

Marine (1898) Department.

1
G.O., No. 8789 Marine

DATED 20 Oct 1898.

[Despatch Abstract.]

Improvement of the Bagypalam Harbour

Letter to Mr Macle in regard to the formation
of Company in connection with the —
(Confidential)

Reminder issuing - 27/2/99.

6.
8-7-98.

Indexed.

20/1/98

Marine DEPT.

Papers to be read in Proceedings:—

1898, No. 768 Marine

189 , No.

, from

3 39

, ,

no: 878 Mar 8 20 Oct 98

ORDER.

Ordered that the follow-
ing letter be addressed to
A. MacNab Esquire.

(#E n^o 879 In a/ 20 oct 1898)

A. MacNab Esquire.

Sir,

You will have gathered
from G.C. No. 768 Marine
dated 8th September 1898, a
copy of which has been sent
to you,

(1) that the general question of your proposal to carry out, by means of a Company, the improvement of the Vizagapatam Harbour has been laid before the Government of India for order.

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

~~7~~ I agree - But see last page.

MA 72. 10. 98

$$12.12.10 - \left[\frac{2. \pi. 4}{500 - 17.6 - 13.} \right]$$
 114
 710788110 $\# 12.10.10.98$ 12.10.98

orders,

(2) that certain suggestions for improving the harbour, alternative to Mr Thoroughgood's smaller scheme, put forward by the Chief Engineer, are to be designed and estimated in detail, and then placed before Sir A. Rendel for advice,

Insert below

for consideration together with Mr Thoroughgood's proposals and

(3) that any further negotiations with you must proceed on the understanding that the Company, if constituted, will accept and carry out such designs as Sir A. Rendel may finally approve, and that the sanction of the Government of India is accorded to the general proposal to carry out the works by the agency of a Company,

(4) that I am, meanwhile, to further discuss the details of the scheme with you.

2. With regard to (2) I may inform you that Mr Mackenzie, Executive Engineer, has been deputed to Vizagapatam to

to prepare the estimates in question, and to thoroughly investigate the natural conditions of the roadstead of Vizagapatam, with the object of making our knowledge thereof more complete than it is at present, and of thereby insuring that the improvement scheme finally decided upon shall have reasonable prospect of success.

I append a copy of the instructions given to Mr Mackenzie by the Chief Engineer, so that you may have full knowledge of the work in hand.

3. As it is probable that these investigations will take a year to complete, and as the Capital liability of your proposed Company depends upon the scheme finally adopted, it may seem premature to further discuss, at the present moment, the details of the formation.

Flag H

807 marine 8/17/95

formation of the Company,
Especially as you may be
unwilling to negotiate on
any other basis than ^{that of} Mr.
Thorowgood's smaller scheme.
Assuming, however, that
you are so willing, I will
proceed to discuss the points
raised in your letter of 3rd
May 1898.

It may be well to
recapitulate the negotiations
which have hitherto taken
place

In your letter of 11th Febru-
ary 1897 you made the follow-
ing proposals:—

- (1) That the Harbour Company
^{should} receive the full share
of port dues on vessels,
now allotted to the port
of Vizagapatam, under
the present system of
division, the Harbour
Company in turn paying
the Port Establishment.
That the Harbour Company
^{should} receive the full
collections

collections of Landing and
Shipping dues, at present
levied at 2 annas per ton
(including any unexpended
surplus at the credit of the
existing Landing and
Shipping dues Committee)
and ^{should} have liberty,
with the sanction of Govern-
ment, to increase the dues
to 4 annas per ton, with,
in addition, the same
special dues on Jaggery
(1 anna per bag) as are
levied at Cocanada.

- (3) That the Harbour
Company ^{should} receive
a free grant in perpetuity
of so much of the land
lying between the East
Coast Railway line, and
the town of Vizagapatam,
as may belong to Govern-
ment or the Municipality,
to be reclaimed and made
available for building sites
with dredgings raised in
the construction of the harbour.

(4) That the Harbour Company ^{should} ~~will~~ be permitted as of right to carry on the business of a wharf, warehouse and shipping Company with the exclusive right to them to own large lighters and tugs, provided, and so long as they do not charge more than the existing rates of Masula boat hire.

