Date taken out.	For [illegible] purpose.			Initials of clerk taking the paper or of attender.	Date returned.	Initials of attender.
	Department.	C. No.	Year.			

Marine (1896) Department.

G.O., No. 227 Marine

DATED 2nd April 1896

[Despatch Abstract.]

Casualty report: Letter to the Under Secretary of State for India forwarding a — of the British schooner rigged steamship Argus.

[M. 6. / 500—13-3-96.]

BACK PAPERS.

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

FURTHER PAPERS.

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

No. 227. Marine d/ 2d April /96.

[21 (i)]

It is requested that the following department and number may be quoted in the reply to this letter:—

Marine No. ....

Marine Dept.

~~Chief Secretary's Office,~~

FORT ST GEORGE 188

To

THE UNDER SECRETARY OF STATE FOR INDIA.

SIR,

WITH reference to the Earl of Kimberley's Despatch, No. 8, dated 19th April 1883 (Statistics and Commerce), I am directed to forward a copy of the Casualty Report of the British Schooner rigged Steam Ship "Argus"

1/4/96

I have the honor to be,

Sir,

Your most obedient Servant,

Chief Secretary.

DESPATCHED
2 APR. 96

BACK PAPERS.

MARINE (188) DEPARTMENT.

~~Chief~~ Secretary's letter to the Under Secretary of State for India.

No.

Dated

No. 227. Marine d/ 2-4-96.

Prepare for signature
C.B.
31st Mar 96

Forwarding casualty report of the "Argus"

1/4 2e 6/4

Marine Current No: 3

Marine (1896) DEPARTMENT.

Rec: 31. 3. 96

From

THE PRESIDENCY PORT OFFICER,
Madras,

To

THE SECRETARY TO GOVERNMENT,
~~PUBLIC WORKS~~ (MARINE) DEPARTMENT,
~~Madras.~~ Chepak

No. 1261/16 W

Dated 26th } March 1896.
Received }

No.

Subject.

Forwarding casualty return regarding S.S. "Argus"

X

Luck 4
Ju 02 321/56

Years.	Correct figures. adding 1 lakh every year			As in the last column of the Harbour Trust Board Statt. adding 1 lakh every year		
	Capital at the beginning of each year	Interest at 3½ p.c. realised during the year	Total at the end of the year.	Capital at the beginning of each year	Interest at 3½ p.c. realised during the year.	Total at the end of the year
1896-97	1.00.000	3.500	1.03.500	1.00.000	3.500	1.03.500
1897-98	2.03.500	7.123	2.10.623	2.03.500	(a) 3.623	2.07.123
1898-99	3.10.623	10.871	3.21.494	3.07.123	10.748	3.17.873
1899-1900	4.21.494	14.752	4.36.246	4.17.873	14.625	4.32.498
1900-1901	5.36.246	18.768	5.55.014	5.32.498	18.637	5.51.135
1901-1902	6.55.014	22.925	6.77.939	6.51.135	22.790	6.73.925
1902-1903	7.77.939	27.226	8.05.165	7.73.925	27.087	8.01.012
1903-1904	9.05.165	31.680	9.36.845	9.01.012	31.535	9.32.547
1904-1905	10.36.845	36.289	10.73.134	10.32.547	36.139	10.68.686
1905-1906	11.73.134	41.058	12.14.192	11.68.686	40.904	12.09.590
1906-1907	13.14.192	45.997	13.60.189	13.09.590	45.836	13.55.426
1907-1908	14.60.189	51.107	15.11.296	(b) 13.55.426	(c) 50.939	14.06.365
1908-1909	16.11.296	56.395	16.67.691	15.06.365	52.724	15.59.089
1909-1910	17.67.691 ⊕	61.869	18.29.560 ⊗	16.59.089	58.068	17.17.157
1910-1911	19.29.560	67.532	19.97.092	18.17.157	63.600	18.80.757 } ☒

⊕ The figures in the printed tables

⊗ H. M's figures —

(a) The Board has calculated interest here on 1,03,500
& not on 2,03,500, as it ought to have done —

(b) The Board has not added 1 lakh at the beginning here
has however taken interest on 14,55,426.

(c) " "

☒ (i) Rs. 17,17,157 + 1,00,000 invested at 3½ % will give 18,80,757 as in the Board's Statt, taking interest only yearly.

(ii) Rs 17,17,157 ~~[illegible]~~ invested at 3½ % half yearly + 1,00,000 added at the end gives 18,77,779 as worked out by the H. M.

(iii) Rs 17,17,157 + 1,00,000 invested half yearly at 3½ % gives.
18,81,315.

([illegible] yearly & half yearly [illegible])

Harbour Trust Debentures

H. E. the Governor

The Hon. Mr. [illegible]

of lakhs 9.37 is allowed, and for the latter 1.63 only. The amount put down for the Harbour Improvements is admittedly insufficient. vide para 8 of the Chairman's letter. The amount for Protective Works will also very likely be found to be inadequate. Information has recently been received that the sea is making large encroachments beyond the present protective wall on the north side of the Harbour. Not much of the "balance in hand" of the Rs. 8 lakhs and of the expected premium will thus be available to form the nucleus of the proposed sinking fund.

4. Paras 7 and 8 of the draft order may be omitted altogether. The remarks are only suggestions at most, and are in no way binding on the Board. The Financial Department statement will show the Board how the calculations stand, and they will, after considering the figures, come up with revised proposals, as directed in para 6 of the draft order.

30/3/96
W.

I agree, but these two paras. be omitted.

31/3/96

A.S.K.
31.3.96

1/4/96

R.S.
circ 30/3 R 1/4

to Govt. on account of advances made for harbour works. In order to extinguish this debt and provide a -- margin for further capital expenditure it is proposed to ~~xaisz~~ raise a loan of Rs. 60,00,000. In 1896-97 a sum of Rs. 51,00,000 would be repaid to Govt., and Rs. 9,00,000 would remain for capital outlay. The sum proposed for capital expenditure -- will however be insufficient as -- pointed out in para 8 of the Chairman's letter.

5. The forecast statement provides for setting aside a sum of Rs. 1,00,000 yearly, commencing from 1896-97, to form a sinking fumd for the extinction of the loan. It is calculated that by the end of 1910-11 debentures to the extent of Rs. 20,00,000 will have been paid off, and that - the whole loan will have been extinguished in 1925-26.

6. These proposals have been examined in the Financial Department and the remarks contained in the -- accompanying memorandum,x No. 306 d/ 17th ~~May~~ March 1896, recorded. These remarks will be communicated to the Harbour Trust Board for consideration and for submission of revised proposals based thereon.

Note.
x Print with annexures A & B as an appendix.

x It will probably be found more advantageous to issue a 4 per cent loan which, taken up considerably -- above par, will admit of the premium received being at once applied to form the nucleus of a sinking fund, as contemplated in para 7 of the -- Chairman's letter.

x The Board reckons on investing the sinking fund and annual surpluses at 3½ per cent for the whole 30 years of the currency of the loan, but it is doubtful whether this -- rate of interest ~~could~~ can be obtained for the whole period, and it would be safer to assume a lower rate, say 3 per cent for the last 15 years at all events. The statement which accompanies the Financial Department memorandum shows the financial -- effect of the revised proposals.

23/3/96

I do not see the advantage of forming at once the nucleus of a sinking fund; and it appears to me that in order to obtain a questionable advantage, a sacrifice is proposed, for the amount of premium allotted to the formation of the sinking fund, would probably bring in, [illegible] ~~less interest [illegible] than would be~~ by way of interest, an amount less than the additional payments, ~~if the rate~~ that will have to be made, if the interest be ~~fi~~ fixed at 4 p.c. instead of 3½ p.c. Please explain.

AEH
24.3.96

The Chairman, H. T. Board.
,, Financial Department.

I also don't agree with para 7 of the Draft. There is no object in practically borrowing more than you want in order that the surplus may form the nucleus of a sinking fund. If you borrow at such a rate of int. that you can issue your loan at a premium, the advantage is that you can do what you have to do by the issue of a smaller loan than would otherwise ~~[illegible]~~ be needed. Thus, if you want 60 lakhs to spend, your loan need only be issued for 56 lakhs

R. S.

I don't agree to para 8, either — It will be much safer to take the sinking fund at 3 % for the whole period

WS
25/3/96

DESPATCHED
1 MAY. 96

If you can issue it at 7% premium, for 56 lakhs + $\frac{7}{100}$ 56,00,000 = 59,92,000 or 60 lakhs in round numbers. The amt. of annual intt. payable will then be reduced from the first and the sinking fund of an equal amt. will suffice to pay off the principal sooner.

JW

Urgent

Harbour Trust Debentures

H.E. the Governor

The Hon Mr. Bliss C.I.E.

