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# MADRAS RECORD OFFICE.

Government of Madras.

*Public works* DEPARTMENT.

|                          |                          |
|--------------------------|--------------------------|
| G.O. No. <u>2648-49.</u> | Press<br><del>Mis.</del> |
| Dated <u>30-8-</u>       | 18 <u>67.</u>            |

Not to be folded or roughly handled

*MS*

*Proceedings of the Madras Government, Public Works Department,  
30th August 1867.*

No. 681. Read the following Endorsement of the Consulting Engineer for Railways, dated Madras, 8th August 1867, No. 224 :—

Read the following letter from the Agent and Manager of the Madras Railway Company, to the Consulting Engineer for Railways, dated Madras, 7th August 1867, No. 273.

1. As arranged at the Stores Committee yesterday, I have the honor to enclose a copy of the Traffic Manager's observations on Order of Government No. 2,245, dated the 25th July 1867, with regard to the pecuniary benefit to the State from the Mail service.

2. It appears to me that the way to arrive at the pecuniary benefit which the State derives from the carriage of Mails by Railway, is to compare the present cost with that which was incurred prior to the introduction of Railways, for instance, what did it cost to convey a single Mail daily between Bangalore and Tripatore prior to the opening of the Bangalore branch ?

3. I am told, and I believe from a reliable source, that the horsing of the mail carts alone over this 84 miles cost the State 2,800 Rupees per mensem, or 33,600 Rupees per annum. Now it must be borne in mind the Mails are carried by four trains, two in each direction daily, free of cost.

4. A reference to my letter of the 4th August 1865, No. 563, in reply to your communication of the 29th July, No. 513, will satisfy you I hope that the charge of 4 Annas per mile, quoted by me, was calculated on the basis suggested by the Director General of the Post Office, and as this rate of 4 Annas agrees so closely with that now shown by the Traffic Manager, I do not deem it necessary to enlarge on the subject.

From the Traffic Manager, to the Agent and Manager, dated Madras, 6th August 1867, No. 221.

1. With reference to Order of Government No. 2,245, of the 25th July, I beg to inform you that "the actual cost" of running any particular description of vehicle on this line cannot be ascertained, and as "the average cost of running each vehicle over one mile" would fall very far short of the cost of running a vehicle over many sections of the line in consequence of the variable gradients, it would be manifestly unfair to the Madras Railway to adopt this mode of calculation in assessing "the valuation of the service to the State in running a sorting carriage."

2. The rate recommended by the Madras Railway will not be found very much in excess of the charge for "reserved accommodation," which, in paragraph 10 of the Observations of the Government of India, is considered as "some index to the abatement in the ordinary charges which might be looked for."

3. The reserved charge for a second class carriage is the sum of one-half the fares for a whole carriage, equivalent to Annas 3 and Pice 8 nearly per mile for  $\frac{1}{4}$ ths of a vehicle, as compared with the rate of 4 Annas per mile proposed by the Madras Railway Company; and considering the peculiar and exceptional circumstances of our line, this mode of calculation will perhaps be found the best for adoption.

1. Submitted for the information of Government, with reference to G. O. No. 2,245, dated 25th July 1867.

2. The average expenditure on each passenger vehicle per mile would appear by the Traffic Analysis for the half-year ending 31st December 1866, to be very

*Proceedings of the Madras Government, Public Works Department,  
30th August 1867.*

nearly one-and-a-half annas per mile. Under the view now expressed by the Government of India, an allowance of double this rate would represent a fair scale of remuneration to the Railway Company, supposing a vehicle to be permanently taken up for postal purposes, and to be paid for. And on the Madras Railway, where a compartment equal to that of a carriage is appropriated for the Post Office, the proper charge would be the same proportion of three annas, or very nearly one anna per mile, instead of four annas, as computed in the first instance by the Agent and Manager Madras Railway, and approved by the Consulting Engineer and the Government.