5. To these proposals Government replied as follows in my No 97 E dated 16th February 1898.

(1) The Company should be put as far as possible into the position of the Madras Harbour Trust Board.

(2) The Company should have its Chief office in the Madras Presidency.

(3) The Government should have the power of nominating a fixed proportion of the Directors.

(4) The Government should have

have the power of requiring its prior sanction to the execution of all works estimated to cost more than a certain fixed limit to be agreed upon - say Rs 10,000 - and of all works of a nature to affect the main works of the harbour.

(5) The Government has no power to assign to the Company any of the Vizagapatam port dues, as a matter of right, as suggested in your proposal I, and no definite promise can be made to hand over to the Company surplus port dues after meeting port expenses. Occasional subventions might, however, be granted in the event of there being any surplus in the Eastern Group of ports as a whole, which even is impossible for several years. i.e. until the lighthouse

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General proposal to carry out

lighthouse programme ^{now in course of execution} has been completed. Also the Port Establishment must remain a Government Establishment.

(6) Your proposal II is accepted and there would be no objection to fix a minimum rate of harbour dues.

(7) Your proposal III is accepted, but your opinion is invited on the following alternative suggestions.

(a) A stipulation that Govt. should receive credit, in the event of its taking over the property, for the value of the land so made over to the Company.

(b) A stipulation that, after free occupation for a certain number of years, to be agreed upon, the Company should pay rent for the land.

(c) The Company will be permitted to carry on the

the business of a wharf, warehouse and shipping Company, with a monopoly of the right to construct wharves for the landing and shipping of goods, but no such monopoly can be given to the erection of warehouses or for owning large lighters and tugs.

(9) The contract should include a provision for the optional purchase by Government, at certain fixed periods, of the property of the Company, the price to be paid being the actual Capital Expenditure, as from time to time sanctioned by Government.

b. Your reply to the above conditions in your letter of 3rd May 1898, and while acknowledging the favourable consideration which Government has given

given generally to the proposed terms of concessions, you ask for reconsideration on the following points.

(1) The proposal that the Company should be subject to the same control as the Madras Harbour Trust Board. vide para 5 (1).

(2) The proposal that the Company should have its Chief office in Madras. vide para 5 (2).

(3) The withholding from the Company of the Vizagapatam port dues. vide para 5 (5).

With regard to (1) you point out that the Madras Harbour Trust Board is a board administering a work constructed out of public funds and belonging to Government, while the proposed Company would work a harbour constructed by that Company's own Capital.

Capital. Your objection to the location of the Chief office of the Company at Madras is that it would involve a rupee capital, which would be an absolute bar to the formation of the Company by English Capitalists.

5. With regard to (3) you submit 2 alternative solutions.

(1) That the Harbour Company receive the whole share of port dues accruing to Vizagapatam, accepting debit of the whole expenses of port establishment, and also of the share of general administrative expenses fairly chargeable to the port.

(2) That Government should retain the whole of the Eastern Group Coasting dues, and allow the Company all port dues other

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General proposal to carry out

other than 'group' dues, the expenses of the Vizagapatam port establishment and the ports proportion of general administration expenses being borne by Government and the Company in equal moieties.

9. With regard to the alternative suggestions ^{made} in para 5 (7), you consider that the second would be preferable in the Company's interests, namely, that the Company should pay rent for the land reclaimed after free occupation for a certain number of years, and you subsequently in para 11 of your letter, suggest that the land so reclaimed, excepting so much of it as may at any future time be required for strictly harbour purposes, should remain the property of the Company, even if when the harbour is taken

taken over by Government.
10 To the points raised by you in the above quoted letter, I am now directed to reply as follows:—

(1) Government will raise no objection to the formation of the Company in England nor to the location there of its chief office. Neither will it insist on having a representative on the Board. The only stipulations it desires to make are

(a) That the Company shall be bound by the same rules, in so far as they apply, as are contained in paras 8, 32 and 37 of the agreement of the Nilgiri Rigi Railway Company herewith forwarded, para 37 being held to apply only to such works as concern

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which proposed to carry out

concern Government, i.e.,
the construction and
maintenance of the harbour
improvements decided
upon and the establish-
ment employed thereon.

