals of the Tanjore District Board to construct lines of metre gauge railway from Mutupet to Avadaiyarkovil and from Kumbakonam to Mannargudi *via* Nidamangalam.

2. *Mutupet-Avadaiyarkovil Railway.*—This line is put forward on the grounds that it will develop a portion of the Tanjore district which most needs railway facilities, that it will command considerable passenger traffic in pilgrims and local residents and that it will carry salt, paddy, and probably ground-nuts, in large quantities. The District Board expressly states that it does not desire to make competing or highly remunerative lines, but one of the main items of the traffic on which it relies for the financial success of the project, namely the pilgrim traffic from and to Ramesvaram, is of a very decidedly competitive nature. The future extension of this line to join the projected Madura-Pamban Railway though not referred to in the District Board's proposals is, I have reason to know, one of the principal objects which the Board has in view in advocating the construction of the Mutupet-Avadaiyarkovil Railway. I need hardly point out the serious effect such a line will have on the traffic of the South Indian Railway, which would be diverted from the 171 miles between Madura and Mayavaram, and to the still more serious consequences which would result to the Madura-Pamban line. If the through traffic *via* Pamban were sufficient to justify two routes there might be some reason for constructing the second line, but as there are no grounds for such an assumption I strongly deprecate the Government property in the South Indian Railway being injured needlessly to bring in revenue to an already affluent District Board. I have further to observe that His Highness the Rajah of Pudukkottai is contemplating the construction of a line from Trichinopoly through his State towards Sivaganga, and that this project, if realized, will bring a third line into the competitive area, which cannot fail to divert traffic from the Mutupet-Avadaiyarkovil Railway. Under these circumstances, I trust that Government will be pleased to restrict the operations of the District Board to the line they now propose to make, and that any extension beyond the boundary of the Tanjore Collectorate be prohibited. If this proposal commends itself to Government, and the Mutupet-Avadaiyarkovil project is restricted to the roll of a feeder railway to the Mayavaram-Mutupet line, there would appear to be no good reason for opposition.

3. *Kumbakonam-Mannargudi Railway.*—The section of this line between Kumbakonam and Nidamangalam is as distinctly competitive as it is possible to imagine, and the connection is not wanted in the interests of the public. The line will be expensive to make and will involve the working of two extra junctions. The distance between Kumbakonam and Nidamangalam is 15 miles, and the towns are connected by a good metalled road on which numerous jutkas are run at cheap rates. It is questionable therefore whether the proposed connection would secure much passenger traffic, and its main source of revenue would undoubtedly be derived from such goods traffic as it might divert from the South Indian Railway. The Mayavaram-Tiruvalur section of the District Board's own line would also suffer, and I feel sure that Government will never favour a project calculated to inflict so much damage and to offer such insignificant

advantages. The Mayavaram-Tiruvalur line has undoubtedly caused considerable loss to the South Indian Railway, and I must protest most strongly against the construction of a second and parallel chord. The portion of the District Board's project between Mannargudi and Nidamangalam would act as a feeder to the Negapatam branch, and though it would be cheap to make I much question whether such a short line would attract much traffic or prove economical to work. There is, however, no objection to its construction should the District Board decide on the line being made. The accompaniments to your endorsement are herewith returned.

From—The Secretary to the Government of India, Public Works Department.

To—The Joint Secretary to the Government of Madras, P.W. Dept., Railway Branch.

Dated—Simla, 20th May 1897, No. 832 R.C.

I am directed to acknowledge the receipt of your letter, No. 72 R., dated 29th January 1897, submitting two applications from the Tanjore District Board for permission to construct the following railways on the metre gauge :—

(1) An extension of the Mayavaram-Mutupet Railway southwards to Avadaiyarkovil, a distance of 45 miles, at a cost of Rs. 15,00,000.

(2) A branch from Kumbakonam station on the South Indian Railway, *via* Nidamangalam to Mannargudi, a distance of 21 miles, at a cost of Rs. 13,00,000.