3. I would beg respectfully to state that I still consider the above calculation to be conducted on an erroneous principle, and that the instructions first issued by the Government of India, in their Secretary's letter dated 6th July 1865 (G. O. No. 424, dated 25th July 1865), to the effect that the cost of the service performed for the Post Office should be calculated on the basis of the accommodation set aside for it, and of the charge which would be made to the general public, indicate the proper procedure to be adopted.

4. In the first place, I do not think it right that the Postmaster General should put himself, as it were, in the place of the Railway Company, and should decide on the value of the service rendered the Post Office by the carriage of the Mails, when he must be interested in making the benefit obtained by his department as low as possible. On the contrary, I consider that the Postmaster General should rather regard himself as the Manager of a private undertaking, and that he should fairly calculate what terms he could have made with the Railway Company had he been obliged to pay for the carriage of the Mails.

5. If Government had been in this position, I am very certain that the Railway Company would have ascertained, as the basis of the terms on which they should carry the Mails, what charges were being incurred for their conveyance by the ordinary roads, and would have demanded as high a rate as, in their opinion, would have just been sufficient to make it profitable for the Postal department to give up the carriage of the mails by road. It is on this principle that various kinds of traffic are attracted to the Railway. In some cases a very small margin of profit will be left to the Railway Company, in others they will derive a very handsome profit, as for example in the carriage of cotton from the Cuddalore District.

6. I apprehend also that the conveyance of Her Majesty's Mails to and from India by the Peninsular and Oriental Company's steamers, has to be paid for in a much higher proportion than double the actual cost of conveyance of the fractional part of the freight which they constitute.

7. In short, if the Railway Company had been able to make their own terms with the Postal Department, instead of having to carry the Mails free, I am confident that they would have demanded such terms as would have yielded them a higher rate of profit than any other description of traffic whatever that is carried on the line.

8. If the principle that double the cost of haulage of vehicles is a sufficient remuneration to the Railway Company, be a correct one, with regard to the Post Office, it would be equally correct as the basis of a calculation of the benefit rendered

*Proceedings of the Madras Government, Public Works Department,  
30th August 1867.*

ed to Government in the Military Department if troops were also carried free of charge. But the conveyance of a Regiment, even on the favorable terms secured by the contract, is in reality a very profitable species of traffic. Ten carriages are set apart in an ordinary train for 440 men, and 44 men at three pie per mile yield eleven annas per mile, which is more by about one-fourth than the average number of ordinary third class passengers in each vehicle. Again, the Railway Company offered, as a concession to Native troops, to carry their relatives and other followers, whose fare had to be paid by the Sepoys themselves, at the reduced rate of two pie per passenger per mile, "provided that no party less than sufficient to fill a carriage, viz., fifty, is taken at that rate." This rate would yield eight annas four pie per mile, still greatly in excess of the scale proposed by the Postmaster General.

9. With reference to the remarks in paragraph 10 of the Order of the Government of India, to the effect that compared with the scale of charges on the East Indian Railway, a rate of four annas per mile for the accommodation afforded to the Post Office on the Madras line is much too high, I would beg to point out that on the Madras Railway both first and second class carriages are supplied more as a necessary sacrifice to public interests than for the sake of the profits derived from them, and the same remark applies to reserved accommodation or reduced rates for double journeys. If such rates are not conceded, some passengers will either be unable to travel by rail at all, or may have to put up with the discomfort of travelling in an inferior class. No reduced fares are allowed to third class passengers unless on the occasion of feasts, yet this class of traffic is the most profitable of any.

10. The Post Office is furnished with better accommodation than third class passengers, and the Mails are carried by the night trains, to which no third class passenger carriages are attached. If the carriage of Mails were paid for, the Railway Company might, therefore, reasonably expect a higher rate of remuneration than would be due to the accommodation they would take up in a third class carriage.