The Government of Madras
taking the place of the
Secretary of State.

Butter mit this, I think. Legally everything
in India vests in the S. of S. I believe
+ some of the S. of S. is but an agent. There
are several Statutes which bear on this -
I haven't got them, however, to quote them - But
J. D. can supply them no doubt - I think they
are 21 & 22 Vic. Cap 106 & 23-23 Vic Cap
461 & 33-34 Vic Cap 59 - & there are pro-
bably others.

MS

MS

Confirmed
and signed
with
L. J. P. 10/10/90

(1) That the Company shall
be represented in India
by some one who ^{will} ~~would~~
have authority to deal
with Government on
behalf of the Company
and to comply with
such requisitions as
Government ^{may} ~~might~~ make.

(2) With regard to Port dues
Government is inclined
to consider the second
plan suggested at the
end of para 7 of your
letter, and referred to
in § (2) above, as reason-
able. The Company
might, at any rate,
fairly take all dues
on

on Foreign going vessels
in excess of the present
standards of receipts
from that source. I am
now obtaining statistics
of this standard, and
of the cost of upkeep of
the port, including its
share of general ad-
ministration expenses,
which will enable us
to arrive at a definite
decision on this point.

(3) Your proposal that
the reclaimed land, with
certain exceptions, should
remain the property
of the Company even if
the harbour is taken
over by Government will
be referred to the Revenue
Department for con-
sideration. Government
sees no *prima facie*
objection to the proposal
provided that, in taking
over the Company, it
would not be called
upon

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Chief proposal to carry on

as been deposed
011 to

conced upon to pay any of the
the capital expenditure on
ma reclamation.

I have sc
L.H.H.
M
7.10.98
Note.

The proposal in para
(b) of 7(1) to waive the right to
have a Government repre-
sentative on the Board is
made because it is diffi-
cult to define his position,
and the representative of
the Board in India deal-
ing directly with the Local
Government, coupled with
the proposed rules, would
give us sufficient control
of the operations of the Company.
In this connection please
see Mr. Springs note.

L.H.H.
M
7.10.98

I would add a para
at the end to this effect
"It must be
remembered throughout
that the views of this Govt
are ^{given} subject to confirmation
by the Govt. of India."

MA
12-10-98

Jilag B

The company
vizagapatnam
now being sent to
adras for Mr. Macleod.
reason why Mr. Mac-
leod could not get
access to it before is
that Mr. Macleod's records are
kept at Ootacamund;
but had I been asked
for the papers I would
have sent them down
at once.

The question now
pending is the nego-
tiation with Mr. Macleod,
and this can only be
entered on with the aid
of the Govt's original
notes. The return of
which from Madras
will be awaited.

L.S.
22 Sep 98
V
L.H.H.
22.9.98

Qd 24 801 Mo.
to be sent to
6A Mo.

CAW

Submitted

61

23.9.98

~~Attention.~~

To be put up with
the other portion of the
file on its return from
the area. It is now with
Mr. MacKenzie.

L.S.

26 Sep. 98

V (cont)

Government of Madras.

DEPARTMENT.

Madras, 4 - 10 1898.

OFFICE NOTE.

unp

From W

To R

Will please read
the contents of the
lined by me in blue
pencil at Day R.
& inform me how far
Director are appointed
in the hands of quarantines
Railways. What share
of control they have
over works & expenditure

W. L. S.

[P. W. 48.
500-1-2-98.]

See para 42 of the Nilgiri Rly. Co.
Agreement. (b) The only other small one

proposed to carry out

has been deferred to 11 to

know of is that of the Darling Harbour R.
where the Secretary P.W.D. Br. Shergill, was an
an officio Director. To the best of my recollection
he had only one vote on the Board with the
other Directors. But I believe he had power
of veto in all matters in which Govt. was
concerned, as provided in clauses parallel to
clauses 8.32 & 37 of the Nidpi Co. agreement.