Print soon –

Forward to C.A.W

S. 1 Ap 96

Encls 1

Mar 321/88

circ 23/3 R 26/3

Revenue Account	Harbour Trust Board's forecast		Forecast as now revised			
	Sinking fund at 3½% Loan at 3½%		Sinking fund at 3% Loan at 4%		Sinking fund at 3½% for first 15 years and at 3% for last 15 years. Loan at 4%	
	First 15 years	Last 15 years	First 15 years	Last 15 years	First 15 years	Last 15 years
	Lakhs	Lakhs	Lakhs	Lakhs	Lakhs	Lakhs
Revenue & receipts						
Harbour dues	(m) 4.52	4.52	(x) 4.77	(x) 4.77	(x) 4.77	(x) 4.77
Contribution from Port funds	.45	.45	.40	.42	.40	.40
Interest on capital	.42	.60	(z) .24	(z) .27	(y) .28	(z) .30
Total receipts	5.39	5.57	5.41	5.46	5.45	5.47
Expenditure						
Ordinary charges	1.84	1.84	1.84	1.84	1.85	1.86
Engineering	.30	.30	.30	.30	.31	.32
Petty construction	.10	.10	.12	.10	.14	.12
	2.24	2.24	2.26	2.24	2.30	2.30
Interest on loan	(y) 2.10	(y) 1.40	(n) 2.40	(n) 1.60	(n) 2.40	(n) 1.60
Sinking fund	(y) 1.00	(y) 1.00	(z) .75	(z) 1.62	(y) .75	(z) 1.57
	3.10	2.40	3.15	3.22	3.15	3.17
Total charges	5.34	4.64	5.41	5.46	5.45	5.47
Surplus	.05	.93	Nil	Nil	Nil	Nil

(m) average of last 5 years

(x) This assumes that there will be a progressive increase of Rs: 1600/- every year throughout the whole period of 30 years

(y) assuming interest at 3½ %

(z) ——— do ——— 3%

(n) ——— do ——— 4%

(B)

Capital Account		Calculating sinking fund at 3% for all the 30 years				Calculating Sinking fund at 3½% in the first 15 years and at 3% in the last 15 years	
		First 15 years	Last 15 years			First 15 years	Last 15 years
		Lakhs	Lakhs			Lakhs	Lakhs
Assets							
Capital on hand		(a) 10.00	9.00				
Amount of loan		60.00	"				
		70.00					
Liabilities							
Repayment of loan to Govt.		51.00	"				
Harbour improvements		9.37	"				
Protective works		1.63	"				
		62.00					
Balance in hand		8.00	9.00			8.00	10.10
Sinking fund account							
Premium realisable on 60 lakhs at about 7%	4.25	6.63		Do	4.25	7.12	
Yearly investments at 3% for first 15 years at .75	11.25	14.37		Do — at 3½% at .75	11.25	14.98	
Do. for last 15 years at 3% at 1.62	24.30	"	(d) 31.00	Do — at 3% at 1.57	23.55	"	30.00
Capital lost	9.00			Capital	10.00		
Total (b)	48.80	29.00	40.00	Total	49.05 (b)	30.10	40.10
Loan repaid		20.00	40.00			20.00	40.00
Balance of capital in hand		9.00	Nil			10.10	.10
Balance of debt due		40.00	Nil			40.00	Nil

(a) Includes 2.00 due to the Madras Port from the Eastern group

(b) Actual amount of invested & sinking funds payable towards liquidation of loan of 60 lakhs (excluding interest)

(d) A sinking fund of 1.00 at 3% amounts to 19.16 in 15 years

Do. ——— 1.62 ——— do ——— 31.00 ——— do ———

Do. ——— 1.57 ——— @ 3½% ——— 30.00 ——— " ———

(A)

Years		Correct figures adding one lakh every year			As in the last column of the Harbour Trust Board Statement adding one lakh every year		
		Capital at the beginning of each year	Interest at 3½ p.c. realised during the year	Total at the end of the year	Capital at the beginning of each year	Interest at 3½ p.c. realised during the year	Total at the end of the year.
1st year	1896-97	1,00,000	3,500	1,03,500	1,00,000	3,500	1,03,500
2d „	1897-98	2,03,500	7,123	2,10,623	2,03,500	(a) 3,623	2,07,123
3d „	1898-99	3,10,623	10,871	3,21,494	3,07,123	10,748	3,17,873
4th „	1899-1900	4,21,494	14,752	4,36,246	4,17,873	14,625	4,32,498
5th „	1900-1901	5,36,246	18,768	5,55,014	5,32,498	18,637	5,51,135
6th „	1901-1902	6,55,014	22,925	6,77,939	6,51,135	22,790	6,73,925
7th „	1902-1903	7,77,939	27,226	8,05,165	7,73,925	27,087	8,01,012
8th „	1903-1904	9,05,165	31,680	9,36,845	9,01,012	31,535	9,32,547
9th „	1904-1905	10,36,845	36,289	10,73,134	10,32,547	36,139	10,68,686
10th „	1905-1906	11,73,134	41,058	12,14,192	11,68,686	40,904	12,09,590
11th „	1906-1907	13,14,192	45,997	13,60,189	13,09,590	45,836	13,55,426
12th „	1907-1908	14,60,189	51,107	15,11,296	(b) 13,55,426	(c) 50,939	14,06,365
13th „	1908-1909	16,11,296	56,395	16,67,691	15,06,365	52,724	15,57,089
14th „	1909-1910	17,67,691	61,869	18,29,560	16,59,089	58,068	17,17,157
15th „	1910-1911	19,29,560	67,532	19,97,092	18,17,157	63,600	18,80,757
16th „		20,97,092					

(a) The Board has calculated interest here up on 103500 and not up on 2,03,500 as it ought to have done

(b) The Board has not added one lakh at the beginning here

(c) — do — has however taken interest on 14,55426.

Marine Current No: 321

Enclo: 9.

Recd: 18. 3. 96

Government of Madras.

1896.

~~P. W. DEPARTMENT.~~

~~CURRENT No.~~

From Financial Department

No. 306

Dated 17. 3. 96

~~Received~~

~~Enclos.~~

SUBJECT.

Regarding Harbour Trust debentures.

DISPOSAL.

No. dated

Madras Act II of 1886.

No. 866-7 d/ 22-10-94 Finl. ✓
„ 792 „ 27-9-94 - ✓
„ 480-1 „ 18-6-94 . ✓
„ 542 „ 4-7-91 . ✓
„ 487 „ 20-6-91 - ✓
„ 313-4 „ 9-5-91 - ✓
„ 250 „ 20-4-91 . ✓

„ 2335 W. 1-8-88 ✓
„ 622 W „ 2-3-89 ✓
R „ 174 „ 18-6-89 ✓
„ 361 „ 10-6-89 ✓
„ 253 „ 2-9-89 ✓
„ 319 „ 6-11-89 ✓
„ 87 „ 22-4-92 ✓
No. 3414-5 W „ 13-12-92 ✓
R „ 83 „ 26-5-93 ✓
„ 152A „ 19-8-93 ✓
„ 114 „ 26-6-94 ✓
„ 134 „ 26-7-94 ✓
„ 7 „ 17-1-95 ✓
„ 55 „ 10-5-95 ✓
„ $\frac{3}{1108W}$ „ 9-5-95 ✓
„ 57 „ 17-5-95 ✓
„ 142 „ 23-5-95 ✓
„ 270 „ 4-9-95 ✓
„ 114 „ 10-9-95 ✓
„ 114 W „ 2-10-95 ✓
„ 2770 W „ 2-11-95 ✓
„ 2995 W „ 25-11-95 ✓
„ 361 „ 4-12-95 Marine ✓
„ 952 „ 4-12-95 ✓
„ 16 „ 15-1-96 „ ✓
„ 119-120 „ 26-2-96 „ ✓

29-2,000-23-9-95.

lakh every year from the very onset. It would be better to provide smaller amounts to begin with and to increase the amount towards the end.

(Viii) A statement B is annexed showing the financial results of the proposals as altered with reference to the foregoing considerations and on different hypotheses as to the terms of the sinking fund. The calculations have been made on the supposition that the interest is convertible yearly and not half yearly.

Fort St. George,
7th March 1896.

W W D Phillips
Ag. Assistant Secretary.

To

The Marine Department.
(with notes in original) + statement.

[G/69]
1,000—15-8-95.

Appendix to G.O. No. 226 Marine
d/1-4-96

Finance DEPARTMENT.

CHIEF SECRETARIAT, MADRAS.

18

Memorandum.

G.O. L. No. 306 d/17 March 1896.

~~READ the following~~

Retransferred to the Marine department with the following remarks:-

(i) The Harbour Trust Board has, as shown in annexure A, made several mistakes in including the Sinking fund in the last column of the forecast.

× (ii) In including as part of its invested capital the outstanding debt of the eastern group of Port Funds, the Board has apparently overlooked the contingency of more than half the amount being required to pay for the Dredger "Wenlock".

(iii) The protective works referred to in paragraph 8 of the Chairman's letter must also be taken into account

× (iv) The annual surplus from Port Funds cannot be taken as a permanent asset of unvarying amount, as larger contributions towards the improvement and maintenance of lights and light-houses in the Presidency will probably be required in future from the Madras Port.

(v) It is doubtful whether the Board will be able to invest its sinking fund and annual surpluses at 3½% throughout the period of the currency of the loan. It would be safer to calculate on interest at 3%.

(vi) It may fairly be assumed that during the next 30 years the trade of the port and the receipts of the Trust will show some improvement.

(vii) It would be safer if the Board did not reckon on being able to set apart for the sinking fund so much as one lakh

---

28P 15

invited on varying terms, so that the same capitalists may purchase debentures of both classes if they choose, on special conditions to be settled by the Board.

10. Everything depends on the manner in which the sinking fund is to be invested (Govt. securities or otherwise), the rate at which the loans are taken (3½ or 4%) ⊕, and the ability of the Board to raise so large a sum (in England or India). Submitted therefore that it would be enough to suggest to the Board the advisability of extending the period to 50 years, and to call for further information as to the course ~~they~~ it proposes to adopt ultimately

They may themselves decide whether they are of the A or B series, or it
Harbour Trust
may be left to drawings to
Debentures
decide which shall be paid off at the end of the 30 years. This latter is a common mode

Note for

28P

C.S.
21/2/96
H.M.