(Signed) J. C. ANDERSON, Lieut.-Colonel, R. E.,  
*Consulting Engineer for Railways.*

No. 682.

ORDER THEREON, 30th August 1867, No. 2,648.

Ordered that the following letter

RAILWAY, No. 30.

be sent:—

(Here enter No. 2,649, dated 30th August 1867.)

(True Extract.)

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

Exd. S. T. Augustin.

PUBLIC WORKS DEPARTMENT,  
FORT SAINT GEORGE,  
30th August 1867.

No. 2,649.

No. 683.

To

THE SECRETARY TO THE GOVERNMENT OF INDIA,  
PUBLIC WORKS DEPARTMENT.

SIR,

RAILWAY, No. 31.

1. I am directed by the Right Honorable the Governor in Council to acknowledge the receipt of the Circular

from the Government of India, No. 520 R, dated the 22nd of June last, calling for further consideration and report as to the correct mode of calculating the pecuniary benefit derived by the State from the free carriage by rail of Mails and Post Office servants.

2. In reply, I am desired to submit for the consideration of the Government of India the enclosed observations upon the subject by the Consulting Engineer for Railways in this Presidency; and, in intimating the general concurrence of this Government in the opinions expressed by Colonel Anderson, I am to state that, in their judgment, all calculations of the pecuniary benefit to the State from the performance of its Mail service by rail must be incorrect, so long as they fail to take into consideration the actual cost which was incurred in the carriage of the Mails by road, before the introduction of Railways. By having the Mails carried by rail free, the Postal department clearly benefits to the extent of the expense which was formerly necessary, and from which they are now saved.

3. And I am to add that although in truth this may be all the direct pecuniary benefit which the State derives under certain clauses of the contracts with the guaranteed Railway Companies, yet the general benefit is unquestionably much greater, inasmuch as the Mails are now conveyed more frequently, more expeditiously, and more safely.

I have the honor to be,  
Sir,

Your most obedient servant,

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

Ed. S. T. Augustin.

Submitted for orders, as to the general principles upon which, in the opinion of Government, the pecuniary benefit to the State arising from the free carriage of mails by rail should be calculated.

2 It will be observed that the Agent of the Kansas Railway, in his letter of the 7<sup>th</sup> instant, forwarded by Colonel Anderson, raises the question as to whether the actual cost of conveying the mails, before the introduction of railways, should not be taken into consideration.

3 Colonel Anderson also states that, in his opinion, in order to obtain a correct estimate of the profits which accrue to the State from the free carriage

of mails, the P.O. authorities should be regarded as the managers of a private undertaking, and that the charges which, in that case, they would have had to pay for the carriage of the mail should be taken into calculation. These charges, he proceeds to say, would certainly have been as high as, in the opinion of the Railway authorities, would have been just sufficient to make it profitable for the Postal Department to give up the carriage of the mails by road.

Upon this point, attention is solicited to the third paragraph of the manuscript letter of the Government to the Government of India dated 30<sup>th</sup> April last, No. 1280.

The paragraph in question was struck out by order of the

before the letter was despatched.

Colonel Anderson's observations, and the conclusions at which he arrives, seem to the undersigned to be correct.

Major R.E.

Fort St. George. Under Secy to Govt  
15<sup>th</sup> August/67  
P. H. D.

It seems to me that Col Anderson's view is correct. By having the mails carried by rail for the first benefit to the extent of the expense incurred by them in the carriage of the mails by road before Railways were constructed. They get that which now for nothing for which they previously had to pay so much.

But in fact altho this may be all a direct pecuniary benefit, the general benefit is much greater. The mails are carried more quickly & more expeditiously by 2 more or less 75 per

Secy to the Govt. W.D.

No. 273

MADRAS RAILWAY COMPANY.

AGENT AND MANAGERS' OFFICE.

Madras, August 7<sup>th</sup> 1867.