On the Board of Companies domiciled in
London the Sec. of St. is representative of the
Govt. Director of Indian Railway Company
(at present Col Sir W. S. S. Bristow, B.S. KC15.)
I understand that his powers are as above
described. I know he attends all the Boards
regarding, weekly I think. But he is in
no way responsible to the Shareholders.

As regards the Hon. L. H. O'Brien remarks about
there being no instrument for economical working if it were
stipulated that profits must be reduced after dividend of
10% had been declared, I would suggest some such
arrangement as is common in agreement with Railway Cos.
viz. that after some agreed dividend percentage has been
attained, further profits be shared in some agreed
proportion between the Harbour Company and the Port.
I cannot say what the Port would do with its share.
but it might give it back in the form of rebates
on freight given traffic to its customers (or Province
might take it.)

F.H.S.
R. 7/10/98

I don't see that Prov. could have any claim
on profits in excess of 10 or any other percentage.
The fair thing to do would be to reserve a certain
proportion of the profits over (say) 10% to be
based in the form of rebates
H.S.
8/10/98

Virgopentum
Harbour Company
504

MacNab 554

Rebel proposed to carry out

been deputed to ... to

To a hackaboy. 55P

Sir, you will have perceived from
Q.O. No 760 having dated & Sept. 1898,
a copy of which has been sent to you

(1) that the vessel question of your proposed
to carry out by means of a Company,
the improvement of the navigation
harbour has been laid before the

Govt of India for advice - also

(2) that certain ~~adverse~~ suggestions
for improving the harbour
alternative to Mr. Thomson's
scheme & others ~~have~~ but for want

of the Chief Survey are to be dropped
& estimated in detail & then placed
before Sir A. Rendel for advice

(3) that any further negotiations with
you must proceed on the under-
standing that the Company, if constituted,
will accept & carry out such design
as Sir A. Rendel may finally
approve, & that the sanction of the
Govt of India is accorded to the
scheme proposed to carry out

F.W.

B. 9/10/98

8/10/98

has been reported to

the works by the agency of a Company -
(4) that I am, meanwhile to further
discuss the detail of the scheme
with him -

2. With regard to (2) I may inform
you that Mr. Macchene, C.E. Esq.
has been deputed to Bangalore
to prepare the estimates in
connection with the proposed
improvement of the
natural conditions of the
roadstead of Bangalore with
the object of making our knowledge
thereof more complete than it is
at present & of thereby rendering
evident that the improvement
scheme finally decided upon shall
have reasonable prospect of success.
I append a copy of the instructions
given to Mr. Macchene by the
Chief Engr. so that you may have
full knowledge of the work
in hand.

3. As it is probable that there

2
misapprehensions will take place as to
complete, as the capital liability
of the proposed Company depends
upon the scheme finally adopted,
it may seem premature to further
discuss at the present moment, the
details of the formation of the
Company, especially as you may be
unwilling to separate in any other
basis than Mr. Thompson's scheme
& scheme - Assuming, however, that

you are so willing, I will proceed
to discuss the points raised in
your letter of 2nd May 1888.
In your letter it may be well to
re-capitulate the representations which
have hitherto taken place.
In your letter of 11 Feb 1887 you make
the following proposals.

(1) That the Harbour Company shall
secure the full share of profit
due on vessels, unallocated to the
port of Bangalore, under the

present system of division, the Harbour
Company in turn paying the Port
Establishment.

II That the Harbour Company shall receive
the full collections of Landing &
Shipping Dues at present levied at 2
annas per ton (including any unexpended
amounts at the credit of the existing
Landing Dues Committee) & shall have
liberty with the sanction of Govt.
to increase these Dues to 4 annas
per ton, with, in addition, the same
special Dues as levied at Colacanda.
(see) as are levied

III That the Harbour Company shall
receive a free port in respect of
of so much of the same lying between
the last Coast Range & the
the town of Vizagapatnam, or may
belong to Govt. in the Municipal
the reclaimed & made available
for building sites with dredging
carried in the construction of
the Harbour.