The Hon. M's. queries are answered above. The calculations for the annual sinking fund at 3½%, the int. being paid half yearly & reinvested immediately on payt., show that the difference between the amt. of the fund on that basis & on the basis of an annual investment at the prescribed rate is small & need hardly be taken into consideration.

⊕ None of the Presidency corporations in other parts of India have been able to raise large loans under 4 per cent.

A.G.
21/2/96

Encls 2
Mar 326/96

Sprague says "When an annuity is payable ½ yearly the common rule for finding its value is to add a ¼ years purchase to value of the ann. payable yearly", & the result is sufficiently correct for most purposes." Encyc. Brit. Edn 1875

44

51 lakhs for repaying the balance of the Govt. loan

9 lakhs for harbour improvements

23P

6. (III) 60 lakhs will according to the papers be sufficient for present requirements. If an additional loan ~~be~~ is necessary, the Board will probably be able to raise it on the same terms, as now proposed- vide para: 9 infra .

7. (IV) It would probably have been far more advantageous to the Board if it had, in 1891, utilized a portion of its capital invested at 4% (now 3½%) instead ~~to~~ of borrowing from Govt. at 4½% for construction works, (vide notes in G.O. No.313, d/ 9-5-91). The same course might even now be adopted as suggested by the F.M., the amount of the loan to ~~the~~ be taken being reduced pro tanto, but ~~its~~ it is apparently thought that a small capital in hand, steadily increasing though at a low rate of interest, will be an additional security, especially in the case of a harbour on the Madras coast, where a cyclone ~~[illegible]~~ or a disaster like that at Masulipatam may occur at any time and render the redemption of the loan a physical impossibility.

8. (V) The Board proposed to pay half the loan in 15 and the other half in 30 years. The prolongation of the period of the currency of the loan to 30 and 50 years should afford additional security -barring mishaps- to the investor.

9. (VI) It is thought that different bonds can be issued by the Board for the two different periods, and tenders

30

28P

As to H.B.'s question V & VI, I have spoken with some of the brokers on the general point involved & I am told what is also apparent from a study of the list of Calcutta Deb. loans that a currency of even 30 years will always command an excellent price ~~[illegible]~~ from permanent investors. As to paying off the bonds

---

2

Financial Department

13P

18P

(I) The accuracy of this figure depends on the period of the year when the annuity would be paid. I believe they now make their annual repayment to the G. of I. at the beginning of the first year. If they continued that practice 19.971 would be the correct figure, as I said before.

(II) A possible error seems to lurk in the fact that the tables allow for annual interest. Is this so? The interest would be payable half yearly, which would quicken the rate of accumulation. Perhaps they have so calculated, or have even taken intt. as paid quarterly. Please check - as it is I don't, in going further into the calculations of the H.T.B., understand them - For instance, how does 17,17,152 in the Sinking Fund Column ~~8~~ agst the year 1924-25 grow to 1880757 - If intt. is taken as paid half yearly, I calculate the amt. would be 18,77,779 - ~~Again, how does~~

~~20,24,971 agst 1923-24 in col 3 grow to 21,33,845 in the following year? Please see if you work [illegible] it.~~

(III) No doubt plan C would be the cheapest, but then would 60 lakhs be enough? (IV) The difference required for works might be taken from the balance of invested funds & cash already in hand, which amts. to 70 lakhs perhaps - (V) would there not be a complication if part of the loan is to be paid off in 30 years

In working out the Sinking fund calculations arithmetically (in the last column of the forecast), the Board has dropped out a lakh in 1907-1908, against which the figure should be 15,06,365 and not 14,06,365. Making this correction, the aggregate amount at the end of 1910-11 would come to Rs. 19,91,627. But the Board has started with the assumption that the interest on the first lakh invested in 1896-97 (Rs. 3,500) will be added to the capital from the beginning of the same year and will bear compound interest throughout the following year, which is of course impossible. The usual mode of working is given in Column 8 of the tables put up (pages 4-31), where the value of A_n* applied to the present case, shows that a Sinking fund of 1 lakh would amount to 19·2957 lakhs in 15 years at 3½ per cent.

A

2. The Board has moreover taken credit for two items of revenue, which are problematical and which for the sake of safety should be eliminated from the calculations, viz:-

(i) The supposed permanent investment of 2 lakhs, which have been treated in the past as a loan from the Madras Port to the Eastern group. More than half of this will

26

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* i.e. the aggregate sum-A- which an annual instalment of 1 will amount to with interest at 3½ per cent at the end of n years.

14 P 8

have to be paid for the Dredger Wenlock if the Board purchases her in connection with the proposed harbour improvements and the balance should be held in reserve for other unforeseen outlay

(ii) The annual contribution of ·45 from Port funds, which will probably be discontinued if the scheme for improving Lights and lighthouses is carried through.

The Board will ~~the~~ thus lose about half a lakh in revenue, which must be met by a reduction of the charges on account of investment in the Sinking fund or under other items: ⊕

3. The forecasts under other items seem to be fair enough taking good years with bad.

Harbour Trust Board, Madras.	Present forecast Last 15 years	Present forecast First 15 Years	Budget estimate 1895-96 G.O.272,d/ 25-3-95	Forecast for 1895-96 in G.O. 313,d/ 9-5-91.
RECEIPTS.				
⊕ Contribution from Port funds..	·45 ✓	·45 ✓	·47 ✓	·40 ✓
⊕ Ordinary revenue......	3·75 ✓	3·75 ✓	3·30 ✓	3·00 ✓
⊕ Porterage receipts....	·77 ✓	·77 ✓	·77 ✓	
Interest on investment	·60 ✓	·42 ✓	·14 ✓	·37 ✓
	5·57 ✓	5·39 ✓	4·68 ✓	3·77 ✗
CHARGES - (Revenue)				
Interest on loans.....	1·40 ✓	2·10 ✓	2·28 ✓	2·38 ✓
Repayment of loan.....	1·00 ✓	1·00 ✓	1·00 ✓	1·00 ✓
Ordinary expenditure..	1·08 ✓	1·08 ✓	1·07 ✓	·70 ✓
Porterage............	·76 ✓	·76 ✓	·76 ✓	...
⊕ Petty construction & repairs..	·10 ✓	·10 ✓	·26 ✓	·10 ✓
	4·34 ✓	5·04 ✓	5·37 ✗	4·18 ✗
(Capital)				
⊕ Engineer's establishment....	·30 ✓	·30 ✓	※	·35 ✓
Total	4·64	5·34	5·37 ✗	4·53

Surplus ·93 ·05

※ charged to capital.

20 P

and part in 50 years?

How would you settle which particular bonds were to be paid off in one period & which in another?

BS
7/2/96

⊕ marked by H.M. with an ×

9

15 P

HARBOUR TRUST DEBENTURE SCHEME.

Proposals for liquidating the amount to be borrowed.		First 25 years	Last 25 years	Total 50 years
A As directed by H. E. the Governor.	Principal to be repaid	35·00	35·00	70·00
	Sinking fund at 3%....	·96 ✓	·96 ✓	48·00
	Interest at 3½ %......	2·45 ✓	1·23 ✓	91·88
	Total annual payments.	3·41 ✓	2·19 ✓	139·88
B On the lines adopted by the Hon. Mr. Bliss on the last page of his note	Principal to be repaid	23·70	46·30	70·00
	Sinking fund at 3%....	·65 ✓	1·27 ✓	48·00
	Interest at 3½ %......	2·45 ✓	1·62 ✓	101·75
	Total annual payments.	3·10 ✓	2·89 ✓	149·75

		First 30 years	Last 20 years	Total 50 years
C If the Trust borrows only 60 lakhs at present & repays ⅓ in 30 years & ⅔ in 20 years.	Principal to be repaid	20·00	40·00	60·00
	Sinking fund at 3%....	·42 ✓	1·50 ✓	42·60
	Interest at 3½ %......	2·10 ✓	1·40 ✓	91·00
	Total annual payments.	2·52 ✓	2·90 ✓	133·60
D -----do.----- on 7o lakhs.	Principal to be repaid	23·70	46·30	70·00
	Sinking fund at 3%....	·50 ✓	1·73 ✓	49·60
	Interest at 3½ %......	2·45 ✓	1·62 ✓	105·90
	Total annual payments.	2·95 ✓	3·35	155·50

A.B.
1/2/96.

29

4. A statement is annexed showing the financial results of the proposed scheme under the various conditions formulated by Hon. Members.

A. If the principal of 70·00 lakhs is to be repaid in two equal in~~vest~~stalments, one of 35 lakhs at the end of 25 years and ~~another~~ the remaining 35 lakhs at the end of 50 years, the sinking fund will amount to ·96* per annum for each period so that the Board will have to provide 3·41 annually during the first period and 2·19 during the second, against 3·10 and 2·40 estimated by it; - in other words - relief will be afforded at the later stage, but a much greater strain will be imposed at the onset, especially as the Board has over-estimated its revenue by about half a lakh a year.

