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Government of Madras.

Public Works DEPARTMENT.

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Proceedings of the Madras Government, Public Works Department, 4th October 1864.

No. 27. Read the following letter from Captain J. MULLINS, R. E., Consulting Engineer, Irrigation and Canal Company, to Colonel C. A. ORR, R. E., Secretary to Government, Department Public Works, dated Madras, 27th September 1864, No. 110 :—

SIR,

1. I have the honor to submit, for the consideration of Government, a letter No. 1,312 of the 26th instant, from the Agent Irrigation and Canal Company, in which, with reference to the Order of Government No. 2,770 of the 22nd, withholding sanction to the estimate for the first section of the Nellore Division of the Main Canal, that gentleman, after concluding from the expression used in clause 5 of the Contract between the Secretary of State and the Company, that the Contract leaves the Government no option but to sanction with or without moderate alterations all estimates for the Toombuddra project, which the Company's Officers may submit, desires to be informed "by virtue of what power or authority the Government refuse their sanc-"tion to the estimates submitted."

2. It appears to me that if the Agent had carefully read clause 16 of the Contract he would have found that very full provision has been made therein for the control and direction by Government of the works to be executed out of the guaranteed million, and that it is even specified that the "manner and times" of executing the works shall be subject to "all such orders and directions" as the Secretary of State in Council shall from time to time think fit to give. As showing, moreover, how extensive the control was, if considered necessary, intended to be, clause 17 which gives the right of veto to the ex-officio Director in all proceedings except proceedings for the purpose of communicating with the legal advisers of the Company, may be usefully looked to.

3. It may further be noted that the Contract itself in the preamble notices that the Toombuddra project cannot be finished without unguaranteed capital in addition to the million guaranteed, and consequently, in the absence of any special section in the contract to that effect, it would naturally follow that the Government would not sanction such sections of the canal as could not be carried out with the million, until the Company had raised the additional funds required, seeing that the State would be called upon to make an outlay for the purchase of land, &c., without there being any certainty of there being any return in benefit to the community.

No. 28. ORDER THEREON, 4th October 1864, No. 2,859.

The attention of the Company's Manager will be drawn to clause 16 of the Contract, which the Government concur with Captain Mullins in thinking, fully vests the "Secretary of State in Council, as well in England as elsewhere," with the discretionary power of withholding sanction when the "proper" expenditure of the guaranteed million cannot, in his opinion, at any particular time and under peculiar circumstances, be secured.

(True Extract.)
(Signed) CHARLES A. ORR, Colonel, R. E.,
Secretary to Government.

To the Consulting Engineer, Irrigation and Canal Company.
,, Manager for do. do.

Exd. S. T. Augustin.

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