

1114
Marine (1896) Department.

G.O., No. 745 *Mar*

DATED 2nd November 1896.

[Despatch Abstract.]

*Madras Harbour Trust Board? Pro: Financial
Dept furnishing the Govt of India with certain
information regarding the application from the — for
an advance during the current year up to a limit
of Rs. 10 lakhs to enable it to carry out certain
works in connection with the Madras Harbour
Coast to the Chairman, H.T. Board.*

BACK PAPERS.

G.O.	No.	Department.	Date.	G.O.	No.	Department.	Date.
	708	Mar.	14-10-96				

FURTHER PAPERS.

G.O.	No.	Department.	Date.	G.O.	No.	Department.	Date.
25067	1578	Mar.	5-3-97				
	310	"	30-3-97				

Marine (1896) Department.

CURRENT No. 1114

Order No. 745 Marine of 22 November 1896.

Communicated to
the Chairman Harbour Trust Board
From
The Financial Dept.

10/10/96
The Ch. H. B. Board
R.S.

No. 628

Dated 25th September 1896

Received 16-10-96

Enclosures 2

Spare copies 1

SUBJECT.

Madras Harbour Trust Board
Furnishing the Govt of India
with certain information
regarding the application
from the — for an advance
during the current year
up to a limit of 10 lakhs
of rupees to enable it to
carry out certain work in
connection with the Madras
Harbour.

BACK PAPERS.

FURTHER PAPERS.

G.O.	No.	Department.	Date.
	Madraset Settling of 1886. Madraset III of 1886.		
	446 E. &		9.9.76.
	442 E.		9.9.76.
	578 Maind		26.8.76.
	410 E.		20.8.76.
	507 Maind		17.7.76.
	478 Maind		4.7.76.
	~~317~~		
	368 Mar.		22.5.76.
	276 E.		16.5.76.
	226 Mail		1.4.76.
	210 Mains		26.3.76.
	1194 } Mar		26.2.76.
	1205 }		
	16 Mara.		15.1.76.
	190 Mar.		1.7.95
	47 Mr.		9.2.95
	1714 Mains		24.4.89.
	172		

Government { 1896 } of Madras.
FINANCIAL.

Recd.

Regd.

1896.

Enclosures

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G.O., No. 628, 25th September 1896.

SEPTEMBER.

Madras Harbour Trust Board.

Furnishing the Government of India with certain information regarding the application from the — for an advance during the current year up to a limit of 10 lakhs of rupees to enable it to carry out certain works in connection with the Madras harbour.

GOVERNMENT OF MADRAS.

FINANCIAL DEPARTMENT.

READ—again the following papers:—

G.O., No. 317, Financial, dated 6th May 1896.

ABSTRACT.—Directing that the Government of India be requested to sanction the advance required for carrying out the works in connection with the Madras Harbour, pending the final disposal of the question of the raising of a debenture loan by the Harbour Trust Board.

G.O., No. 453, Financial, dated 5th August 1896.

ABSTRACT.—Directing that the Government of India be requested to accord sanction to the issue of debentures for the loan proposed to be raised by the Madras Harbour Trust Board to repay the debt due to Government and to provide funds for harbour improvements.

READ—also the following papers:—

From R. A. GAMBLE, Esq., Under Secretary to the Government of India, Finance and Commerce Department, to the Chief Secretary to the Government of Madras, dated Simla, the 7th July 1896, No. 2948-A.

I am directed to acknowledge the receipt of your letter No. 318, Financial, dated the 6th May 1896, forwarding a copy of the proceedings of the Government of Madras of the same date, No. 317, Financial. Pending the final disposal of the question of the raising of a debenture loan by the Madras Harbour Trust Board, you ask for the sanction of the Government of India to the grant to the board, during the current financial year, of an advance up to a limit of 10 lakhs of rupees to enable them to carry out certain works in connection with the Madras Harbour.

2. In reply, I am to request that, with the permission of His Excellency the Governor in Council, the Government of India may be furnished with full details of the works for which the loan is required, as well as with an expression of the opinion of the Government of Madras whether (a) the works are necessary, and (b) they are properly chargeable to Capital and not to Revenue. I am also to request that it may be explained how the Harbour Trust will be in a position to meet the extra charge on account of interest, should this advance of 10 lakhs of rupees be granted.