$* \frac{35 \cdot 00}{36 \cdot 46}$

2·45
·96
3·41

1·225
·960
1·185

B. If however the sinking fund is reduced in the first half of the period and raised in the latter half, as worked out by the Hon. Mr. Bliss on the last page of his note, only about one-third of the capital will be liquidated in the first half, as ·65 lakh invested at 3% ~~will~~ will amount to 23·70 only in 25 years, and 1·27 will have to be set apart for another 25 years to make up the balance of 46·30 lakhs. But as stated above, the Board may not be able to spare so much as 3·10 annually at the very onset; especially as the charges on account of interest payable on the loan at $3\frac{1}{2}$ per cent will fall on the bulk of the amount for the whole period (viz. on the full

$\frac{65}{100} \times 36 \cdot 46 = 23 \cdot 70$

$\frac{46 \cdot 30}{36 \cdot 46} = 1 \cdot 27$

P.T.O

sum for 50 years and on two-thirds of it for 25), whereas the interest realised on the sinking fund will be on very small amount, at the beginning.

C It seems therefore preferable to allow the Board to borrow no more than 60 lakhs as proposed by it, but to make one-third repayable in 30 years and the remainder at the end of the 50 years - as shown in the statement.

The Board will then have to set apart only 2·52 during the first 30 years, and 2·90 during the ~~bes~~ last 20 years. The aggregate cash payments will in the long run be less by 16 lakhs than in B. The annual payments during each period will also be more uniform and allow increased charges to be met from increased revenues which the Board may surely count upon.

D If 70 lakhs are borrowed and about one-third is repaid in the first 30 years and the remainder in the last 20 years, the annual payments will still be very high, 2·95 and 3·35 respectively, while the total disbursements will be 22 lakhs in excess of C.

C.S.
1.2.96

H.M. I have checked the calculations in the note & find them correct. The cheapest plan for the Board is C: & with a 30 years certain currency, the loan sh'd be a good investment for trusts & private investors.
S.B. 5/2/96

A.K.
1/2/96
checked by

Harbour Trust
Debentures.

H.M.

Encls 5
[illegible] 32/56

I think we may go in for a 60 lakh loan payable in 30 years. int. 4 %, sinking fund to be calculated at 3%.

The H.T.B's errors in calculation will have to be pointed out to them.

BS
3/3/96

※ Mofussil

Para: 4 of G.O. No. 576 M, d/ 13-5-89

Madras

G.O. No 1366 Finl d/ 3-7-83
G.O. No 2067 Finl d/ 18-9-83.

Latest statement

G.O. No. 1831 M d/ 4-11-95.

NOTE for the H. M.

I Under sec: 31 of Madras Act II of 1886, the Harbour Trust Board ~~is bound to~~ repays its annual instalment of one lakh on the first of April (~~or~~ on the first working day of each official year).

2. II The printed tables allow for the investment of interest only at the end of each completed year. The municipalities ※ in this Presy, which invest in sinking funds, generally utilize the interest, as it accrues, for current expenditure. The difference between half-yearly and yearly investments of interest, in the case of small loans, is inappreciable, and the tables, which are used only in the L. & M. dept., seem to be correct so far as they go.

3. The H.T.B. in its calculations has taken credit for interest only on annual investments; but it has made several mistakes in the process of working, as shown in the second half of Statement X. The first half of this statement shows how the H.M's figure 19.971 is arrived at: but even here interest is taken as invested only once, at the end of each year.

4. Statement Y shows that if the interest at 3½ % accruing in each half-year is invested, the sum total of

the sinking fund will amount to 20.022 at the end of 15 years, or only .051 more than estimated by the H.M. under the annual investment system. As the difference is really inappreciable, it seems hardly worth while to calculate for half years. Moreover if the small sums accruing as interest are to be re-invested half-yearly, there seem to be stronger reasons for splitting the sinking fund investment into two or even more instal~~interest~~ments to be separately invested during the course of the year as funds are available & calculating compound interest thereon. The Board does not seem to have contemplated this at all.

(Rs.5,000)

5. In para: 7 of the Chairman's letter, it was proposed to issue the debentures at 4%, Even if the premium realized on the issue of debentures did not exceed the present rate of 106 to 107 in the 3½ per cents Govt. paper, the Board would gain about 4 lakhs which could be added to the first lakh set apart for the sinking fund. But as the interest realized on the sinking fund would always be at a much lower rate than the 4% which the Board would have to pay on the loan, it would be wiser to reduce the capital to be borrowed by the probable amount realizable as premium and start the calculations afresh, assuming that the sinking fund would be invested in Govt. securities and that interest would be re-invested every half year, if necessary. But "high interest means bad security," and it seems doubtful if the Board's anticipations will be realized.

07.25/2/6

I

Pd. G.O. 226 Mar 14.96

G.O. No. 1524 9.8.93.

Fort St. George
9th December 1893

To

The Public Works Department.

(with paper returned)

22

1P

Financial Department

Endorsement No. 2941.

Re-transferred to the Marine department with the intimation that, in view of the recent resolution of the Government of India on the subject of the reduction of the rate of interest on loans and advances made from imperial funds, the decision arrived at in G.O.No.746 Financial, dated 8th. August 1893, cannot be reconsidered. The necessity for the additional capital expenditure alluded to in the Chairman's letter and the issue of a debenture loan are questions for decision in the Public Works and Marine departments.

Chief Secretary.

Act No. II of 1886.

No. 250 d/20-4-91 Finl.
" 313-4 " 9-5-91 "
" 487 " 20-6-91 "
" 542 " 4-7-91 "
" 480-1 " 18-6-94 "
" 792 " 27-9-94 "
" 866-7 " 22-10-94
" 2335-6W " 1-8-88
" 622W " 2-3-89
" R.No. 174 " 18-6-89 Marine
" 361 " 10-6-89 Finl.
" " 253 " 2-9-89 Marine
" " 319 " 6-11-89 "
" 3414-5W " 13-12-92
" " 87 " 22-4-92 "
" " 83 " 26-5-93 "
" " 152A " 19-8-93 "
" " 7 " 17-1-95 "
" " 114 " 26-6-94 "
" " 134 " 26-7-94 "
" " 55 " 10-5-95 "
" " 57 " 17-5-95 "
" 142 " 23-5-95 "
" 270 " 4-9-95 "
" R144 " 10-9-95
" 361 " 4-12-95
" 16 " 15-1-96
" 2995W " 25-11-95
" 2770W " 2-11-95
" 1114D " 2-10-95

Ma. 210 : 26. 3. 96 S.C.
" 119.20 : 26. 2-96 "
" 368 : Fin 22-5-96

100

Marine Current No: ~~985~~ 5.8 321/96

Encls 1

Accs: 12.12.95

2/

READ the following:—

Letter from the Chairman H.T.B. Madras, No. 3240 d/ 18 Nov. 95

Endorsement in the Financial Dept. " 2941 d/ 9 Dec.

2P

4P

FOR ORDERS.

I should be obliged if the hon. Mr. Rees would kindly give his views on this matter from the Financial point of view.

W
21 Dec

5P

It would be useless, I should say, to ask the Govt. of India to reduce the rate of interest on the H.T.B.'s debt from 4½ to 3½ % or to any other rate. But if India won't reduce the rate of interest, it can hardly object to the debt being paid off. I should ask for its assent to this course & to the H.T.B.'s raising the requisite loan in the open market.

As to the amt. of the loan to be raised I dont think that 60 lakhs will suffice. Seventy lakhs will be nearer the mark by all accounts, of which 50 lakhs might well be raised as soon as the consent of India can be obtained to the paying off of the existing debt and the remainder, in instalments of ten lakhs, as money is required for carrying out the addl. works for the improvement of the harbour which may be decided upon. There is no object in raising the whole of the money until it is absolutely needed for expenditure —

43—500-6-3-94.

Two proposals are brought forward

(1) to obtain a reduction of interest payable under section 30 of the Harbour Trust Act, from 4½ to 3½ per cent; or

(2) to issue debentures amounting to Rs. 60,00,000.

2. Proposal (1) has been negatived in the Financial Dept.

3. It thus remains to consider (2).

4. It would appear from the Financial forecast submitted by the Board that at the end of 1895-96 there will be a sum of Rs. 50,79,227 due to Government on account of advances made for the Harbour Works. In order to extinguish this debt and provide a margin for further capital expenditure it is proposed to raise a loan by debentures to the extent of Rs. 60 lakhs. In 1896-97, a sum of Rs. 57,00,000 would be repaid to Government and

23

Years paid Rs 63800 towards

Rs 9,00,000 would remain for capital outlay on improvements. The sum proposed for capital expenditure will however be insufficient as pointed out in para 8 of the Chairman's letter.

5. The forecast statement provides for setting aside a sum of Rs 1,00,000 yearly commencing from 1896-97 to form a sinking fund for the extinction of the loan. It is calculated that by the end of 1910-11, debentures to the extent of Rs 20,00,000 will have been paid off, and that the whole loan will have been extinguished in 1925-26.

6. As pointed out above, however, the improvements to the harbour will cost more than was originally anticipated, and it will be necessary either to increase the amount of the debentures or extend the time requisite for paying them off.

7. Should the Government see no objection to the proposal to raise debentures the application should be laid before the Govt of India for sanction as required by section 34 of the Act.

S.
W. W

R. S.
circ 20/12.

CKMM 18/12/95

FOR ORDERS.

Proposal to reduce the rate of interest on advances made to the Madras Harbour or to raise debentures to pay off the advances.

