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MADRAS RECORD OFFICE.

Government of Madras.

Public works **DEPARTMENT.**

G.O. No. 725 Press ~~Misc.~~

167-68

Dated 8 3 1870.

Not to be folded or roughly handled

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No. 167. Read the following letter from the Chairman of the Chamber of Commerce, to the Secretary to Government, Public Works Department, dated Madras, 19th January 1870 :—

THE Chamber of Commerce have had under consideration the Proceedings of the Madras Government, Public Works Department, of the 2nd October last. Among these Proceedings is a letter from the Consulting Engineer for Railways in which that officer has been good enough to communicate his views on the cotton-trade of this Presidency, and the probable effects which the opening of the N.-W. Line of Railway to Bombay will have on that trade. Major Shaw-Stewart calls particular attention to the fact that nearly the whole of the cotton conveyed on the North-West Line is at present brought to Madras in an unpressed state. He shows that out of the 27,114 tons brought by the North-West Line to this market during the eighteen months from 1st January 1868 to 30th June 1869, only twenty-five tons were full pressed and three tons half pressed; and this notwithstanding that the rate charged for the conveyance of unpressed was thirty-six pies per ton per mile, against only eighteen pies for half pressed, and fourteen pies for full pressed cotton. He reminds you that in December 1867 he drew attention to the fact that notwithstanding the inducements offered by the Railway, the cotton-dealers had availed themselves to a very small extent of the presses which had been erected at Cuddapah and elsewhere; and alleges that subsequent inquiries have convinced him that their unwillingness to use those presses is due to the action of the Madras merchants in refusing to purchase pressed cotton; some of those merchants being themselves proprietors of presses erected in Madras, and consequently interested in their working. Major Shaw-Stewart further alleges that the policy pursued by the Madras merchants has "already begun to operate in a manner which directly affects their own interests and those of the Madras Railway Company" by driving towards Bombay cotton which ought to find its way over the Madras Railway to this market. He considers this a state of things deserving of consideration on public grounds, and expresses his fears that "unless a more enlightened policy is adopted on the part of the Madras merchants, the chief part of our cotton-trade will ere long pass into the hands of the Bombay merchants to the detriment alike of our Railway-system and our Port." In passing orders on Major Shaw-Stewart's letter the Government express a general concurrence in the views taken by that officer, and more especially as to the necessity of establishing presses in the neighbourhood of the stations of the North-West Line, as is being done on the Great Indian Peninsula Railway, in order that cotton may be conveyed at the minimum rate of charge.

While fully appreciating the anxiety of Government to preserve the cotton-trade of this Presidency, and confessing a warm desire to co-operate cordially with the Government in all measures calculated to secure so desirable an object, the Chamber feel bound to say that they do not altogether concur in the views, or share the fears, of the Consulting Engineer for Railways. The Chamber would be happy to believe with that officer that the cotton grown in the northern districts of the Madras Presidency could be attracted to this Port by the compara-

tively simple remedy of cotton presses established in the neighbourhood of the Railway; but there are reasons to fear that the direction of the cotton-trade will be affected by more powerful influences than appear to have occurred to the Consulting Engineer for Railways. In deciding the all-important question as to the best destination for his cotton, it is natural to suppose that the Bellary and Kurnool cultivator will duly consider and be influenced by such circumstances as the state of the markets at Madras and Bombay, the rates of conveyance charged by the respective Railways, and the facilities for shipping offered by the respective Ports—circumstances over which neither the Chamber as a body nor the Madras merchants individually can exercise control; more especially as it will rest with the Government to fix the tariff on the two competing lines of Railway, as also to initiate such improvements in our Port as will enable it to compete with some prospect of success with that of Bombay. If cotton presses will attract the "Western" cotton to this Port there is no reason to suppose that Madras merchants will be so regardless of their own interests as to neglect to erect them. It will doubtless be a satisfaction to the Government to learn that this subject has not escaped the attention of Madras merchants; that the Chamber have reason to believe that the erection of presses is contemplated by some firms so far north as Adoni and Raichore; and that the completion of the Railway is now the only thing necessary to enable the mercantile community generally to decide in what way their interests may be best advanced by direct Railway communication with the principal cotton districts of this Presidency. In no part of India, so far as the Chamber are aware, has the establishment of cotton presses preceded the opening of the Railway, and when we consider the difficulties and expenses of travelling, of selecting appropriate sites for presses, and of transporting and erecting machinery in districts in which the Railway does not penetrate, it is not surprising that the merchants of Madras, whether Native or European, should be reluctant to venture upon speculations of so precarious a nature; more especially when their demands for cotton are, on the whole, fairly met by the existing channels of supply. On the G. I. P. Railway, to which both Major Shaw-Stewart and the Government refer as an illustration of what is required on the Madras N.-W. Line, the cotton presses and cotton agencies followed, as it were, in the wake of the Railway. It is not at all improbable that a similar condition of things will be observable in this Presidency. The Chamber, however, do not anticipate that presses will be built or agencies established before their necessity is felt and their advantage seen.