2. As regards funds for the construction of the projected lines, the District Board propose to borrow the money in the open market on the security of the existing Mayavaram-Mutupet Railway and of the receipts from their railway guarantee cess.

3. You say that, in the opinion of the Government of Madras, there appears to be no objection to the proposed method of financing these schemes, and that the Local Government would therefore recommend sanction to the Mutupet-Avadaiyarkovil extension and to the southern section of the second project from Nidamangalam to Mannargudi.

4. In reply I am directed to say that, as Local Boards are at present constituted, their local revenue and expenditure is not financially independent of and separate from the general revenue and expenditure of India, so that a guarantee given from them would not be distinguishable in its effect from a guarantee from general revenues. The Secretary of State has fixed a limit of railway construction on guarantee of general revenues which is operative for three years from April 1st, 1896, and against this limit arrangements have already been fully made. There is therefore no room in the programme to accept any further construction on the terms proposed by the Local Board, and recommended by the Government of Madras.

5. The Government of India regret therefore that under the circumstances they are unable to sanction the loan which the Tanjore District Board propose to raise in the open market for the construction of the projected railways.

6. I am however to say that while, for the reasons given above, it is not feasible for the District Board to form themselves into a Branch Line Company for the purpose of undertaking these extensions, it is yet open to them to promote a Branch Line Company to take over the existing Mayavaram-Mutupet line and to construct such branches and extensions thereto as may be approved, under a guarantee limited to their special cess, but not otherwise pledging their revenues.

7. Should this course be acceptable to the District Board and meet also with the approval of the Government of Madras, the proposed lines will be considered at this year's Conference on receipt of an intimation to that effect accompanied with the statistics of traffic referred to in paragraph 9 of your letter under reply.

Order—No. 660 R., dated 15th September 1897.

The Government of India will be addressed.

From—The Joint Secretary to the Government of Madras, P.W. Dept., Ry. Branch.
To—The Secretary to the Government of India, Public Works Department.
Dated—Ootacamund, 15th September 1897, No. 661 R.

I am directed to acknowledge the receipt of your letter No. 832 R.C., dated the 20th May 1897, expressing regret that the Government of India are unable to sanction the raising of a loan in the open market by the Tanjore District Board, for the purpose of constructing the proposed extension of their present railway system, viz., from Mutupet to Avadaiyarkovil, and from Nidamangalam to Mannargudi.

2. While fully accepting the principles enunciated in your 4th paragraph which appears to be nothing more than a paraphrase of those embodied in the Statute 33, Geo. III C. 52, S. 40, and a recital of the responsibility of the Government of India for regulating the total burden of taxation to the capacity of the taxpayer, this Government is anxious to secure a reconsideration of the question. With this object in view, His Excellency the Governor in Council hopes to satisfy the Government of India that the scheme will not to any appreciable or material degree affect the general resources of the Empire, or throw any ultimate responsibility on the Imperial or Provincial treasury. To this end I am therefore desirous to communicate the following observations and argument for the favourable consideration of the Government of India.

3. In the first place it seems desirable to indicate the legal position. Shortly after the passing of the Local Authorities' Loans Act (XI of 1879), it was found that that Act did not empower a Board to give a legal guarantee of interest to a Company or person providing capital for the carrying out of works which under that Act it had been authorised to undertake. Act XV of 1885 was accordingly passed to amend the Act of 1879. The amendment consisted in adding to section 8 a clause to the effect that nothing contained in Act XI of 1879 should "affect the power conferred on any local authority by any such enactment, (*i.e.*, a 'special enactment now or hereafter in force,' *vide* clause (a) of section 8) to charge its funds by guaranteeing the payment of interest on money to be applied to any purpose to which the funds of the local authority can legally be applied." When the (India) Act XV of 1885 was passed, there was no special enactment in force enabling a Local Board in this Presidency to charge its funds by guarantee. Madras Act I of 1888 was accordingly passed, and by this Act, the Local Government, with the previous sanction of the Governor-General in Council, may authorise any local authority to charge its funds or any part thereof by way of guarantee for the payment of interest on, or by the creation of a fund for the repayment of, money expended or to be expended on any work, or for any of the purposes for which such funds might be by law applied.