The trustees propose a loan repayable in 30 years, but my impression is that that would be too short a period. The great object in the issue of such a loan is that its conditions should be such as to induce trustees (of private trusts, I mean) to invest in it, and a principal condition for this end is that the currency of the loan should be as long as possible. The effect of this upon the amt. annually necessary to be set aside as a sinking fund wd be great. The H. T. Bd. shows (I have not checked their calculations) that an annual instalment of 1 lakh wd have to be set aside in order that their 60 lakh loan may be paid off, half in 15 years & the remainder in 30 years, during which periods their total payments would be

	Interest	Sinking F.	Total
For the first 15 years	2,10000	100000	3,10,000
— Second —	1,40,000	1,00,000	2,40,000

This is on the supposition, which seems to me exceedingly doubtful, that for the whole of the 30 years they will be able to invest their sinking fund & savings out of income at 3½%. A flaw in their calculations appears also to exist in the fact that, for the whole period of 30 years, they have assumed that their annual expenditure on petty construction & repairs & the other heads I have marked with a black pencil cross will remain constant, which seems to me impossible. It is all very well to be on the safe side, but it is too much

× Exactly, 62058·38

4128/70 = 62056
6½

to assume that for 30 years the trade of Madras & the receipts of the Port Fund & H. T. B. will not increase at all.

Assuming, however, that the H. T. B. can reckon on investing their sinking fund & other balances at 3%, which seems safe, & that they borrow 70 lakhs at one time, which is more than is necessary, and that they don't pay off the money in thirty, but in fifty, years, their annual expenditure on their loan would be:—

	Rs
Intt. at 3½% on 70 lakhs	2,45,000
Sinking fund	62,000×
	3,07,000

This sum they would have to pay for the whole 50 years, though they would no doubt obtain relief, at least for many years, from the fact that they would be able to invest their sinking fund at a better rate than 3%, for instance, in buying up their own debentures. Under this arrangement they would, for ten lakhs more money, have to pay rather less, to begin with, than under their own scheme. After the first 15 years, on the other hand, they would have to pay Rs 67000 p. a. more; but I don't think it unfair to assume that before 15 years have passed the resources of the port may so have increased as materially to lighten the incidence of the burden.

The arrangement might of course be varied in several ways. For instance, suppose they made their loan payable half in 25 years, and half in 50 years, and for the first 25 years paid Rs 65000 towards

5 SP

their sinking fund, so as to bring up their total annual payments to Rs 3,10,000 which is the amt. they themselves say they can afford to pay at present. Then their payments would be —

	Intt.	Sinking Fund	Total
For the first 25 years	2,45,000	65,000	3,10,000
—— second ——	1,62,050	1,21,500	2,83,550

Since writing the above, I have checked the H. T. B's calculations & believe they are wrong. They make an annuity of 1 lakh amount to 18·8075 lakhs at the end of 15 years, at 3½ %. But I make out that it would amount to 19·971 lakhs —

All these figures should of course be carefully checked for it would be unsafe to rely on a single person's calculations in a matter of this importance. —

I must add that I don't quite see why all these considerations should not have been set out in the Secretariat note in the Fin. Dept. instead of being left to me to work out.

9P

HS
23/12/95

The G of I. shd be asked to let the H. T. Bd raise money to pay off their debt &c.

10P

JG
27/12/95

I am much obliged to the hon. Mr. Atkins for the light wh. he has thrown on the financial aspect of the case — altho' in referring to him by name I meant the Financial Dept. over wh. he presides. Our next step shd. be to present the figures to the H. T. B as drawn out by the hon.

H. E. 8/1.

H. E. the Governor

Proposal to reduce the rate of interest on advances made to the Madras Harbour or to raise debentures to pay off the advances.

Mr. Atkins and ask them how they wd. like to take up the money — it being understood that any request to the Govt. of India for lowering the rate of interest is out of the question, and that Govt. would sanction a loan at 3½ % — provided that its maximum amount should be 70 and not 60 lakhs — and that its repayment be spread over 50 and not 30 years — although there would be no objection to the repayment of half the loan at the end of 25 years. The financial result of these operations should be accurately checked, before they are sent up to the H. T. B.

W
10 Jan

Fin 6
Encls 7
R. 324/96

CURRENT No. 106 ~~Pt.~~

1896. Fin.

Public Works Department.

No. 16 Marine
Dated 15-1-1896
Despatched
Received 16.1.96.

Encl. 3

SUBJECT.

Returns file with remarks correspondence regarding proposal to reduce the rate of interest on advances made to the Madras Harbour or to raise debentures to pay off the advances.

CHIEF SECRETARY
16 JAN. 1896
GOVERNMENT OF MADRAS

Encls 6
R. 324/96

50—2,000—21-12-94.

5 SR H.E. the Governor

CURRENT No. 100 .6

No. 16 Marine.

Government of Madras.

PUBLIC WORKS DEPARTMENT.

(Marine)

MEMORANDUM.

120

Dated Madras, 15th January 1896.

Letter from the Chairman, Harbour Trust Board, No. 3240 d/ 18th November 1895.

Endorsement in the Financial Department, No. 2941 dated 9th December 1895.

Retransferred to the Financial Department in view to the figures and the financial result of the proposals being accurately checked in that Department as required in the notes of Honorable Members.

D. McG. Campbell Lt. Col. R.E.,

~~Under~~ Joint Secretary to Government P.W.D. (Marine).

The Financial Department, with papers.

25

41-2,000-11-3-05.

Enclo + 9

Marine Current No. 918

~~980/95~~

321/5/6

PUBLIC WORKS DEPARTMENT.

(MARINE.)

FROM

THE CHAIRMAN,
HARBOUR TRUST BOARD,
MADRAS.

TO

THE SECRETARY TO GOVERNMENT,
Public Works (Marine.) Department,
Madras.

DATED 18th *November* 1895.

DESPATCHED 20 "

RECEIVED 21 "

ENCLOSURE ______________

No. 3240

SUBJECT.

MADRAS HARBOUR.

Forwarding copy of resolution passed by the Trustees and submitting for favourable consideration a request that the rate of interest upon capital advances may be reduced; or that the Trustees may be permitted to raise a Debenture Loan to repay the debt due to The Right Honorable The Secretary of State, and to provide funds for Harbour Improvements.

6
2
3
100

Pub

CURRENT No. 3080

Financial

CHIEF SECRETARY
23. NOV. 1895
GOVERNMENT OF MADRAS

No 23 Finance d/23rd November 1895

Transferred to the Financial Department

J. M. Carey
Col. R.E.
Secretary to Govt.

Received 23/11/95

Regd 25/11/95

Ref 6 P.M.

R.O. for papers
22/11

Recd 29/11

47.00
78800
23550
2.7150

HARBOUR IMPROVEMENTS—FINANCIAL FORECAST.

Harbour Improvements Committee; Scheme No. A. 1. As approved, in a modified form, by the Harbour Trust Board.

Date.	Expenditure &c.								Receipts.				Excess of Revenue over Expenditure.	Sinking Fund.	Remarks.
	Capital debt.	Invested Funds and Cash.	Interest on Capital Debt.	Repayment Advances Capital.	Ordinary Expenditure Revenue.	Petty Construction and Repairs Revenue.	Capital Expenditure and after 1898 up-keep of works and Engineer's establishment.	Total Expenditure Revenue Account.	Average Balance of Port Funds. Rs. 45,000.	Average income from Harbour dues. Rs. 4,52,000.	Interest on Invested Funds.	Total Receipts Revenue Account.			
		*7,53,318	4½%												* Bank of Madras. Cash and investments at par.
End of		†2,00,400													† Due by out ports.
1894–1895...	47,24,242	9,53,718	2,22,913	6,00,00	1,88,014	23,447	3,19,817	10,34,374	1,38,531	4,51,309	43,110	6,32,950	—4,01,424	...	Actuals of 1894-95.
1895–1896...	‡81,985	9,42,111	2,27,607	1,00,000	1,84,000	20,000	4,54,985	5,31,607	45,000	‖4,52,000	23,000	5,20,000	—11,607	...	‡ Balance of sanctioned estimate.
	§3,73,000														§ Completion estimate. ‖ Average of 5 years.
	††50,79,227		3½%												†† Repaid.
1896–1897...	(a)60,00,000	10,00,000	2,10,000	51,00,000	1,84,000	10,000	(b)9,00,000	5,04,000	45,000	4,52,000	35,000	5,32,000	28,000	1,03,500	
				**1,00,000											** Sinking Fund.
1897–1898...	...	10,28,000	2,10,000	1,00,000	1,84,000	10,000	30,000	5,34,000	45,000	4,52,000	(c) 40,980	5,37,980	3,980	2,07,123	(a) Debenture Debt.
1898–1899...	...	10,31,980	2,10,000	1,00,000	1,84,000	10,000	30,000	5,34,000	45,000	4,52,000	41,119	5,38,119	4,119	3,17,873	(b) Boat Basin South-west corner, repairing wall and dredging.
1899–1900...	...	10,36,099	2,10,000	1,00,000	1,84,000	10,000	30,000	5,34,000	45,000	4,52,000	41,263	5,38,263	4,263	4,32,498	(c) 3½% upon invested funds and 1% upon Rs. 5,00,000 of revenue collections.
1900–1901...	...	10,40,362	2,10,000	1,00,000	1,84,000	10,000	30,000	5,34,000	45,000	4,52,000	41,413	5,38,413	4,413	5,51,135	
1901–1902...	...	10,44,775	2,10,000	1,00,000	1,84,000	10,000	30,000	5,34,000	45,000	4,52,000	41,567	5,38,567	4,567	6,73,925	
1902–1903...	...	10,49,342	2,10,000	1,00,000	1,84,000	10,000	30,000	5,34,000	45,000	4,52,000	41,727	5,38,727	4,727	8,01,012	
1903–1904...	...	10,54,069	2,10,000	1,00,000	1,84,000	10,000	30,000	5,34,000	45,000	4,52,000	41,892	5,38,892	4,892	9,32,547	
1904–1905...	...	10,58,961	2,10,000	1,00,000	1,84,000	10,000	30,000	5,34,000	45,000	4,52,000	42,064	5,39,064	5,064	10,68,686	
1905–1906...	...	10,64,025	2,10,000	1,00,000	1,84,000	10,000	30,000	5,34,000	45,000	4,52,000	42,241	5,39,241	5,241	12,09,590	
1906–1907...	...	10,69,266	2,10,000	1,00,000	1,84,000	10,000	30,000	5,34,000	45,000	4,52,000	42,424	5,39,424	5,424	13,55,426	
1907–1908...	...	10,74,690	2,10,000	1,00,000	1,84,000	10,000	30,000	5,34,000	45,000	4,52,000	42,614	5,39,614	5,614	14,06,366	

29.1
91.51

2 S.P.

Extract of Proceedings of the Trustees of the Harbour of Madras, at a Meeting held at the Offices of the Board on Friday, the 8th day of November 1895.