3. I am to observe that the proposal that Government should advance 10 lakhs of rupees, so as to give the board time to consider whether they should raise a debenture loan to repay the whole of their debt to Government, including the 10 lakhs now applied for, is obviously one that does not suit the convenience of the Government. The Government will, if the circumstances justify it, make a loan to the Madras Harbour Trust Board, but the terms and dates of repayment must be definitely settled and cannot remain at the discretion of the board.

Endt. No. 1397.

Referred to the Marine Department for favour of full report on the questions raised by the Government of India.

OOTACAMUND,
15th July 1896.

(Signed) J. F. PRICE,
Chief Secretary.

From W. AUSTIN, Esq., I.C.S., Chairman, Harbour Trust Board, to the Secretary to Government, Marine Department, dated Madras, 31st July 1896, No. 1889.

I have the honour to acknowledge the receipt of G.O., No. 507, Marine, dated 17th July, communicating copy of a letter from the Government of India, Finance and Commerce Department, No. 2948, dated 7th idem.

2. Particulars of the works which have been submitted to Government by the Harbour Board are given in full detail in Mr. LeFanu's letter No. 3258, dated 20th November 1895, copy of which is enclosed herewith.

3. These proposals were approved, with certain reservations, in G.O., No. 119, Marine, dated 26th February 1896, and may be summarised as follows:—

	RS.
(a) Canal section at north-west corner of harbour	7,52,300
(b) Boat-basin at south-west corner of harbour	6,63,558
(c) Additions to south arm to prevent sand entering the harbour	54,369
(d) Deepening the harbour to provide five additional berths	2,19,069
(e) Proposed groyne south of the harbour	3,91,355
Total	20,80,651

4. As reported in paragraph 5 of my letter, copy enclosed, No. 4535, dated 22nd February 1896, submitting budget estimates for the current year, the Board's Engineer anticipated being able to proceed with work, under these heads, to the following extent:—

	RS.
(a) Harbour improvements	6,47,665
(b) Protective groyne	2,75,234
(d) Establishment	31,457

In addition to this amount provision was also made in the budget for the following items chargeable to capital, but not included in the total of Rs. 20,80,651 for harbour improvements, viz.:—

	RS.
Moorings	31,161
Other New Works—	
Petty construction	20,000
Acquisition of land	12,000
	63,161

Total .. 10,17,517

5. In paragraph 6 of the above letter, I requested that Government might be pleased to sanction such advance as may be necessary, to carry out such works as may be sanctioned, pending orders upon the board's application regarding the issue of a debenture loan. The probable amount required had been stated to the Accountant-General, on the 3rd February, as Rs. 10,00,000; and it is in respect of this amount that the present reference has been made by the Government of India.

6. In reply to the enquiries contained in that reference, I beg to report as follows:—

(i) *Whether the works are necessary—Canal Section Rs. 7,52,300.*—No orders have yet been received, and it is understood that it is doubtful whether the entrance to the canal will be made from the north-east corner. In this connection I would quote a remark from the report of the Chamber of Commerce for the year 1895:—"It should be mentioned that the question as to whether the canal should enter the harbour from the north or south was not submitted to the Harbour Improvements Committee. Colonel Pennycuik, the President of the Committee, opened the proceedings by stating that this point was not open to discussion." If then the canal is now to enter from the south instead of from the north, very considerable modifications of the Committee's proposals will probably have to be made. Government did not consider so large an expenditure as Rs. 7,52,300 necessary for the canal entrance to the north, and stated that Rs. 2,00,000 would be sufficient to make such an entrance as would meet the requirements of the canal. The board is not prepared to provide the balance of the estimate should the canal be brought in from the north.

Boat-basin South-west corner, Rs. 6,63,558.—Had the Harbour Improvements Committee discussed the question of the canal entering the harbour from the south, it is possible that some other proposals than those recommended would have been adopted; and should Government decide that the canal is to enter the harbour from the south, the question of the boat-basin will have to be reconsidered. It must also be remembered that nothing can be finally settled regarding the boat-basin, and connected facilities for storing goods, until the question as to whether the board is to have the custody of goods landed, as at Calcutta and Bombay, is decided.