4. In the present case the funds proposed to be charged to guarantee the interest on the money required for the extension of the local railway in question are not a "special cess", but form a portion of the land-cess levied under the Local Boards Act V of 1884. The cess is leviable under the Act in all the districts in the Presidency except three (Malabar, South Canara and the Nilgiris) at a maximum rate of one anna in the rupee on the annual rent value of occupied lands. Up to 1880 the rate in Tanjore was nine pies, but in that year it was enhanced to one anna, the additional three pies being expressly designed "to form the requisite guarantee fund for the formation of" the Mayavaram-Mutupet Railway, "and such other lines of railway as may hereafter be sanctioned." This three-pie enhancement of the land-cess is a light burden to which the people of Tanjore, one of the richest districts in India, have become accustomed since 1880; and as to the incidence of it, no complaint has ever reached this Government.

5. The revenues raised under the Madras Local Boards Act are not available for any purpose beyond the district in which they are raised. They cannot, therefore, come to the aid of the general Imperial or Provincial taxation to meet any outside emergency. Nor by utilising the cess in the manner proposed will Provincial revenues to any appreciable degree be even indirectly exposed to the disadvantage that it will thereby be made more difficult to lighten the contributions paid by Provincial to Local; for the only contribution of any moment made from the Provincial treasury to the Local Board is the small sum of about Rs. 10,000 on account of certain classes of

higher education—a contribution which cannot well be foregone without altering the educational policy of Government. Nor is there any reason to suppose that the produce of the cess could be more advantageously devoted to other objects within the purview of the Local Board; for, in the opinion of this Government, roads and communications, though quite as essential to the well being and development of the district as are education and sanitation, do not receive at present an adequate or proportionate share of the general fund; and in Tanjore the scheme of 1880 was introduced expressly for the purpose of substituting, in certain parts of the district, railway communications for roadway communications, inasmuch as, on account of the special character of the soil of the district of Tanjore and the peculiar conformation of its surface, the construction and maintenance of efficient roads is most difficult and expensive. Under the Act (section 95) it devolves as a legal duty on the Local Board to maintain adequate communications, and they are merely replacing one mode of communication by another. It may perhaps safely be postulated that the Government of India would never think of interfering if it were proposed that the enhanced land-cess should be devoted to the construction and maintenance of ordinary roads. A railway, moreover, has this supreme advantage over a road, if constructed at a reasonable cost in a district where metalled roads can be kept up only at a disproportionate cost, that the railway may be expected to pay at least for its maintenance, if not (and in Tanjore the chance of such failure is extremely small), for interest upon the outlay incurred upon its construction. Indeed, there is, in the case of the projected lines, every reason to hope and believe that, apart from the chances of further extension, it may be possible, within a year of their completion, to suspend the collection of the three-pie enhancement of cess; for it is believed that the existing Mayavaram-Mutupet Railway, which is the property of the District Board, will continue to show a profit of half a lakh a year, and that the new extensions will at least not be worked at a loss. Indeed there is every reason to anticipate that they will be worked at a considerable profit.

6. I am instructed to invite the attention of the Government of India to the discussions in the Supreme Council when the Act of 1885 was being passed. These discussions are relied on by this Government as showing that it was at that time the Government of India's declared policy to allow local bodies to apply part of their revenues to the development of railway communications outside the Imperial Railway Scheme.