* * * * *

4. Read memorandum by the Hon'ble Mr. Chambers, proposing with reference to the notice given by him at last meeting that, subject to the consent of His Excellency the Governor-General in Council, under Section 34, Act II of 1886, the Trustees should raise 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.

Resolved that the Chairman is requested to address Government, with a view to obtaining a reduction in the interest payable under Section 30 from 4½ to 3½ %, and that the favour of early orders be solicited, to enable the Trustees to take advantage of the present favourable position of the money market for the issue of a debenture loan, should Government decline to reduce the rate of interest.

* * * * *

(True Extract).

C. PINSENT,
Secretary,
Harbour Trust Board.

8.0 24
11-1-95
(R No. 7417-1-95
[illegible])

5. When in August 1894 the Board voluntarily decided to refund an additional Rupees 5,00,000 to Government, it was not anticipated that any extra sum would have to be borrowed to complete the Harbour. As Government is aware, however, not only has the Board had to apply for an additional loan, but the Trustees are now confronted with an—ultimately—unknown item of expense in the groyne which it is stated is an absolute Engineering necessity south of the Harbour, and repairs have to be undertaken to the south wall owing to original defective construction. The necessity of reducing the Board's liability for interest has now become urgent in view of additional capital outlay, upon the sanctioned design, and the need which is recognised for Harbour Improvements.

6. The whole will add in round figures an additional capital expenditure of about Rupees 16½ lakhs, and the Trustees are of opinion that a 3½% debenture loan could be issued at the present moment at very little less than par, and, should Government not see their way to reduction of interest as asked, it would appear to be the duty of the Board to take advantage of the market to pay off the present debt and reduce the interest annually payable from Revenue.

7. The favour of early orders is solicited as it must take some time to arrange for the issue of a debenture loan, and, should the position of the market change, the Board will have to decide whether it would be most advantageous to issue a 3½% loan at a discount, or a 4% loan which would probably be taken up considerably above par, when the premium received could, together with invested funds, be at once applied to form the nucleus of a sinking fund.

8. An approximate financial forecast is enclosed, dated 4th November; but, so recently as that date, the Trustees had no intimation that any expenditure was absolutely necessary upon protective works to the south of the Harbour, and this forecast therefore requires modification.

I have the honor to be,
Sir,
Your most obedient servant,

Chairman,
Harbour Trust Board.

CURRENT No. 3080

1 P

Madras Harbour Trust,
SECRETARY'S OFFICE,
18th November 1895.

No 3240

FROM

H. LE FANU Esq., I. C. S.,
CHAIRMAN, HARBOUR TRUST BOARD,
Madras.

TO

THE HON'BLE COL. JOHN PENNYCUICK, R. E., C. S. I.,
SECRETARY TO GOVERNMENT,
Public Works (Marine) Department,
Madras.

SIR,

I have the honour to submit for favour of the orders of Government copy of a Resolution No. 4 passed by the Trustees of the Madras Harbour at their meeting of the 8th November.

2. The Hon'ble Mr. Chambers brought forward a proposal to issue a debenture loan at 3½% with a view to repaying in full the debt due to the Right Hon'ble the Secretary of State, and to provide funds for Harbour Improvements.

3. The Board decided that Government should first be asked to reduce the rate of interest paid upon the advances for Harbour construction from 4½% to 3½%; which the Trustees submit might now be done, the rate of interest upon Government paper having been reduced to that rate. I must, however, add that, when the above Resolution was passed, I was not aware, nor did any Trustee present seem to be aware, that the matter had formerly been considered by Government, nor did I see a Resolution, referred to recently in the *Madras Mail*, giving reasons why such reduction of interest could not be given, reasons which—so far as a reduction to 3½%—seem to be strong, though perhaps a less reduction than that asked for might be favourably considered.

× G.O. 746/8.8.93 2nd

G.O. No 1526

4. The Madras Harbour Trust is heavily handicapped with its comparatively small income in having to pay such large sums annually by way of interest and refund of capital advances. The figures for the past five years have been as follows:—

	* Income from Harbour Dues proper.			Refund and Interest.		
	Rs.	A.	P.	Rs.	A.	P.
1890–91 ...	3,59,382	8	1	2,43,541	13	11
1891–92 ...	3,89,330	1	6	2,78,887	15	7
1892–93 ...	3,20,787	12	2	2,87,039	7	10
1893–94 ...	3,61,027	4	10	3,18,477	13	7
1894–95 ...	3,59,764	9	4	3,22,912	8	1
				5,00,000	0	0

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* Exclusive of Contribution from Port Funds and Porterage.

B.

Capital account.		Calculating sinking fund at 3 per cent. for all the 30 years.		Capital account.		Calculating sinking fund at 3½ per cent. in the first 15 years and at 3 per cent. in the last 15 years.	
		First 15 years.	Last 15 years.			First 15 years.	Last 15 years.
		LAKHS.	LAKHS.			LAKHS.	LAKHS.
Assets.							
Capital on hand		(a) 10·00	9·00	....		..	..
Amount of loan		60·00	..	....		..	..
		70·00	..	....		..	..
Liabilities.							
Repayment of loan to Government ..		51·00	..	....		..	..
Harbour improvements		9·37	..	....		..	..
Protective works		1·63	..	....		..	..
		62·00	..	....		..	..
Balance in hand		8·00	9·00	....		8·00	10·10
Sinking Fund Account.							
Premium realizable on 60 lakhs at about 7 per cent. ..	4·25	6·63	..	Premium realizable on 60 lakhs at about 7 per cent.	4·25	7·12	..
Yearly investments at 3 per cent. for first 15 years at ·75 ..	11·25	14·37	..	Yearly investments at 3½ per cent. at ·75 ..	11·25	14·98	..
Yearly investments at 3 per cent. for last 15 years at 3 per cent. at 1·62	24·30	..	(d) 31·00	Yearly investments at 3 per cent. at 1·57	23·55	..	30·10
Capital last	9·00	..	..	Capital lost	10·00	..	..
Total (b) ..	48·80	29·00	40·00	Total (b) ..	49·05	30·10	40·10
Loan repaid		20·00	40·00	....		20·00	40·00
Balance of capital in hand		9·00	*Nil.*	....		10·10	·10
Balance of debt due		40·00	*Nil.*	....		40·00	*Nil.*

Revenue account.	Harbour Trust Board's forecast.		Forecast as now revised.			
	Sinking fund at 3½ per cent., loan at 3½ per cent.		Sinking fund at 3 per cent., loan at 4 per cent.		Sinking fund at 3½ per cent. for first 15 years and at 3 per cent. for last 15 years, loan at 4 per cent.	
	First 15 years.	Last 15 years.	First 15 years.	Last 15 years.	First 15 years.	Last 15 years.
	LAKHS.	LAKHS.	LAKHS.	LAKHS.	LAKHS.	LAKHS.
Revenue and Receipts.						
Harbour dues	(m) 4·52	4·52	(x) 4·77	(x) 4·77	(x) 4·77	(x) 4·77
Contribution from Port funds	·45	·45	·40	·42	·40	·40
Interest on capital ..	·42	·60	(z) ·24	(z) ·27	(y) ·28	(z) ·30
Total receipts ..	5·39	5·57	5·41	5·46	5·45	5·47
Expenditure.						
Ordinary charges ..	1·84	1·84	1·84	1·84	1·85	1·86
Engineering	·30	·30	·30	·30	·31	·32
Petty construction ..	·10	·10	·12	·10	·14	·12
	2·24	2·24	2·26	2·24	2·30	2·30
Interest on loan ..	(y) 2·10	(y) 1·40	(n) 2·40	(n) 1·60	(n) 2·40	(n) 1·60
Sinking fund	(y) 1·00	(y) 1·00	(z) ·75	(z) 1·62	(y) ·75	(z) 1·57
	3·10	2·40	3·15	3·22	3·15	3·17
Total charges ..	5·34	4·64	5·41	5·46	5·45	5·47
Surplus ..	·05	·93	*Nil.*	*Nil.*	*Nil.*	*Nil.*

(a) Includes 2·00 due to the Madras port from the Eastern group.
(b) Actual amount of invested and sinking funds payable towards liquidation of loan of 60 lakhs (excluding interest).
(d) A sinking fund of 1·00 at 3 per cent. amounts to 19·16 in 15 years.
Do. of 1·62 at 3 ,, ,, to 31·00 in 15 ,,
Do. of 1·57 at 3½ ,, ,, to 30·00 in 15 ,,

(m) Average of last 5 years.
(x) This assumes that there will be a progressive increase of Rs. 1,600 every year throughout the whole period of 30 years.
y (z) Assuming interest at 3½ per cent.
z (y) Do. at 3 ,,
(n) Do. at 4 ,,

Appendix to G.O. No. 226, Marine, dated 1st *April* 1896.