IV That the Harbour Company shall be
permitted as of right to carry
on the business of a wharf

has been approved to

3.
warehouse & shipping company with
the exclusive right to them to use
large lighters & tugs provided a
wharf as they do not charge
more than the existing rates of
mercantile boat hire -

5. In these proposals Govt. replied
as follows in my No 97 S d/16.2.8

(1) The Company should be put in charge
as far as the functions of the
Harbour Trust Board.

(2) The Company should have its Chief
Office in the Harbour & Residence

(3) The Govt. should have the power
of nominating a fixed proportion
of the Directors.

(4) The Govt. should have the power
of requiring its prior sanction
to the selection of all works
estimated to cost more than a
certain fixed limit to be agreed
upon - say Rs 10,000 - and of all
works of a nature to affect the
main works of the Harbour.

(5) The Govt has no power to assign to the
Company any of the virgin lands
but does, as a matter of right, as
supported in our protocol I. & no
definite promise can be made to
hand over to the Company surplus port
Dues after meeting port dues -
Occasional interventions might however
be possible in the event of there being
any surplus in the Eastern group of
ports as a whole, which port is
unfavourable in several places. It is until
the light house programme has been
completed - Also, the Govt establishment
must remain a Govt establishment.

(6) Our proposal II is accepted - &
there will be no objection to
fix a minimum rate of harbour
dues -

(7) Our proposal III is accepted, but
your opinion is invited on the
following alternative suggestions.

(a) a stipulation that Govt should release
credit in the event of its taking
over the port, in the value of the
land so made over to the Company

(b) a stipulation that after free occupation
a certain number of years the

the Company should pay rent for
the land -

(8) The Company will be permitted to
carry on the business of a wharf,
warehouse a shipping company,
with a monopoly of the right to
construct wharves on the landing
a shipping of goods - but no such
monopoly can be given to the
direction of warehouses or for
owning large lighters & ships -

(9) The contract should include
a provision for the payment
himself by Govt, at certain
fixed periods, of the interest of
the Company - ~~in the~~ the price to
be paid being the actual
capital expended as from
time to time sanctioned by Govt.

6. In reply to these above conditions
in your letter of 2nd May 1928.
and while acknowledging the favourable
consideration which Govt has given
unbegrudgingly to the proposal terms of
enclosure, you ask for reconsideration
on the following points

(1) The proposal that the Company should be subject to the same control as the Madras Harbour Trust Board vide para 5 (1)

(2) The proposal that the Company should have its chief office in Madras vide para 5 (2)

(3) The withdrawing from the Company of the Vijaya Port dues vide para 5 (3) -

In the regard to (1) your point is that the Madras Harbour Trust is a board administering a work constituted with public funds & belonging to the public, while the proposed Company will be a limited liability company with its own capital. Your objection to the location of the chief office of the Company at Madras is that it would involve a large capital, which would be an absolute bar to the formation of the Company by English capitalists -

~~For the sake of the port which has been this point~~

In the regard to (2) you submit 2

alternative solutions 59P
(1) That the Madras Company release the whole share of port dues according to bylaws, accepting debit of the whole expenses of port establishment, & also of the share of general administration expenses falling chargeable to the port -

(2) That port should retain the whole of the Southern ports creating dues, & allow the Company all port dues other than 'port' dues, the expenses of the Vijaya Port establishment & the port's proportion of general administration expenses. They would be port & the Company in equal moieties.

alternative suggestions made
In the regard to the proposed transfer in para 5 (7) you consider that the second would be preferable in the Company's interest. namely that the Company should pay rent for the land reclaimed after free occupation for a certain number of years, but you subsequently in para 11 of your letter suggest that the land be reclaimed, accepting

so much of it as may at any future
time be required for strictly harbour
purposes, should remain the property
of the Company. Now if or when
the harbour is taken over by Govt.

7. In the hints conveyed by you in
the above letter of an ^{inter alia} ~~and~~ ^{and}
directed to self as follows.

(1) Govt. will raise no objection to
the formation of the company
in England. as to the location
there of its Chief Office - Neither
will it insist on having a representative
on the Board - The only stipulation

it desires to make are
(a) That the Company shall be bound
by the same rules, in so far as
they apply, as are contained in
paras 8, 9, 12 & 17 of the Agreement
of the Welton River Railway Company
whenever formulated - Para 17 being
here to all of which works as
concern Govt. & the construction
& maintenance of the harbour in
the neighbourhood of the establishment employed therein
- In matters decided upon ^{and} the
Govt. of Madras taking the place

of the Secretary of State.