7. The Government of India have doubtless not lost sight of the legal position of the guarantee proposed to be given; but it seems as well to recall it here, by pointing out that, under Madras Act I of 1888, when the local Government authorises a local authority to charge a part of its funds "by way of guarantee for the payment of interest on any work" (section 3), then in the event of default His Excellency the Governor in Council may, on the application of those entitled under an engagement entered into under section 3, "attach the funds made subject to charge on account thereof," (section 4). Beyond this there is, under the Act, no legal liability affecting either the Provincial or the Imperial Treasury.

8. But it may be that, apart from the question of strictly legal liability, the Government of India are concerned lest loans of the sort proposed should fall into disrepute if defaults of guarantee by local bodies were commonly to occur. This Government quite recognises that the money market does not stay to make nice distinctions between the guarantee given by a Local Board, with the approval of Government, limited to special funds raised under a special enactment, and the guarantee given directly by Government and secured on the general revenues of India. The disrepute attaching to such failure might doubtless be expected to some extent also to extend itself to Indian Government loans in general; but in the present case no such apprehension can arise, for the richness of the district proposed to be opened up prohibits the anticipation of any such *fiasco*.

9. For the reasons above adduced, His Excellency the Governor in Council confidently hopes that the Government of India may see fit to withdraw the prohibition expressed in para 5 of your letter against the proposed method of financing the projected railways,—a method which, in the opinion of this Government, and in the interests of the District Board of Tanjore, is greatly to be preferred to the method suggested in the 6th para. of your letter under reply.

Read also the following papers :—

Telegram from—The Secretary to the Government of India, P.W. Dept.
To—The Joint Secretary to the Government of Madras, P.W. Dept., Ry. Branch.
Dated—Simla, 10th November 1897, No. 1863 R.C.

Your letter numbered and dated as follows: 661 R., 15th September last.
What is the annual revenue derived by Tanjore Board from three pie Railway cess.

Telegram from—The Joint Secretary to the Govt. of Madras, P.W. Dept., Ry. Branch.
To—The Secretary to the Government of India, Public Works Department.
Dated—Calcutta, 16th November 1897, No. 36 B.

Your telegram numbered and dated as follows: 1863 R.C., 10th instant. Annual revenue in thousands of rupees derived by Tanjore Board from three pie cess for last ten years commencing 1887–88 has been 86, 85, 87, 90, 93, 99, 90, 117, 110 and 130.

From—The Secretary to the Government of India, Public Works Department.
To—The Joint Secretary to the Government of Madras, P.W. Dept., Railway Branch.
Dated—5th March 1898, No. 303 R.C.

I am directed to acknowledge the receipt of your letter No. 661 R., dated 15th September 1897, submitting for the consideration of the Government of India certain

1. Mutupet to Avadaiyarkovil.
2. Nidamangalam to Mannargudi.

observations and arguments in support of the proposal of the Government of Madras to allow the District Board of Tanjore to raise funds for the construction of the proposed extensions of the Mayavaram-Mutupet Railway marginally noted, by a loan in the open market on the security of the Mayavaram-Mutupet Railway and of the receipts from their Railway Guarantee cess.

2. In reply I am to say that, after further consideration of the matter, the Government of India are prepared to recommend to the Secretary of State that the District Board should be permitted to undertake the extension of the Mayavaram-Mutupet Railway to Avadaiyarkovil as an addition to the railway programme, the funds required for this purpose, in addition to any available balances at the disposal of the Board, being raised by debentures running for a term of not more than twenty years on the security of the Mayavaram-Mutupet Railway and of the receipts from their railway guaranteed cess; the Government of India reserving the right to take over the extension at any time on twelve months' notice by assuming any liabilities in the form of debentures which the Board may have undertaken in order to raise the money, and repayment of any further amounts which the Board may have spent out of balances at their disposal. The form and conditions of the debentures should be approved by the Government of India.

3. I am to explain that it is not intended to enforce this condition under ordinary circumstances for a period of twenty years at least. But in the progress of railway construction a time may arrive when it will become inconvenient to maintain a short line of this kind as a separate interest, and it is necessary for the Government of India to reserve the power of extinguishing this separate interest if at any time it becomes, in their judgment, inexpedient to maintain it.