MEMORANDUM.

G.O. R. No. 306, Financial, dated 17th March 1896.

Retransferred to the Marine Department with the following remarks :—

(i) The Harbour Trust Board has, as shown in annexure A, made several mistakes in including the sinking fund in the last column of the forecast.

(ii) In including as part of its invested capital the outstanding debt of the eastern group of Port funds, the Board has apparently overlooked the contingency of more than half the amount being required to pay for the dredger "Wenlock."

one lakh [illegible]

(iii) The protective works referred to in paragraph 8 of the Chairman's letter must also be taken into account.

(iv) The annual surplus from Port funds cannot be taken as a permanent asset of unvarying amount, as larger contributions towards the improvement and maintenance of lights and light-houses in the Presidency will probably be required in future from the Madras port.

(v) It is doubtful whether the Board will be able to invest its sinking fund and annual surpluses at 3½ per cent. throughout the period of the currency of the loan. It would be safer to calculate on interest at 3 per cent.

(vi) It may fairly be assumed that, during the next thirty years, the trade of the port and the receipts of the Trust will show some improvement.

(vii) It would be safer if the Board did not reckon on being able to set apart for the sinking fund so much as one lakh every year from the very onset. It would be better to provide smaller amounts to begin with and to increase the amount towards the end.

(viii) A statement B is annexed showing the financial results of the proposals as altered with reference to the foregoing considerations and on different hypotheses as to the terms of the sinking fund. The calculations have been made on the supposition that the interest is convertible yearly, and not half-yearly.

Fort St. George,
17th March 1896.

(Signed) W. W. PHILLIPS,
Ag. Assistant Secretary.

A.

Years.	Correct figures adding one lakh every year.			As in the last column of the Harbour Trust Board statement adding one lakh every year.		
	Capital at the beginning of each year.	Interest at 3½ per cent. realized during the year.	Total at the end of the year.	Capital at the beginning of each year.	Interest at 3½ per cent. realized during the year.	Total at the end of the year.
	RS.	RS.	RS.	RS.	RS.	RS.
1st year, 1896-97	1,00,000	3,500	1,03,500	1,00,000	(a) 3,500	1,03,500
2nd ,, 1897-98	2,03,500	7,123	2,10,623	2,03,500	3,623	2,07,123
3rd ,, 1898-99	3,10,623	10,871	3,21,494	3,07,123	10,748	3,17,873
4th ,, 1899-900	4,21,494	14,752	4,36,246	4,17,873	14,625	4,32,498
5th ,, 1900-901	5,36,246	18,768	5,55,014	5,32,498	18,637	5,51,135
6th ,, 1901-902	6,55,014	22,925	6,77,939	6,51,135	22,790	6,73,925
7th ,, 1902-903	7.77,939	27,226	8,05,165	7,73,925	27,087	8,01,012
8th ,, 1903-904	9,05,165	31,680	9,36,845	9,01,012	31,535	9,32,547
9th ,, 1904-905	10,36,845	36,289	10,73,134	10,32,547	36,139	10,68,686
10th ,, 1905-906	11,73,134	41,058	12,14,192	11,68,686	40,904	12,09,590
11th ,, 1906-907	13,14,192	45,997	13,60,189	13,09,590	45,836	13,55,426
12th ,, 1907-908	14,60,189	51,107	15,11,296	(b) 13,55,426	(c) 50,939	14,06,365
13th ,, 1908-909	16,11,296	56,395	16,67,691	15,06,365	52,724	15,59,089
14th ,, 1909-910	17,67,691	61,869	18,29,560	16,59,089	58,068	17,17,157
15th ,, 1910-911	19,29,560	67,532	19,97,092	18,17,157	63,600	18,80,757
16th ,, ...	20,97,092	..	..	..	..	..

(a) The Board has calculated interest here upon 1,03,500 and not upon 2,03,500 as it ought to have done.
(b) The Board has not added one lakh at the beginning here.
(c) The Board has however taken interest on 14,55,426.

No. 226, Marine, 1st April 1896.

GOVERNMENT OF MADRAS.

MARINE DEPARTMENT.

Read—the following paper :—

From H. LE FANU, Esq., I.C.S., Chairman, Harbour Trust Board, Madras, to the Joint Secretary to Government, Marine Department, dated 18th November 1895, No. 3240.

I have the honour to submit, for favour of the orders of Government, copy of a Resolution No. 4 passed by the Trustees of the Madras Harbour at their meeting of the 8th November.

2. The Hon'ble Mr. Chambers brought forward a proposal to issue a debenture loan at 3½ per cent. with a view to repaying in full the debt due to the Right Honourable the Secretary of State and to provide funds for harbour improvements.

3. The Board decided that Government should first be asked to reduce the rate of interest paid upon the advances for Harbour construction from 4½ per cent. to 3½ per cent.; which the Trustees submit might now be done, the rate of interest upon Government paper having been reduced to that rate. I must, however, add that, when the above Resolution was passed, I was not aware, nor did any Trustee present seem to be aware, that the matter had formerly been considered by Government, nor did I see a Resolution, referred to recently in the *Madras Mail*, giving reasons why such reduction of interest could not be given, reasons which—so far as a reduction to 3½ per cent.—seem to be strong, though perhaps a less reduction than that asked for might be favourably considered.

4. The Madras Harbour Trust is heavily handicapped with its comparatively small income in having to pay such large sums annually by way of interest and refund of capital advances. The figures for the past five years have been as follows :—

	* Income from harbour dues proper.			Refund and interest.		
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1890-91	3,59,382	8	1	2,43,541	13	11
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1893-94	3,61,027	4	10	3,18,477	13	7
1894-95	3,59,764	9	4	3,22,912	8	1
				5,00,000	0	0

* Exclusive of contribution from Port funds and Porterage.

5. When in August 1894 the Board voluntarily decided to refund an additional Rs. 5,00,000 to Government, it was not anticipated that any extra sum would have to be borrowed to complete the harbour. As Government is aware, however, not only has the Board had to apply for an additional loan, but the Trustees are now confronted with an—ultimately—unknown item of expense in the groyne which it is stated is an absolute engineering necessity south of the harbour, and repairs have to be undertaken to the south wall owing to original defective construction. The necessity of reducing the Board's liability for interest has now become urgent in view of additional capital outlay, upon the sanctioned design, and the need which is recognised for harbour improvements.

6. The whole will add in round figures an additional capital expenditure of about Rs. 16½ lakhs, and the Trustees are of opinion that a 3½ per cent. debenture loan could be issued at the present moment at very little less than par, and, should Government not see their way to reduction of interest as asked, it would appear to be the duty of the Board to take advantage of the market to pay off the present debt and reduce the interest annually payable from Revenue.

7. The favour of early orders is solicited as it must take some time to arrange for the issue of a debenture loan, and, should the position of the market change, the Board will have to decide whether it would be most advantageous to issue a 3½ per cent. loan at a discount, or a 4 per cent. loan which would probably be taken up considerably above par, when the premium received could, together with invested funds, be at once applied to form the nucleus of a sinking fund.

8. An approximate financial forecast is enclosed, dated 4th November; but, so recently as that date, the Trustees had no intimation that any expenditure was absolutely necessary upon protective works to the south of the harbour, and this forecast therefore requires modification.

ENCLOSURES.

EXTRACT of Proceedings of the Trustees of the Harbour of Madras, at a meeting held at the offices of the Board on Friday, the 8th day of November 1895.

* * * * *

4. Read memorandum by the Hon'ble Mr. Chambers, proposing with reference to the notice given by him at last meeting that, subject to the consent of His Excellency the Governor-General in Council, under section 34, Act II of 1886, the Trustees should raise 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.

Resolved that the Chairman is requested to address Government, with a view to obtaining a reduction in the interest payable under section 30 from 4½ to 3½ per cent., and that the favour of early orders be solicited, to enable the Trustees to take advantage of the present favourable position of the money market for the issue of a debenture loan, should Government decline to reduce the rate of interest.

* * * * *

HARBOUR IMPROVEMENTS—FINANCIAL FORECAST.

Harbour Improvements Committee Scheme No. A-1, as approved, in a modified form, by the Harbour Trust Board.