From

A. B. Lawrie Esq.  
Agent and Manager. of the M.R.C.

To

Lieutenant Colonel J. C. Anderson R.E.  
Consulting Engineer for Railways.

SIR,

As arranged at the meeting  
committed yesterday, I have the honor to  
enclose a copy of the Traffic Manager's  
observations on Order of Government of 22<sup>nd</sup>  
dated the 25<sup>th</sup> July 1867, with regard to  
the pecuniary benefit to the State from  
the Mail Service.

2. It appears to me that the way  
to arrive at the pecuniary benefit which  
the State derives from the carriage of Mails  
by Railway, is to compare the present cost  
with that which was incurred prior to the  
introduction of Railways, for instance, what  
did it cost to convey a single Mail daily  
between Bangalore and Mysore, prior  
to the opening of the Bangalore Branch?

3. I am told, and I believe from a  
reliable source, that the carrying of the Mail parts  
alone over this 84 miles cost the State 2800 Rupees  
per

per annum, or 55,000 Rupees per annum: & for  
it must be borne in mind the mails are raised  
by four times, two in each direction daily, from  
of Post.

4. A reference to my letter of the 17<sup>th</sup>  
August 1865, No 563, in reply to your communication  
of the 29<sup>th</sup> July, No 573, will satisfy you  
that the charge of 11 Annas per mile  
quoted by me, was calculated on the basis  
suggested by the Director General of the Post Office,  
and as this rate of 11 Annas agrees so closely  
with that now shown by the Traffic Manager  
I do not deem it necessary to enlarge on the  
subject.

I have the honor to be,  
Sir,

Your most obedient servant,

W. G. L. W. H.

Agent and Manager

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MADRAS RAILWAY

From

The Agent and Manager

To

The Consulting Engineer

for Railways

P. W. 3511/67

Dated

August 7<sup>th</sup> 1867

Recd.

No. 273

Forwarding a copy of  
the Traffic Manager's observations  
on order of 2245  
with regard to the proposed  
contribution to the state from the  
Traffic Manager, together with  
the Agent and Manager's views on  
the subject.

Madras Railway,  
Traffic Manager's Office,  
Madras, 6<sup>th</sup> August 1867.

No 221.

Dear Sir,  
With reference to Order of Government  
of 2245 of the 25<sup>th</sup> July, I beg to inform you that  
"the actual cost" of running any particular  
description of Vehicle on this line cannot be  
ascertained, and as "the average cost of running  
each Vehicle over one mile" would fall very  
far short of the cost of running a Vehicle over  
many sections of the line in consequence of the  
variable gradients, it would be manifestly  
unfair to the Madras Railway to adopt this mode  
of calculation in assessing "the valuation of the  
service to the state in running a sorting Carriage".

The rate recommended by the Madras  
Railway will not be found very much in excess  
of the charge for "reserved accommodation",  
which, in para 10 of the observations of the  
Government of India, is considered as some  
index to the abatement in the ordinary charges  
"which might be looked for".

The reserved charge for a second class  
Carriage is the sum of one-half the fares for a  
whole carriage, equivalent to about 3.8 nearly  
per mile for 16<sup>th</sup> of a Vehicle, as compared  
with the rate of 4 annas per mile proposed  
by the Madras Railway Company; and  
considering the peculiar and exceptional cir-  
cumstances of our line, this mode of calculation  
will perhaps be found the best for adoption.

Yours Very Truly,  
H. C. Church,  
Traffic Manager.  
The Agent and Manager,  
Madras.

N<sup>o</sup> 224.

Submitted for the information of G<sup>o</sup> =  
= vernment with reference to G<sup>o</sup> O. N<sup>o</sup> 224 5725 July 1867.

