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MADRAS RECORD OFFICE.

Government of Madras.

Public Works DEPARTMENT.*Despatches to England*

<i>Despatches</i>	G.O. No. <u>77</u>	Press Mis.
Dated	<u>6-12</u>	18 <u>60</u> .

Not to be folded or roughly handled

PUBLIC WORKS DEPARTMENT.

No. 77 of 1860.

TO THE RIGHT HONORABLE THE SECRETARY OF STATE FOR INDIA.

RIGHT HONORABLE SIR,

In your Despatch of the 26th January 1860, No. 6, authority was granted for the commencement of the operations to be undertaken at the Sinterála Barrier in the Godavery, provided the cession of the land on the north bank of the river at that point could be obtained from His Highness the Nizam, and provided also that the funds necessary for the operations should be available from the amount allowed for expenditure on Public Works in general in this Presidency.

2. As regards the latter condition, we have already informed you in our letter of the 4th April last, of the impracticability of making any adequate provision out of the Budget for the Godavery navigation, and have urged that this undertaking, as one affecting the interests of Central India and even of England, more nearly than those of Madras, should be treated as a national, rather than a local enterprize, and should be provided for by a special grant over and above the ordinary Budget allotment of funds granted for works, whose importance and value is principally restricted to this Presidency.

3. We also stated that the Budget allotment of this Presidency for the current year had been restricted to 75 lacs of Rupees including Establishments,—that after excluding assignments for necessary repairs and for Military and other State Works, there was left but 9½ lacs available for new works of all kinds—and that even of this small sum by far the largest portion was of necessity reserved for works already in progress, or for numerous small works which could not conveniently be postponed, the entire amount for new works of magnitude, omitting State Works being only Rupees 1,03,180.

4. Subsequently, however, the means of carrying on the Godavery operations were wholly denied us, by successive reductions of the Budget, first to 67, and ultimately to 62 lacs. So great in fact was the difficulty of obtaining funds that we were obliged to apply to the Government of India (letter dated 31st October 1860, No. 2,240) for a special grant of Rupees 50,000, the Chief Engineer having remonstrated against the withdrawal even of half this small sum from the District Repair Funds, as hazardous to existing works of importance, and there being no other source from which it could be drawn.

5. Previous to this, however, we were induced, in consequence of Captain Haig having been offered the appointment of Chief Engineer by the Irrigation Company in the delta of the Mahanady, to press on the Government of India the importance of retaining that Officer's services for the Godavery, by prosecuting the works with energy, and we strongly recommended a special grant of 3 lacs for the purpose, for the current year, and an allotment of 4 lacs in the Budget of each of the two next years—so as to admit of the work at the Sinterála and Enchampilly Barriers being effected in three years. The application for 3 lacs was complied with and disposed of in our Proceedings of the 29th November 1860, which will be noticed in an after-part of this letter.

6. You will observe from our Proceedings of 10th November 1860, No. 2,330, that the Budget for 1861-62, has been fixed at 64 lacs with the possibility of its being increased to 70 lacs hereafter; but in the sum of 64 lacs is included 2 lacs for the Godavery works out of the 4 lacs which is the lowest estimate of annual expenditure required, and the remaining 2 lacs of this estimate are to be obtained by restricting expenditure on other works. Practically, therefore, the Budget for

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1861-62, excluding the Godavery works, is 60 lacs; and if adequate provision could not be made for those operations in 1860-61, out of a Budget of 62 lacs, it will not be easier to do so in 1861-62, the Budget of which is the same in amount but saddled with a charge of 2 lacs for this particular object. It is clear that the proposed assignment could not be made and that, even if it could, the result would be that eight years would be occupied in completing the works of the three Barriers (estimated by Captain Haig to cost 30 lacs) and after all, the navigation would not be open to Chanda.

7. Seeing the impossibility of effecting the Godavery works out of the Budget allotments, and the apparent hopelessness of funds being available from other sources to such an extent as to admit of the works being completed within any reasonable period, we have come to the conclusion that it would be better for the State and the public to commit to private enterprise an undertaking which we can not ourselves prosecute with the vigor and promptitude which its magnitude and importance merit.

The work is of far too great importance both to India and to England to be undertaken in the petty and dilatory manner inevitable in the present state of the Indian finances, and even to effect it thus, funds can be obtained only by restricting expenditure on other works highly profitable to Government and highly important to the people of the Presidency. Whereas, by resorting to private enterprise, the navigation of the Godavery will be secured in much less time than if the work be reserved for execution by Government, and the money which in the latter case would be spent on it in small sums for years to come would be available for the completion of other valuable projects, as for instance the Godavery, Kistna, Nellore, and Pálár Annicuts, works which are now being carried on inefficiently and slowly, Government also as a consequence, losing much of the profits from their past heavy outlay on them, merely because from want of funds they are not completed.

