

(1) Number of pages 10

(2) Date of repair 1-10-13

(3) Initials of the Referencer _____

MADRAS RECORD OFFICE.

Government of Madras.

Public Works DEPARTMENT.

G.O. No. <u>1-12-8</u>	Press ~~Mis.~~
<u>602-603.</u>	
Dated <u>2-8-6</u>	<u>1867.</u>

Not to be folded or roughly handled

[Handwritten signature]

28th June 1867.

No. 602. Read the following letter from the Consulting Engineer for Irrigation and Canal Company, to the Secretary to Government, Department Public Works, dated Madras, 11th June 1867, No. 29.—

2 Letters in original from Agent.

*No 496, 29th March 1867.

" 108, 6th June 1867, with copy of Board's Resolution No 19, dated 10th May 1867, attached

1. With reference to the Proceedings of Government of the 14th March last, No. 781, I have the honour to forward, for the consideration of Government, the letters as per margin,* from the Agent and Manager, Madras Irrigation and Canal Company.

2 In the first letter the Agent offered some remarks on the letter from this Office, on which the Order referred to above was passed, and it appeared to be unnecessary to re-open the question, pending the receipt of any further expression of the views of the Board of Directors of the Company.

3. With his second letter Mr. Henslowe transmits a copy of the Board's Resolution on the subject of charges to the Revenue account. The Board object to the orders which the Government have passed, because they consider that the views expressed in the papers referred in those Orders "are wrong in principle, and cannot be properly carried into practical effect." They then proceed to explain why the maintenance of the buildings at Somaiswaram should be charged to Construction, and not to Revenue, and their views are simply that because no revenue is derivable from the buildings, or from works in their neighbourhood, and because the uses to which the buildings are put are connected with Construction, therefore it is not right to maintain them out of Revenue.

4 With regard to these particular buildings, as already noticed in paragraph 2 of my letter No. 122, of the 25th February last, they were, in the first instance, debited to the Anicut estimate: had they remained so debited, all charges connected with them would have been debited to Construction. At the request of the Company's Officers, they were subsequently transferred to "Buildings," a sub-head of Construction, and were necessarily considered as permanent works. When completed, therefore, they became portions of the works which, having been completed, the Company were bound, under clause 21 of their Contract, to keep in repair out of Revenue, † if there be any, failing that with funds provided by the Company, and in their default, after due notice, through the agency of the Government, out of any monies payable to the Company.

† Clause 22.

5. The contract does not in any way specify that a portion of the works must yield revenue, in order to render the cost of its repair properly chargeable to Revenue. It does not say that a "portion" means a section or any other arbitrary division of the works which may have, during their execution, been adopted as a matter of convenience. A building is a work and, in relation to the Toombuddra project, a portion of the works, complete in itself, not needing, even as a matter of convenience, that it should be dealt with otherwise than as distinct and separate from all other portions of the works. If this then be the case, its completion

is the only condition requisite to make the cost of its maintenance chargeable to Revenue and not to Construction.

6. The Agent in paragraph 4 of his former letter points out that my recommendations on the special cases referred to were at variance with the Draft Rules prepared in 1864, and he quotes from *Vide letter to Government, No 40, dated 31st July 1866.* No 1 of those Rules as follows. He, however, leaves out the important words which the Rules contain, and which I have re inserted between brackets.

“ So soon as the works of any section of the Canal (which have been sanctioned on separate estimates) shall have been completed, the Agent shall report such completion, and thereafter all expenditure for the maintenance of such works shall be debited to Revenue.”

The Rule afterwards defines what is meant by separate estimates, and Rule 2 says “After any class of work in a section has been reported complete, no expenditure from Capital shall be incurred on account of the restoration, repair, or alteration of such work, without the previous sanction of Government.” The Agent’s letter, though addressed to me, must, I presume, have been really intended for another reader, otherwise he would hardly have deemed it worth while to destroy the meaning of a sentence by leaving out an essential part of it, and to ignore the following sentence which was explanatory of its predecessor. The Draft Rules are of no authority, for they have not been agreed to by the Company, or approved by Government, but they were prepared with direct reference to the terms of the contract, and it has not been shown that the meaning of the contract has been mistaken.