Additions to South arm, Rs. 54,369.—The board were advised by their Engineer that these must be undertaken at once; but he appears, since, to have modified his opinion, and has not made any arrangements for this work to be commenced until after his return from leave. There would not, therefore, appear to be such urgent necessity for the work as the board was led to believe, and it may be found in considering new proposals, should the canal enter from the south, that these additions to the wall will not be required at all, or only in part.

Deepening the Harbour, Rs. 2,19,069.—It is noted that the Board's Engineer has made no provision in his estimate for the purchase of the dredger "Wenlock"; this will have to be explained. The sand pump provided in the estimate, Rs. 50,000, or a dredger may possibly be able to dispose of the small quantity of sand, which enters the harbour through the south wall, more economically than would be the attempt to render it sand tight, which may after all not be successful; while it appears pretty certain in connection with reports received, since the proposals for harbour improvement dredging plant will become an absolute necessity, and the question will then arise whether the "Wenlock" is a sufficiently powerful dredger, or whether a boat like the "Kuphas" at Bombay will not be required.

Proposed groyne south of the Harbour, Rs. 3,91,355.—His Excellency the Governor in Council, agreeing with the late Chief Engineer, Public Works Department, did not approve of this proposal, the board only submitted it on being assured that the work was an absolute engineering necessity, which, however, appears to be somewhat doubtful, and the matter has been referred to the Secretary of State for the opinion of Sir Alexander Rendel.

7. The Harbour Improvements Committee might not have made the recommendations which were adopted, had the question of where the canal was to enter the harbour been submitted for their discussion, and there is still a great deal of uncertainty as to the best means of connecting the proposed canal with the harbour, and for improving custom house facilities; while as pointed out in my letter, No. 4894, dated 20th March 1896, copy enclosed, the board has been under the impression that the proposed harbour improvements were to be undertaken as necessary in the interests of the development of the Presidency at large, and of the railways, which would benefit by Madras being made a cheap port, and in submitting their

proposals the Trustees were under the impression that Government would be pleased to make a liberal grant towards the total cost of the scheme, or an annual contribution to Harbour funds; but if the board has to depend entirely upon its own resources to carry out harbour improvements, it must confine itself strictly to the pressing requirements of the trade of the port, and be guided in a great measure by the limits of its financial resources, which will necessitate the Trustees considering *de novo* what is now actually required, to give the facilities needed by importers and exporters.

8. In reply, therefore, to the enquiry whether the works are necessary: circumstances have arisen, since I asked for a credit of Rs. 10,00,000 on the 3rd February last, which tend to show that the proposed expenditure upon the northern canal entrance is not required, as the canal may not enter there; in any case, the estimate Rs. 7,52,300, or any part of it, is not, in the opinion of the board, a charge which should be debited to the Trust; and pending settlement of the position of the canal entrance, and the question of the custody of goods, the Trustees are not yet in a position to say definitely what is, or is not, actually required in the interests of the port; but it is certain that if the canal enters from the south instead of from the north, or if no canal connection is made, the whole question will have to be carefully reconsidered by the board, and this too cannot be done until the decision of Government regarding the custody of goods has been received.

9. The whole question having been considered and dealt with, on the understanding that, as stated by Colonel Pennycuik to the Harbour Improvements Committee, the question of the position of the canal entrance was definitely settled, and not open to discussion, the board proceeded on this assumption, submitted its proposals on the lines of the Committee's recommendations, and presumed that orders would shortly issue sanctioning the custody of goods being transferred to the Trust.

10. With regard to (ii) the enquiry whether the charges for the works—whatever may ultimately be sanctioned—are properly chargeable to capital, the board proposes to adhere strictly to the principle laid down by the Right Honourable the Secretary of State for India, in his Despatch No. 17, dated 9th March 1864; and under this there can be no doubt whatever that the cost of such works is rightly debitable to Capital, and not to Revenue; being in fact part and parcel of harbour construction proper, and included under the heads of capital expenditure in the form of budget estimate originally supplied to the board by Government.