2. The average expenditure on each  
passenger vehicle per mile would appear by the  
Traffic Analysis for the half year ending 31<sup>st</sup>  
December 1866, to be very nearly one and half  
annas per mile. Under the view now expressed  
by the Government of India, an allowance of double  
this rate would represent a fair scale of re =  
= muneration to the Railway Company, supposing  
a vehicle to be permanently taken up for postal  
purposes, and to be paid for. And on the Madras  
Railway where a compartment equal to  $\frac{5}{16}$  of a  
carriage is appropriated for the Post office, the  
proper charge would be the same proportion of  
three annas, or very nearly one anna per mile,  
instead of four annas, as computed in the first  
instance

P. H. 3011/67

instance by the Agent and Manager Madras Railway, and approved by the Consulting Engineer and the Government.

3. I would beg respectfully to state that I still consider the above calculation to be conducted on an erroneous principle, and that the instructions first issued by the Government of India in their Secretary's letter dated 6<sup>th</sup> July 1865 (G. O. No 424 dated 25<sup>th</sup> July 1865), to the effect that the cost of the service performed for the Post office should be calculated on the basis of the accommodation set aside for it, and of the charge which would be made to the General public, indicate the proper procedure to be adopted.

4. In the first place, I do not think it right that the Postmaster General should put himself, as it were, in the place of the Railway Company, and should decide on the value of the service rendered the Post office by the carriage of the mails, when he must

must be interested in making the benefit obtained by his Department as low as possible. On the contrary, I consider that the Postmaster General should rather regard himself as the manager of a private undertaking, and that he should fairly calculate what terms he could have made with the Railway Company, had he been obliged to pay for the carriage of the mails.

5. If Government had been in this position, I am very certain that the Railway Company would have ascertained, as the basis of the terms on which they should carry the mails, what charges were being incurred for their conveyance by the ordinary roads, and would have demanded as high a rate, as in their opinion, would have just been sufficient to make it profitable for the Postal Department to give up the carriage of the mails by road. It is on this principle that various kinds of traffic are attracted to the Railway. In some

some cases a very small margin of profit will be left to the Railway Company; in others they will derive a very handsome profit, as for example in the carriage of Cotton from the Cuddapah District.

6. I apprehend also that the conveyance of Her Majesty's mails to and from India by the Peninsular and Oriental Company's Steamers, has to be paid for in a much higher proportion than double the actual cost of conveyance of the fractional part of the freight which they constitute.

7. In short if the Railway Company had been able to make their own terms with the Postal Department, instead of having to carry the mails free, I am confident that they would have demanded such terms as would have yielded them a higher rate of profit, than any other description of traffic whatever, that is carried on the line.

8. If the principle that double the cost of haulage of vehicles is a sufficient remuneration to the Railway Company, be a correct one, with regard to the Post office, it would be equally correct as the basis of a calculation of the benefit rendered to Government in the Military Department if Troops were also carried free of charge. But the conveyance of a Regiment even on the favorable terms secured by the Contract, is in reality a very profitable species of traffic. Ten carriages are set apart in an ordinary train for 440 men and 44 men at three pie per mile yield eleven annas per mile, which is more by about one fourth than the average number of ordinary third class passengers in each vehicle. Again the Railway Company offered, as a concession to Native Troops, to carry their relatives and other followers whose fare had to be paid by the Sepoys themselves, at the

the reduced rate of two pie per passenger per mile, "provided that no party less than sufficient to fill a carriage, viz: fifty is taken at that rate." This rate would yield eight annas four pie per mile, still greatly in excess of the scale proposed by the Post Master General.

9. With reference to the remarks in para. 10 of the Order of the Government of India to the effect that compared with the scale of charges on the East Indian Railway a rate of four annas per mile for the accommodation afforded to the Post office on the Madras Line is much too high, I would beg to point out that on the Madras Railway both first and second class carriages are supplied more as a necessary sacrifice to public interests than for the sake of the profits derived from them, and the same remark applies to reserved accommodation, or reduced rates for double journeys. If

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If such rates are not conceded, some passengers will either be unable to travel by rail at all or may have to put up with the discomfort of travelling in an inferior class. No reduced fares are allowed to third class passengers unless on the occasion of fairs, yet this class of traffic is the most profitable of any.