7. The Board, after quoting from the latter part of paragraph 2 of my letter *Vide Proceedings Madras Government, No 781.* No. 121, to the Agent, show that, like their Manager, they deem a section to be a “portion” of the works under the contract, whereas neither the original nor the supplemental contract give any support whatever to such a view, and therefore the proposition which they deem to be incontrovertible appears to have no authoritative foundation at all. The Board proceed further to say that the cost of the repairs of a section, as a whole, for twelve months after completion, must, according to universal custom, be necessarily made out of Capital, and not out of Revenue, “beyond which they could not feel themselves justified in debiting the Revenue account, which it will, when the proper time shall arrive, be their duty under the contract to keep and to forward half-yearly to the Government.”

The probable meaning of the part of the sentence, from which this extract has been made, is that the Board would not feel themselves justified in debiting the repairs of any works to Revenue, until those works had been maintained for one year after completion out of Capital.

The Board have evidently no power under the contract to adopt such a course, and it would have been preferable had they made themselves more accurately acquainted with what the contract would justify them in doing, and then, if they deemed some modification of its provisions desirable in practice, had they

submitted such propositions, as might have seemed necessary, for the consideration of Government.

8. Subject in each case to the particular circumstances of the works, I do not see any objection to a moderate provision being made for repairs out of Capital, and this can be done, without making any arrangements contrary to the agreement, by including in completion estimates items for the repair of such classes of work as do not take a permanent form on first completion, and which require some subsequent expenditure to bring them into proper form and condition. This course has been adopted in some of the more recent estimates submitted by the Chief Engineer, and no objection has been taken thereto on principle. It must be remembered, however, that bridges and other masonry works ought not to need any expenditure of a kind properly debitable to Construction after they have been once fully completed, and it would be only under exceptionable circumstances, therefore, that an after-charge would be admissible.

9. It is, I think, of some importance that the maintenance of all works after completion should be charged against Revenue, and that the portion or portions of the works (*i. e.* of the project) to be considered as distinct and separate should not be composed of any larger number of items than may be required for the sake of convenience. Buildings, under any circumstances, are so distinct, that it would be no convenience at all to group them with other classes or descriptions of work. Similarly, it is advisable that the earthworks and masonry works of a section should be deemed separate portions of the works, for it is to the interest both of the Government and the Company that these should be so managed as to make equal progress, and to be completed at about the same time. If this be done, there will be no occasion for the debit of the repairs of complete portions of an incomplete section to revenue before the old section shall have been finished. On the other hand, if one class of works be pushed on and another neglected, there will be debits to Revenue before the particular works have begun to contribute towards Revenue, and this will at once attract attention to the imperfect arrangements. Were the Board’s views acceded to, there might be a charge to Capital of maintenance for an indefinite time, without the Government being able to bring any pressure to bear in order to a rectification of the errors which might have led to such a result.

10. It will be observed that the Company do not consider that the proper time has arrived for the keeping and submission of half-yearly Irrigation Revenue Accounts. I see nothing in Clause 22 of the original contract, which gives the Company any option as to the time for commencing the keeping of these accounts, and it appears self-evident that such an account became due on the 30th June 1864, the end of the first half-year in which there was a realization of revenue. The Agent would apparently wish it to be supposed that not having actually received the amount which has been paid into the treasury, the Company are not under obligation to furnish an account at all, but this is a somewhat dangerous argument, as it might be deemed to affect the Company’s claim to have the collections considered as their revenue at all.