Date.	Capital debt.	Invested funds and cash.	Expenditure, &c.						Receipts.				Excess of revenue over expenditure.	Sinking Fund.
			Interest on capital debt.	Repayment of advances capital.	Ordinary expenditure revenue.	Petty construction and repairs revenue.	Capital expenditure and after 1898 upkeep of works and Engineer's establishment.	Total expenditure revenue account.	Average balance of Port Funds Rs. 45,000.	Average income from Harbour dues Rupees 4,52,000.	Interest on invested funds.	Total receipts revenue account.		
	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.	RS.
End of—		* 7,53,318 † 2,00,400	4½°/o											
1894-95	47,24,242	9,53,718	2,22,913	6,00,000	1,88,014	23,447	3,19,817	10,34,374	1,38,531	4,51,309	43,110	‡ 6,32,950	—4,01,424	..
1895-96	§ 81,985 ¶ 3,73,000	9,42,111	2,27,607	1,00,000	1,84,000	20,000	4,54,985	5,31,607	45,000	‖ 4,52,000	23,000	5,20,000	— 11,607	..
1896-97	** 50,79,227 †† 60,00,000	10,00,000	3½°/o 2,10,000	51,00,000 §§ 1,00,000	1,84,000	10,000	‡‡ 9,00,000	5,04,000	45,000	4,52,000	35,000	5,32,000	28,000	1,03,500
1897-98	..	10,28,000	2,10,000	1,00,000	1,84,000	10,000	30,000	5,34,000	45,000	4,52,000	‖‖ 40,980	5,37,980	3,980	2,07,123
1898-99	..	10,31,980	2,10,000	1,00,000	1,84,000	10,000	30,000	5,34,000	45,000	4,52,000	41,119	5,38,119	4,119	3,17,873
1899-900	..	10,36,099	2,10,000	1,00,000	1,84,000	10,000	30,000	5,34,000	45,000	4,52,000	41,263	5,38,263	4,263	4,32,498
1900-901	..	10,40,362	2,10,000	1,00,000	1,84,000	10,000	30,000	5,34,000	45,000	4,52,000	41,413	5,38,413	4,413	5,51,135
1901-902	..	10,44,775	2,10,000	1,00,000	1,84,000	10,000	30,000	5,34,000	45,000	4,52,000	41,567	5,38,567	4,567	6,73,925
1902-903	..	10,49,342	2,10,000	1,00,000	1,84,000	10,000	30,000	5,34,000	45,000	4,52,000	41,727	5,38,727	4,727	8,01,012
1903-904	..	10,54,069	2,10,000	1,00,000	1,84,000	10,000	30,000	5,34,000	45,000	4,52,000	41,892	5,38,892	4,892	9,32,547
1904-905	..	10,58,961	2,10,000	1,00,000	1,84,000	10,000	30,000	5,34,000	45,000	4,52,000	42,064	5,39,064	5,064	10,68,686
1905-906	..	10,64,025	2,10,000	1,00,000	1,84,000	10,000	30,000	5,34,000	45,000	4,52,000	42,241	5,39,241	5,241	12,09,590
1906-907	..	10,69,266	2,10,000	1,00,000	1,84,000	10,000	30,000	5,34,000	45,000	4,52,000	42,424	5,39,424	5,424	13,55,426
1907 908	..	10,74,690	2,10,000	1,00,000	1,84,000	10,000	30,000	5,34,000	45,000	4,52,000	42,614	5,39,614	5,614	14,06,366
1908-909	..	10,80,304	2,10,000	1,00,000	1,84,000	10,000	30,000	5,34,000	45,000	4,52,000	42,811	5,39,811	5,811	15,59,089
1909-910	..	10,86,115	2,10,000	1,00,000	1,84,000	10,000	30,000	5,34,000	45,000	4,52,000	43,014	5,40,014	6,014	17,17,157
1910-911	..	10,92,129	2,10,000	1,00,000	1,84,000	10,000	30,000	5,34,000	45,000	4,52,000	43,225	5,40,225	6,225	18,80,757
1911-912	40,00,000	9,72,886	1,40,000	1,00,000	1,84,000	10,000	30,000	4,64,000	45,000	4,52,000	39,051	5,36,051	72,051	¶¶ 1,03,500
1912-913	..	10,44,937	1,40,000	1,00,000	1,84,000	10,000	30,000	4,64,000	45,000	4,52,000	41,573	5,38,573	74,573	2,07,123
1913-914	..	11,19,510	1,40,000	1,00,000	1,84,000	10,000	30,000	4,64,000	45,000	4,52,000	44,183	5,41,183	77,183	3,17,873
1914-915	..	11,96,693	1,40,000	1,00,000	1,84,000	10,000	30,000	4,64,000	45,000	4,52,000	46,884	5,43,884	79,884	4,32,498
1915-916	..	12,76,577	1,40,000	1,00,000	1,84,000	10,000	30,000	4,64,000	45,000	4,52,000	49,680	5,46,680	82,680	5,51,135
1916-917	..	13,59,257	1,40,000	1,00,000	1,84,000	10,000	30,000	4,64,000	45,000	4,52,000	52,574	5,49,574	85,574	6,73,925
1917-918	..	14,44,831	1,40,000	1,00,000	1,84,000	10,000	30,000	4,64,000	45,000	4,52,000	55,569	5,52,569	88,569	8,01,012
1918-919	..	15,33,400	1,40,000	1,00,000	1,84,000	10,000	30,000	4,64,000	45,000	4,52,000	58,669	5,55,669	91,669	9,32,547
1919-920	..	16,25,069	1,40,000	1,00,000	1,84,000	10,000	30,000	4,64,000	45,000	4,52,000	61,877	5,58,877	94,877	10,68,686
1920-921	..	17,19,946	1,40,000	1,00,000	1,84,000	10,000	30,000	4,64,000	45,000	4,52,000	65,198	5,62,198	98,198	12,09,590
1921-922	..	18,18,144	1,40,000	1,00,000	1,84,000	10,000	30,000	4,64,000	45,000	4,52,000	68,635	5,65,635	1,01,635	13,55,426
1922-923	..	19,19,779	1,40,000	1,00,000	1,84,000	10,000	30,000	4,64,000	45,000	4,52,000	72,192	5,96,192	1,05,192	14,06,366
1923-924	..	20,24,971	1,40,000	1,00,000	1,84,000	10,000	30,000	4,64,000	45,000	4,52,000	75,874	5,72,874	1,08,874	15,59,089
1924-925	..	21,33,845	1,40,000	1,00,000	1,84,000	10,000	30,000	4,64,000	45,000	4,52,000	79,685	5,76,685	1,12,685	17,17,157
1925-926	*Nil.*	2,43,915	1,40,000	1,00,000	1,84,000	10,000	30,000	4,64,000	45,000	4,52,000	83,628	5,80,628	1,16,628	18,80,757

* Bank of Madras. Cash and investments at par.
† Due by out ports.
‡ Actuals of 1894-95.
§ Balance of sanctioned estimate.
‖ Average of 5 years.
¶ Completion estimate.
** Repaid.
†† Debenture debt.
‡‡ Boat Basin south-west corner, repairing wall and dredging.
§§ Sinking Fund.
‖‖ 3½ per cent. upon invested funds and 1 per cent. upon Rs. 5,00,000 of revenue collections.
¶¶ 20 lakhs repaid,

(Signed) C. PINSENT,
Secretary, Harbour Trust Board.

MADRAS,
4th November 1895.

Order—No. 226, Marine, dated 1st April 1896.

In the letter recorded above the Madras Harbour Trust Board submit, for the consideration of Government, the following alternative proposals :—

(*a*) That the rate of interest payable to Government upon advances for harbour construction be reduced from $4\frac{1}{2}$ to $3\frac{1}{2}$ per cent.

(*b*) That a $3\frac{1}{2}$ per cent. loan, repayable in 30 years, be raised by means of debentures in order to repay the debt due to Government and provide funds for harbour improvements.

2. Proposal (*a*) has already been fully considered * and negatived. The Government of India has moreover recently decided † that notwithstanding the reduction in the rate of interest on Government paper, no reduction in the rate of interest on loans can be sanctioned, especially in regard to past transactions, the terms of which having been fixed by a formal engagement must be adhered to. The question cannot therefore now be re-opened.

* G.O. No. 746, Financial, dated 8th August 1893.

† G.O. No. 952, Financial, dated 4th December 1895.

3. It thus remains to consider proposal (*b*).

4. It would appear from the financial forecast submitted by the Board that at the end of 1895–96 there will be a sum of Rs. 50,79,227 due to Government on account of advances made for harbour works. In order to extinguish this debt and provide a margin for further capital expenditure, it is proposed to raise a loan of Rs. 60,00,000. In 1896–97 a sum of Rs. 51,00,000 would be repaid to Government, and Rs. 9,00,000 would remain for capital outlay. The sum proposed for capital expenditure will however be insufficient as pointed out in paragraph 8 of the Chairman's letter.

5. The forecast statement provides for setting aside a sum of Rs. 1,00,000 yearly, commencing from 1896–97, to form a sinking fund for the extinction of the loan. It is calculated that by the end of 1910–11 debentures to the extent of Rs. 20,00,000 will have been paid off, and that the whole loan will have been extinguished in 1925–26.

6. These proposals have been examined in the Financial Department and the remarks contained in the accompanying memo. No. 306, dated 17th March 1896, recorded. These remarks will be communicated to the Harbour Trust Board for consideration and for submission of revised proposals based thereon.

(True Extract.)

(Signed) D. McNEIL CAMPBELL, Colonel, R.E.,
Joint Secretary to Government.

To the Chairman, Harbour Trust Board.
„ Financial Department.

Exd. T. K. Narayana Aiyangar.
Spare Copies

Govt. of {1896} Madras.

MARINE.

Dated April, 1st.

Recd. *Encl.*

G.O. No. 226, 1st April 1896.

APRIL.

Loan

Communicating to the Harbour Trust Board, for consideration and submission of revised proposals, remarks in the Financial Department on the subject of raising, by means of debentures, a 3½ per cent. —, repayable in 30 years, in order to repay the debt due to Government and to provide funds for harbour improvements.