11. This brings me to the question (iii) whether the Harbour Trust will be in a position to meet the extra charges for interest, but before dealing with this I would refer to paragraph 3 of the letter from the Government of India under reply.

12. The Harbour Board had no intention whatever of asking for an advance of Rs. 10,00,000 to give it time to consider whether it should raise a debenture loan, and regrets that its request should have been misunderstood. The Trustees made two proposals (a) that the rate of interest upon advances for harbour construction be reduced from $4\frac{1}{2}$ per cent. to $3\frac{1}{2}$ per cent. or (b) that a $3\frac{1}{2}$ per cent. loan, repayable in thirty years, be raised by means of debentures, in order to repay the debt to Government, and provide funds for harbour improvements; and it was explained that the necessity for reducing the board's liability, for interest, has now become urgent, in view of additional capital outlay.

13. The request that the rate of interest payable to Government should be reduced was at once refused in G.O., No. 226, Marine, dated 1st April 1896, and as stated therein, it thus remains to consider proposal (b): to raise a debenture loan of Rs. 60,00,000 which, however, Government pointed out would be insufficient to repay Government the Rs. 51,00,000 due, and to proceed with harbour improvements, the estimates for which amounted to over Rs. 20,00,000.

The request for a temporary advance of Rs. 10,00,000 was made only because the board foresaw that delay must occur in sanction being accorded, as required under sections 34, 35 and 36 to enable a debenture loan being issued, to provide the funds to repay Government and to proceed with harbour improvements; and that when sanction is granted advertising the loan will necessarily again take some little time.

I, therefore, requested in paragraph 6 of my letter No. 4535, dated 22nd February—as already mentioned in paragraph 5 *supra*—that Government would be pleased to sanction such advance as may be necessary to carry out such works as may be sanctioned, pending orders upon the board's application regarding the issue of a debenture loan.

14. It is more than doubtful, now, whether any portion of the advance asked for could be utilised to advantage during the course of the current year; and as nothing can be done within that time which is not within the present financial resources of the board, the Trustees would, for the reasons given above, withdraw their request for a temporary advance of Rs. 10,00,000.

15. As the present position of the money market is exceedingly favourable, the Trustees would request that very early orders may be issued authorising them under sections 34, 35 and 36, Act II of 1886, to issue a debenture loan of Rs. 60,00,000, at such rate of interest as they may decide to be most advantageous, and that they may be allowed to fix the term of the whole, or any part of the loan, at from fifteen to thirty years as they may consider best; they will of course give due consideration to the convenience of Government in receiving back so large a sum as upwards of Rupees 50,00,000, and would solicit the favour of being informed as to the date of repayment which would best suit Government to enable them to fix the date of the issue of the loan so as to give effect to the wishes of Government, in this respect, without loss of interest to the Trust.

16. The ability of the board to meet its financial engagements (iii) is clearly established in the revised forecast published with G.O., No. 478, Marine, dated 4th July. I need only add that the revenue for 1895-96 was, as shown in the trustees' administration report lately submitted to Government, in excess of the average amount taken in that forecast, and that the revenue collected for the first quarter of 1896-97 again shows a substantial increase.

17. It must, however, be remembered that Rs. 60,00,000 will not be the final requirements of this port; indeed the estimates already approved by Government, subject to the board being able to raise the necessary funds, brings the figure up to over Rs. 60,00,000. What may be necessary in the future for protective works, and to maintain the entrance, it is yet impossible to predict.

For the present, however, the board wish to issue debentures for Rs. 60,00,000 only, and will reply to G.O., No. 478, Marine, at an early date.

No. 410-E.

Transferred to the Financial Department.

(Signed) D. McN. CAMPBELL, Col. R.E.,
Secretary to Govt., Marine Department.

20th August 1896.

Endorsement by the Secretary to Government, Marine Department, dated Ootacamund, 9th September 1896, No. 446-E.

ORDER—No. 628, Financial, dated 25th September 1896.

The Government of India will be addressed.

[Here enter Letter, No. 629, Financial, dated 25th September 1896.]

(True Extract.)

[Signature]
Ag. Chief Secretary.

To the Marine Department.
" Accountant-General.

Exd. Shaik Karim.