11. Lastly, with regard to the concluding request of the Board that the Government may be pleased to “assent to the placing to Capital account the sums expended” in repairing the buildings at Somaiswaram, I think that this should not

*Proceedings of the Madras Government, Public Works Department,
23th June 1867.*

be allowed, unless the buildings themselves be first transferred from the permanent sub-head of charge "Buildings," and their cost debited to the Somaiswaram anicut. If the Board choose to request that arrangements made at the request of their own Officers be cancelled, I see no objection to this course being sanctioned, for I think it not improbable that the Somaiswaram buildings may require re-construction by the time the Company are in a position to resume operations in the Nellore District, and, if so, to keep them on the list of the Company's permanent buildings would be a mistake.

No. 603. ORDER THEREON, 28th June 1867, No. 1,928.

ACCOUNT, No 45.

1. On a careful consideration of all that is urged in the papers submitted by the Consulting Engineer with his letter above read, the Government are not prepared to acquiesce in the views expressed by the Manager of the Madras Irrigation and Canal Company and the Board of Directors. With respect to the buildings at Somaiswaram, referred to in the correspondence, it is observed that their transfer to the head "Buildings" was effected at the request of the Company's Officers, and their maintenance as permanent works is, therefore, clearly chargeable to Revenue under the terms of the contract. The Government have no objection, however, to the cost of repairs being charged to Capital, provided that application be made for the re-transfer of the outlay upon the construction of the buildings to the anicut estimate.

2. His Lordship in Council fully agrees with Captain Mullins in his views of the principles upon which charges incurred on the maintenance of the works carried out by the Company should be adjusted. It may so happen that the execution of unimportant works in any particular section of the Canal may be indefinitely deferred, and in those cases, under the interpretation of the contract by the Company's Officers, the cost of maintenance of the whole section would form a charge against Capital for an equally indefinite period, although the section of the Canal in question may actually be yielding a revenue. It seems evident, therefore, that when works forming portions of a section of the Canal, and essentially whole in themselves, are fully completed, the cost of their maintenance should thenceforward form a debit to Revenue.

(True Extract)

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

To the Consulting Engineer for Irrigation and Canal Company, with two Enclosures.
do. do.

Exd. S. T. Augustin.

Consulting Engineer's Office
Irrigation Canal Company
Madras, 11th June 1867.

From, Captain, J. Mullins, R.E.
Consulting Engineer for I.C.C.

To, The Secretary to Government
Department of Pub. Works.

With reference to the Proceedings of Government of the 14th March last, N^o 781, I have the honor to forward for the consideration of Government

N^o 296-29 March 1867
- 108-6 June - with consent the letters as per margin from the Agent
copy Board's Resolution
N^o 19 dated 10 May 1867 and Manager Madras Irrigation and Canal Company
attached.

2. In the first letter the Agent offered some remarks on the letter from this office, on which the order referred to above was passed, and it appeared to be unnecessary to reopen the question, pending the receipt of any further expression of the views of the Board of Directors of the Company.

3. With his second letter Mr. Stenhouse transmits a copy of the Board's resolution on the subject of charges to the Revenue Account. The Board object to the orders which the Government have passed, because they consider that the views expressed in the

the papers referred to in those orders "are wrong in principle and cannot be properly carried into practical effect." They then proceed to explain why the maintenance of the buildings at Comaismaram should be charged to Construction and not to Revenue, and their views are simply that because no Revenue is derivable from the buildings or from works in their neighbourhood, and because the uses to which the buildings are put are connected with Construction, therefore it is not right to maintain them out of Revenue.

4. With regard to these particular buildings, as already noticed in para. 2 of my letter N^o 122 of the 25th February last they were in the first instance debited to the Annual estimate; had they remained so debited, all charges connected with them would have been debited to Construction. At the request of the Company's officers they were subsequently transferred to "Buildings", a sub-head of Construction, and were necessarily considered as permanent works. When completed therefore they became portions of the works which, having been completed, the Company were bound, under Clause 21 of their Contract, to keep in repair out of Revenue, if there be any, failing that with funds provided by the Company, and in their default, after due notice, through the Agency

of the Government, out of any monies payable to the Company.