4. I am to enquire whether the Government of Madras are willing to accept the above terms, and, if they meet with their approval, to request that an estimate of the cost of the extension may be prepared in the prescribed form and submitted for sanction.

5. I am to add that the Government of India do not consider that a branch from Nidamangalam to Mannargudi is required at present.

Note by the Consulting Engineer for Railways, Madras, dated 15th March 1898.

Tanjore district railways—extension from Mutupet to Avadaiyarkovil.

In their letter No. 303 R.C., dated 5th March 1898, the Government of India say that they are prepared to recommend to the Secretary of State that the District Board of Tanjore should be permitted to make the proposed extension of their Mayavaram-Mutupet line a further distance of 45 miles to Avadaiyarkovil; such capital as may be necessary, over and above the Board's available balances, being raised in the form of debentures having a currency of not more than twenty years.

2. This is very satisfactory and the result will doubtless be the early completion of this most promising extension. Moreover, the Government of India's decision opens out great possibilities in the way of railway extensions in districts rich enough and intelligent enough to follow the example of Tanjore and to tax themselves specially for railway extensions.

3. The security for the debentures is to be "the (net receipts of the ?) Mayavaram-Mutupet Railway, and the receipts from the special railway cess."

4. I cannot say yet what the cost of the extension will be. It has not been surveyed or estimated. But the first $9\frac{1}{4}$ miles of it have been surveyed, that is as far as Adirampatnam, and have been estimated at about $4\frac{3}{4}$ lakhs, or at just about the same sum per mile, Rs. 50,000, as the Mayavaram-Mutupet Railway. I do not think that without very special measures of economy the 45 miles of extension can be made to cost much less than 23 lakhs. But it will be perfectly justifiable to economise in the bridging of the larger rivers, by the use of causeways, in lieu of bridges for the first few years, even at the risk of stoppage of trains for a few days in the year. When ordering the survey this will be seen to.

5. Now about the provision of these 23 lakhs, or less,—In November last the District Board had an available balance of Rs. 7,70,000. Their realisations from their special cess are just now at the rate of Rs. 1,30,000 per annum, so that by next November they ought to have 9 lakhs. Then as, in the first few years, interest on debentures will be light, we may count on their having 10 lakhs available from their special cess before the line is open for traffic.

6. Pending the preparation of estimate it seems therefore as if they would have to call for 13 lakhs of debentures, possibly less, but it will be safest for the present to say 13.

7. They ought, in my opinion, to provide a sinking fund for the extinguishment of these debentures at the end of the 20 years. If they invest their sinking fund in $3\frac{1}{2}$ per cent. Government paper at par, it will require an annual investment of about Rs. 3,550 per lakh, or for 13 lakhs a sum of Rs. 46,000 must be annually set aside and invested in $3\frac{1}{2}$ per cent. paper. If paper all gets converted to 3 per cent., or if the price of $3\frac{1}{2}$ per cent. paper should rise until the return from it is only the same as from 3 per cent. at par, the sum that must be annually set aside will be about Rs. 48,400 per annum. It will perhaps be safest to say that Rs. 50,000 per annum must be put away into the sinking fund for the next 20 years for the purpose of the amortization of the debentures.

8. Supposing that in that time the special cess does not drop below Rs. 1,30,000 per annum, the Board, after providing for the sinking fund, would thus have, Rs. 80,000 per annum for the payment of interest on the debentures. At 4 per cent. the interest will come to Rs. 52,000, at $4\frac{1}{2}$ it will come to Rs. 58,500, and the Board would have between twenty and thirty thousand rupees over, to provide for petty new capital works which will doubtless become necessary as traffic develops. Thus the situation looks very solvent and satisfactory.