10. The Post office is furnished with better accommodation than third class passenger and the mails are carried by the night trains, to which no third class passenger carriages are attached. If the carriage of mails were paid for, the Railway Company might therefore reasonably expect a higher rate of remuneration than would be due to the accommodation they would take up in a third class carriage.

Madras 8<sup>th</sup> August 1867  
J. Anderson, Lieut Colonel R.E.  
Consulting Engineer for Railways  
To the Secretary to Government  
Public Works Department  
Fort. Saint George

*PR*  
*1867*  
*Sept*  
*Pro. of Govt. for August*  
RAILWAY DEPARTMENT.

From *No 3011*

The Consgr. Engineer for Railways,

To

The Secretary to Government,

P. W. Dept.

Dated *8<sup>th</sup>* } *August 1867.*  
Received *9* }

No. 224 -

Enclosures, No. 2 ✓

*Observations on*  
*a letter from the Agent*  
*& Manager of the M. R. Co.*  
*forwarding copy of one*  
*from the Public Manager*  
*having reference to the*  
*pecuniary benefit to the*  
*State from the mail service.*

*enc 26118. 22649-30<sup>th</sup> Aug/67*

*No. 681*

*at 21<sup>st</sup> Oct/67 R. 27<sup>th</sup>*  
*c. 16<sup>th</sup> Oct/67 R. 17<sup>th</sup>*

PROCEEDINGS of the MADRAS GOVERNMENT.

Under date the *30<sup>th</sup> Aug/67*

Read the following

*From the Chief Engineer*  
*for Railways*

(Here enter No. 224 dated *8<sup>th</sup> Aug/67*)

*Ordered that the*  
*following letter be sent:-*

*enc 2649.*

*The Secretary to the*  
*Govt. of India,*  
*P. W. Dept.*

*Sir, I am directed by the*  
*Right Honorable the Governor*  
*in Council to acknowledge*  
*the receipt of the Circular*  
*from the Govt. of India,*  
*N<sup>o</sup> 520 R, dated the 22<sup>nd</sup>*  
*of June last, calling*  
*for*

for further consideration and report as to the correct mode of calculating the pecuniary benefit derived by the State from the free carriage by rail of mails and Post Office Servants.

2. In reply, I am desirous to submit for the consideration of the Govt. of India the enclosed observations upon the subject by the Consy. Engineer for Railways in this Presidency; and, in intimating the general concurrence of this Govt. in the opinions expressed by Col. Anderson, I am to state that, in their judgment, all calculations of the pecuniary benefit to the State from the performance of its mail service by rail must be incorrect, so long as they fail to take into consideration the actual cost which was incurred

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incurred in the carriage of the mails by road, before the introduction of railways. By having the mails carried by rail free, the Postal Dept. clearly benefits to the extent of the expense which was formerly necessary, and from which they are now saved.

3. And I am to add that although in truth this may be all the direct pecuniary benefit which the State derives under certain clauses of the contracts with the guaranteed Railway Companies, yet the general benefit is unquestionably much greater, inasmuch as the mails are now conveyed more frequently, more expeditiously, and more safely.

Sept 23rd/86

Wm. J. G. G. G.  
30th Oct 1867

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4  
P. W. 1867. Department.

*Proc. of Govt. for August*  
No. 261872617

PROCEEDINGS OF GOVERNMENT

Dated 30<sup>th</sup> August 1867

Passing orders on  
certain papers relative to the  
correct mode of calculating  
the pecuniary benefit derived  
by the State, from the free  
carriage by rail of mail  
and Post office servants

Furnishing the Govt.  
of India with the above  
papers and with remarks  
on the subject therein referred  
to.

659 10/109  
Ch. 681-682 @ 683