5. The Contract does not in any way specify that a portion of the works must yield Revenue in order to render the cost of its repair properly chargeable to Revenue. It does not say that a "portion" means a Section or any other arbitrary division of the works which may have, during their execution, been adopted as a matter of convenience. A building is a work and, in relation to the Combedda project, a portion of the works, complete in itself, not needing, even as a matter of convenience, that it should be dealt with otherwise than as distinct and separate from all other portions of the works. If ^{this} be the case, its completion is the only condition requisite to make the cost of its maintenance chargeable to Revenue and not to Construction.

6. The Agent in para. 4 of his former letter points out that my recommendations on the special cases referred to were at variance with the Draft rules prepared in 1864 and he quotes from ~~the~~ N^o 1 of those rules as follows. He however leaves out the important words which the rules contain, and which I have reinserted between brackets.

"So soon as the works of any Section of the Canal (which have been sanctioned on separate estimates) shall have been completed, the Agent shall report such completion, and thereafter all expenditure for the maintenance of such works shall be debited to Revenue

vide letter to Govt. N^o 40
dated 31st July 1866.

Revenue:-

The rule afterwards defines what is meant by separate estimates, and rule 2 says "after any class of work in a section has been reported complete no expenditure from Capital shall be incurred on account of the restoration, repair or alteration of such work, without the previous sanction of Government." The Agent's letter, though addressed to me, must, I presume, have been really intended for another reader, otherwise he would hardly have deemed it worth while to destroy the meaning of a sentence by leaving out an essential part of it, and to ignore the following sentence which was explanatory of its predecessor. - The draft rules are of no authority for they have not been agreed to by the Company or approved by Government, but they were prepared with direct reference to the terms of the Contract, and it has not been shown that the meaning of the Contract has been mistaken. -

The Board, after quoting from the latter part of para: 2 of my letter N^o 121 to the Agent, when vide P.M. N^o 781 that, like their Manager, they deem a Section to be a "portion" of the works under the Contract, whereas neither the original nor the supplemental Contract give any support whatever to such a view, and therefore the proposition which they deem to be incontrovertible appears to have no authoritative foundation

foundation at all. - The Board proceed further to say that the cost of the repairs of a Section, as a whole, for 12 months after completion, must, according to universal custom, be necessarily made out of Capital and not out of Revenue, "beyond which they could not feel themselves justified in debiting the Revenue account which it will, when the proper time shall arrive, be their duty under the Contract to keep and to forward half yearly to the Government." -

The probable meaning of the part of the sentence, from which this extract has been made, is that the Board would not feel themselves justified in debiting the repairs of any works to Revenue, until those works had been maintained for one year after completion out of Capital. -

The Board have evidently no power under the Contract to adopt such a course, and it would have been preferable had they made themselves more accurately acquainted with what the Contract would justify them in doing, and then, if they deemed some modification of its provisions desirable in practice, had they submitted such propositions as might have seemed necessary for the consideration of Government.

D. Subject in each case to the particular circumstances of the works, I do not see any objection to

a moderate provision being made for repairs out of Capital and this can be done, without making any arrangements contrary to the Agreement, by including in completion estimates items for the repair of such classes of works as do not take a permanent form on first completion, and which require some subsequent expenditure to bring them into proper form and condition. - This course has been adopted in some of the more recent estimates submitted by the Chief Engineer, and no objection has been taken thereto on principle. - It must be remembered however that Bridges and other masonry works ought not to need any expenditure of a kind properly debitable to construction after they have been once fully completed, and it would be only under exceptional circumstances therefore that an after charge would be admissible. -