9. But things are even better than I have so far shown them to be, because the special railway cess shows signs of great elasticity. I find that in the last 10 years it steadily increased as follows, the figures representing thousands of rupees, viz., 86, 85,

87, 90, 93, 99, 90, 117, 110, 130. I am not in a position to judge whether this is the result of better collection or of extension of cultivation and of assessments on such cultivation. I only offer the figures. They seem to me to point to a very healthy state of things.

10. Then turning to the figures of net earnings of the Mayavaram-Mutupet Railway, half of which are the Board's, and half the property of Government, in proportion to the share of each in ownership of the line. For the three years ending 30th June 1897 they have been as follows—Rs. 92,169: 92,304: 109,575. The dividends have steadily risen in the seven half-years up to 30th June 1897, during which the line has been open, until in the last half-year they have attained to a rate of 4.62 per cent. per annum. It seems to me that so steady an increase may safely be taken as indicating the probability of its continuance.

11. To sum up the position of the Local Board ; against liabilities, for sinking fund and interest on debentures, which according to the state of Government paper and of the money market may be variously estimated at from Rs. 96,000 at best to perhaps Rs. 1,07,000 at worst, they have an apparently increasing income of Rupees 1,30,000 from the special cess, and a steadily improving income of Rs. 55,000 from the Mayavaram-Mutupet Railway. In addition they will have the net earnings of the 45 miles of new extensions ; and if these after the first three or four years turn out to be on the same scale as those of the parent line they may be counted on for another Rs. 91,000 per annum. Then again there is the improvement of the Mayavaram-Mutupet earnings by reason of the traffic brought on to it by the new extension. On the whole it will not, I think, be too sanguine an estimate to say that not only may the Local Board with perfect safety incur the proposed liability, but that after the extension has been opened and has got into full swing, say four or five years hence, the Board will still have not much short of a lakh a year to the good, over and above all liabilities, including the sinking fund whereby after twenty years they will become absolute owners of the property free of debt.

12. It suggested itself to me that instead of the Board going on the market for its loan the Government of India might be moved to agree to either lending the money themselves at 3 per cent. or 3½ per cent. * or to enabling the South Indian Railway Co.

* Four per cent. is the usual rate at which loans are made to local bodies.

* Four per cent. is the usual rate at which loans are made to local bodies.

NOTE by the Financial Department, dated 30th March 1898.

A rough forecast of the probable receipts and charges of the Tanjore Railway Guarantee Fund is subjoined, drawn up on the lines adopted in the Railway Department note, but taking on the whole a less sanguine view of the situation.

(i) Allowing for bad seasons, &c., the collections of the cess have been retained at 1.12 throughout.

(ii) It is assumed that the debentures loan of 13 lakhs will be raised in 1898-99 and that 12 lakhs will be invested at par in Government securities, before the close of the year.

(iii) The expenditure on the new line has been distributed in nearly the same proportion as that on the old line, thus :—

	Old line.	New line.
£	196,780	196,780
s	10,000	10,000
d	0	0
Total	206,780	206,780

								Old line.	New line.
First year	...	...	...	...	...	...	...	2.86	2.00
Second year	...	...	...	...	...	...	...	4.26	4.00
Third year	...	...	...	...	...	...	...	9.19	9.50
Fourth year	...	...	...	...	...	...	...	6.40	6.50
Fifth year	...	...	...	...	...	...	...	1.27	1.00
								23.98	23.00

It will be seen that at the end of the sixth year the Board will have a balance of over 3.00 lakhs in hand after meeting all liabilities.