(b) That the Company shall be represented
in India by some one who shall
have authority ~~at once to~~ ^{to} ~~confess~~
to deal with Govt. on behalf of
the Company. & to confess with such
representative as ~~the~~ Govt. might
make.

(2) With regard to Govt. Govt. is
inclined to consider the second plan
suggested at the end of para. 7
of your letter, & referred to in

6 (2) above as reasonable. -
The Company might, at any rate, be
able to do in Foreign, being
based in Calcutta, the best
standard of receipts from that source.
I am now obtaining statistics of
this standard, & of the cost of upkeep
of the port, including its share of
general administrative expenses,
which will enable us to arrive at
a definite decision on this point.

(3) Your proposal that the reclaimed
land, with certain exceptions

should remain the interest of the
 Comlay view of the labour is
 taken very much into
 reference to the Rev. Dept. has
 consideration - Govt sees no
 harm in a fair meeting to the
 workers involved. That in taking
 over the Comlay it would not
 be asked upon to pay any of the
 Capital expenditure in reclamation.

W.H.S.
 6.10.28

To
 Mr H.B. 1
 Mr A. 2
 H.S. 3

Note. The proposal in para 7(1)
 to name the right to have a
 representative in the Board is
 made because it is difficult to
 define his position, & the representative
 of the Board in India dealing
 directly with the Govt. coupled with the
 would give us sufficient control
 of the operation of the Comlay

W.H.S.
 6.10.28

In this connection please see Mr. Shree
 note

C.A.W.
 Draft to be corrected
 in accordance with
 H.M.'s notes within
 ASK
 17.10.28.

Wired.
 2. Yes, I would ask H.M.
 by telephone
 ASK
 18.10.28.

Telephone

From Under Secretary P.W.D.
 To The Honourable
 Sir Henry Bliss.

Can you kindly
 supply Mr. Mac Nab's
 English address to
 advise of the letter
 regarding Nagapattinam
 Harbour reaching
 him.

For D.W.
 19.10.28

much of it may stay, please

Confidential
Copy for W's signature
and send back to me.

N.S.
17 Oct 98

C.W.

Copy for W's signature
submitted. The two
Enclosures to accy: the
letter are also attached.

W.

18/10/98.

D.W.

Kindly sign
"For" Secretary to Govt. if
you see no objection.
The Hon. Secy. has said
that Mr. Mac Nab has
gone to England and
will not return till January.
As the Capital is to be
raised at Home, it
may possibly be of impor-
tance that this letter
should go on at once -
but Mr. Mac Nab's English
address is not known.
The Hon. Secy. may perhaps be

Telephone

From

50p
Exchange Clerk

The line to Sir
Henry Bliss' residence
seems to be out of
order and the
message cannot
be transmitted.

* Please
See below.

From

Under Secy, P.W.D.

To The Hon. Sir Henry Bliss.

"Can you kindly supply
Mr. Mac Nab's English
address to admit of the
letter regarding Vizagapatnam
harbour reaching him."

Submitted to
19.10.98.

of the "Globe"

In this connection please see Mr. Shree
note

to much of it as may be, please

The Honorable Member
in the Under Secretary's
unavoidable absence.

R.S.

19 Oct. 98

C. I couldn't hear a word
through the telephone yesterday.
But, from what I could hear, the
P.W. telephone clerk seems to be a
man of very indistinct utterance.
A man ^{must be} selected for that post who
speaks very clearly.

Mr. Macnab's ad-
dress is

C/o Stuart Hall Esq
23 Great Winchester St
London E.C.

RS

20/10/98

C. A. W.

The clerk referred to by
the H. M. is Soma Sundra
Mahanthay. This man will
be replaced by Sambasiva
Iyer who has a distinct voice

May

20/10/98

of the Government

In this connection please see Mr. Hargreaves