9. This, I think, of some importance that the maintenance of all works after completion should be charged against Revenue, and that the portion or portions of the works (i.e. of the project) to be considered as distinct and separate should not be composed of any larger number of items than may be required for the sake of convenience. - Buildings under any circumstances are so distinct that it would be no convenience at all to group

them with other classes or descriptions of work. Similarly it is advisable that the earthworks and Masonry works of a Section should be deemed separate portions of the works, for it is to the interest ^{both} of the Government and the Company that these should be so managed as to make equal progress, and to be completed at about the same time. - If this be done there will be no occasion for the debit of the repairs of complete portions of an incomplete Section to Revenue before the whole Section shall have been finished. - On the other hand, if one class of works be pushed on and another neglected, there will be debits to Revenue before the particular works have begun to contribute towards Revenue, and this will at once attract attention to the imperfect arrangements. - Were the Board's views acceded to there might be a charge to Capital of maintenance for an indefinite time, without the Government being able to bring any pressure to bear in order to a rectification of the errors which might have led to such a result. -

10. It will be observed that the Company do not consider that the proper time has arrived for the keeping and submission of half yearly Irrigation Revenue Accounts. - I see nothing in Clause 22 of the original Contract which gives the Company any

any option as to the time for commencing the keeping of these accounts, and it appears self evident that such an account became due on the 30th June 1844 - the end of the first half year in which there was a realization of Revenue. - The Agent would apparently wish it to be supposed that not having actually received the amount which has been paid into the Treasury, the Company are not under obligation to furnish an account at all, but this is a somewhat dangerous argument, as it might be deemed to affect the Company's claim to have the collections considered as their Revenue at all. -

11. Lastly with regard to the concluding request of the Board that the Government may be pleased to "assent to the placing to Capital Account the sums expended" in repairing the Buildings at Somaiswarum, I think that this should not be allowed unless the buildings themselves be first transferred from the permanent out head of charge "Buildings," and their cost debited to the Somaiswarum Account. If the Board choose to request that arrangements made at the request of their own officers be cancelled, I see no objection to this course being sanctioned for I think it not improbable that the Somaiswarum Buildings may require reconstruction by the time the Company are in a position to resume operations in the Nellore District, and if

if so, to keep them on the list of the Company's permanent buildings would be a mistake. -

13
I have the honor to be,

Sir,

Your most obedient servant,

Wm. Mullins Captain R.C.

For Mr. Lupton for L.C. Company.

E. W. Mullins

el. 2105 fms/67 (Dd. 24^m)

clearly chargeable to Revenue
under the terms of the Contract.
The Government have no ob-
jection, however, to the cost of
repairs being charged to Capital
provided that application be
made for the retransfer of the
outlay upon the construction
of the buildings to the Annual
estimate.

His Lordship in Council
fully agrees with Captain
Mullins in his views of the
principles upon which charges
incurred on the maintenance
of the works carried out by
the Company should be ad-
justed. It may so happen
that the execution of un-
important works in any
particular section of the
Canal may be indefinitely
deferred, and in those cases,
under the interpretation of
the Contract by the Com-
pany's Officers, the cost
of maintenance ^{of the whole section} would
form a charge against
Capital for an equally
indefinite period although
the

the section of the Canal in
question may, possibly be
yielding a revenue. It seems
evident, therefore, that the
works forming portions of
a section of the Canal, and
essentially whole in them-
selves, are fully completed,
the cost of their maintenance
should thence forward
form a debit to Revenue.

W. H.

To the Genl. Mgt. of the Company with two enclosures.
Manager do

Sept 1st July 1867
19
3

602 A 209

P. W. 1867. Department.
Pro of Govt. for Same
No. 1928

PROCEEDINGS OF GOVERNMENT. *of the*

Dated 28th June 1867

Passing order on a
letter from the Consulting Engineer
relative to the head of accounts
to which the maintenance of the
Irrigation Canal Company's
buildings at Samanwar are
to be charged.

602-603

21st June 1867 Ad. 24th