Tanjore Railway Guaranteed Fund.				1898-99.	1899-0.	1900-1.	1901-2.	1902-3.	1903-4.
Opening balance.				8.16	20.16	17.16	8.16	2.66	2.00
Government securities .. Cash				29	33	38	66	28	53
Receipts—				1.12	1.12	1.12	1.12	1.12	1.12
Railway cess				25	60	51	24	07	06
Interest on Government securities (3 per cent.) ..				..	3.00	9.00	5.50	66	..
Sale-proceeds do.				13.00	..	..	..	51	51
Debenture loan				51	51	51	51	51	51
Net traffic receipts { Old line { New line				..	..	..	..	..	(Say) 51
Total ..				14.88	5.23	11.14	7.37	2.36	2.20
Expenditure—				05	4.00	9.50	6.50	1.00	..
Surveying expenses				2.00	..	..	..	..	..
Outlay on railway				12.00	..	..	..	..	1.00
Purchase of Government securities				..	09	27	16	02	..
Discount on 3 per cent.				50	50	50	50	50	50
Sinking fund				+ 29	59	59	59	59	59
Interest on debenture (4½ per cent.)				..	..	..	..	..	2.09
Total ..				14.84	5.18	10.86	7.75	2.11	2.09
Closing balance.				33	38	66	28	53	64
Cash Government securities ..				20.16	17.16	8.16	2.66	2.00	3.00

* G.O., No. 1045, Financial, dated 14th December 1897 (page 5).
† For half the year.

ORDER—No. 537 Ry., dated 5th April 1898.

ORDER—No. 537 Ry., dated 5th April 1898.

The President of the District Board of Tanjore will be informed that this Government is of opinion that the method suggested in paragraph 2 of the Government of India letter quoted above would be the most suitable method of financing the proposed extension of the Mayavaram-Mutupet Railway a further distance of 45 miles to Avadaiyarkovil. The opinion expressed by the Government of India that the Nidamangalam-Mannargudi section is not wanted at present is concurred in by this Government.

The Board are advised not to raise any objection to the Government of India's reservation of power to acquire the line, as His Excellency the Governor in Council is of opinion, in the light of the Government of India's explanation, that the reservation is a proper one.

2. The District Board would do well to enter into communication with the Agent, South Indian Railway Company, with as little delay as possible, so as to ensure the early preparation of the necessary survey and estimate, without which the Government of India are not in a position to address the Secretary of State with a view to obtaining sanction for the execution of the work.

3. From a perusal of G.O., No. 1963 R., dated the 13th August 1892, it is observed that the first section south from Mutupet, $9\frac{1}{4}$ miles, to Adirampatnam, has already been surveyed, and estimated as likely to cost Rs. 4,62,614. It is suggested to the District Board that it might be as well that they should at once apply for permission to go on with this section, stating their readiness to put the South Indian Railway Company in funds for the purpose. Such a proposal will have the support of this Government and will be forwarded for the orders of the Government of India.

4. A copy of these Proceedings will be forwarded for the information of the Government of India.

[Here enter No. $\frac{537}{A}$ Ry., dated 5th April 1898.]

(True Extract.)

CMS
Off. Under Secretary.

To the Local and Municipal Department, for communication to the District Board of Tanjore and to all Local Boards in the Presidency to whom it may be considered advisable to circulate it.

„ Consulting Engineer for Railways.
„ Agent, South Indian Railway.
„ Financial Department. *with b/c*

Exd. C. M. Thumbusawmy.

When given for copying *18/5*
When copied *18/5*
When examined *19/5* 1898
When signed

READ AGAIN G.O., No.
189 ,

DATED

CURRENT No.

ENCLOSURES TO C. No.

ORDER OF GOVERNMENT

A A A A A A A

LETTER OF GOVERNMENT.

STATEMENT WITH DITTO.

PAPERS NOT FILED UP, BEING MEANT FOR DESPATCH
IN ORIGINAL.

N.B.—

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Routine

Date taken out.	FOR WHAT PURPOSE.			Initials of clerk taking the paper or of attender.	Date returned.	Initials of attender.
	Department.	C. No.	Year.			
22-12-98	Pub	3819	of 98	inf.	3-1-99	LS
11 II 99	Finl	589	of 99		21/4/99	LS
6-1-00	No 1	PXRB.			26/1/00	MS
27-1	Finl	223	for 00		31/1/00	MS
3-3-03		for B.C.			2/3 03	
21/12/03	Finl	2739	/03		11/1/04	