8. We have come to this conclusion the more readily, as the prospect of private agency is neither remote nor dubious, as you are aware that a Company is already projected in England for the navigation, &c., of the river.

9. We solicit your particular attention to the accompanying letter* addressed to us by Captain Ouchterlony on the subject. It sets forth the intentions and expectations of this Association, and at least shows that with due encouragement a private Company may easily be organized to undertake this great work.

10. The Committee do not require any guarantee of interest from Government on their capital, so that their proposal is free from objection on this score. The main features of their scheme are—

1st.—The execution by the Company of all the works required for removing the obstacles to navigation from the point at which Captain Haig has arrived to the highest limits practicable to traffic on the river itself and its principal affluents.

2nd.—The payment into the Home Treasury, as an advance or loan, of the sum of £300,000.

3rd.—The opening out within two years of the navigation from Coringa to Natchengaum.

4th.—The placing Steamers at once on the lower channel of the river.

5th.—The obtaining grants of forest tracts and waste jungle for fuel and ultimate reclamation.

11. In return for their enterprise, they seek,

1stly.—Interest at 5 per cent. on the deposit of £300,000 while retained by Government.

2ndly.—The establishment of tolls on the canals cut or tramways laid for the avoidance of the Barriers, for a certain period of years, at rates to be fixed by Government in communication with them, and

Lastly, the exclusive right of maintaining Steamers on the river and of being the sole carriers for Government, for a minimum period of 25 years at tonnage rates to be hereafter fixed.

12. The first two conditions are equitable, and might be readily conceded. The expediency of the last, so far as regards the exclusive right of maintaining Steamers, is not so evident. The tolls leviable will of course be so graduated as to afford the Company a fair remuneration for their outlay in rendering the river navigable, and this seems all that the Company can fairly expect. If the work were executed by Government out of the public funds, the navigation would be open to all, subject only to the payment of such tolls as might be levied, and we are not disposed to recommend that more than this should be conceded to a private Company, whose profit similarly would accrue from the tolls. Practically, there is little apprehension of any serious competition, if the affairs of the Company are properly conducted; but we could not recommend giving them a monopoly of the river for at least 25 years without exacting conditions for the protection of the public. A monopoly of the transport of Government freight, stores, &c. for 25 years might be granted without objection, and would be equitable.

13. If the Company consent to a modification of this condition, we would strongly advise that their proposals should be at once taken into consideration by Her Majesty's Government.

14. In the Committee's second letter to the Under Secretary of State, dated 21st July, and which forms a part of the correspondence sent up by them, they modify their plans so as to admit of the river works being executed by Government. But it seems to us to be preferable to leave this to the Company. In this letter there is no direct allusion to a monopoly, except as regards carriage of Government stores, and the arguments in paragraphs 6 and 7 tend to show how little apprehension need be entertained of competition, with proper management; it is probable therefore that the Company would reconsider this condition, if we rightly understand their expectations in this respect. The main objection stated to the scheme on the part of the Home Government, is the necessary cession of land by His Highness the Nizam. We have since learnt that the negotiations have been successful—and once the land is ceded to us, we can of course transfer to the Company so much as may be needed for their purposes.

15. As to the special grant of 3 lacs for this year allowed by the Government of India, we have, in Proceedings of 29th November 1860, No. 2,470, availed ourselves of it, and have issued orders regarding its appropriation. We have done so because, if the expectation of a private Company being organized is not fulfilled, time will have been gained in carrying on the works, and in the other event, the fact of this outlay and progress will be duly considered in arranging terms with the Company. But our views as to the expediency of committing the work to private agency remain* unaltered by the grant of 3 lacs.

16. We transmit copy of a letter addressed to Captain Ouchterlony, in reply to his communication of 10th September 1860 referred to above.

We have the honor to be,

Right Honorable Sir,

Your most obedient humble Servants,

FORT SAINT GEORGE,
6th December 1860.

Ed. T. Dunn.

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Prop. 29. Nov 1860 Nov 1860

See Minutes

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One 20 Star/60 order at 24/3.

J.H.

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R. W. D.

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Letter to the Right Hon: the
Secretary of State
for India

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Dated 6th December 1860.

Original Copy for Overland Express
via Bombay 6th December 1860.

Copy to the Govt of India 6th December
1860 No 25.

1 to the Govt of India
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State the views of this
Govt as to the expediency
of committing the Goaverry
navigation works to
private Agency.

Reply received 21st July/61
No 50.