In the meantime, it is clear that the bulk of the cotton brought from the northern districts to Madras must continue to be carried in an unpressed state. Major Shaw-Stewart thinks that this system of carrying cotton has already begun to operate prejudicially to the interests of the Madras merchants and the Madras Railway. So far as the merchants are concerned the Chamber are not aware on what authority this conclusion is based, but they are in a position to state that it is not borne out by statistics in their possession. If it were true that the mercantile interests of Madras had been injuriously affected, we should naturally expect to find that there had been a marked falling off in the exports of cotton from this Presidency. The following figures, however, show that this is far from being the case. The first table gives the total exports of cotton from the three principal cotton Ports, Madras, Tuticorin, and Cocanada, for the last seven years:—

1862.	1863.	1864.	1865.	1866.	1867.	1868.
Cwts.	Cwts.	Cwts.	Cwts.	Cwts.	Cwts.	Cwts.
487,949	629,207	559,844	877,868	513,726	558,910	856,509

As, however, the bulk of the Bellary, Kurnool, and Cuddapah cotton is shipped from Madras, it will be necessary to give the figures for this Port separately:—

1862.	1863.	1864.	1865.	1866.	1867.	1868.
Cwts.	Cwts.	Cwts.	Cwts.	Cwts.	Cwts.	Cwts.
241,531	464,019	315,606	598,636	262,027	277,614	444,817

The statistics for 1869 have not yet been completed, but it is found that in the first ten months of the year the exports from three above-named Ports amounted to cwts. 625,430, and from Madras alone to cwts. 340,430. In other words, the quantity of cotton sent to Madras in the two years, 1868 and 1869, was about 60 per cent. more than it was in the two years, 1866 and 1867, when the Railway had not extended to the Bellary District. With such figures before them the Chamber may be pardoned for not sharing the somewhat gloomy views of the Consulting Engineer for Railways regarding the Madras Cotton Trade.

As regards the Railway and the injury it is said to sustain through carrying unpressed cotton, the Chamber would respectfully submit to Government that Madras merchants are in no way to blame for the state of things of which Major Shaw-Stewart complains. The merchants would be quite justified in claiming immunity from censure on the broad principle that it should be the business of the Railway to study the convenience and requirements of trade, rather than that the trade should study the convenience and requirements of the Railway. But there are sufficient reasons, apart from broad principles, why the Madras merchants should not be held responsible for the extent of cotton-traffic on the N.-W. Line of Railway. Major Shaw-Stewart himself explains that the rates for carrying unpressed cotton were fixed so high because only a small quantity could be carried on an ordinary waggon, and because cotton in such a state is liable to be set on fire; and he acknowledges that it was hoped the charge of thirty-six pies per ton per mile would prove "prohibitory," and induce consigners to press their cotton. In one sense these hopes would appear to have been realized, though scarcely in the manner which was contemplated and desired. That cotton does come from the northern districts to Madras is certain, and if it is not carried by the Railway we must assume that it is because the up-country dealers prefer, for economical reasons, to incur the risk and delay of sending it to market by bullock-carts. If this assumption

be correct it seems to point unmistakeably to the necessity of a reduction in the Railway rates; and the Chamber would therefore beg to suggest that the Railway authorities should be asked to re-consider whether the risks to their property might not be covered by a lower tariff than thirty-six pies per ton per mile. They make this recommendation the more readily, because they can conceive nothing more calculated to drive Bellary and Kurnool cotton towards Bombay than an excessive charge for conveyance on the Madras Railway. The experience of the last few years has shown conclusively that consigners of cotton, generally natives, will not send, nor the Madras merchants accept pressed cotton. The motives which actuate both parties are obvious: the former not caring to risk the despatch to market of an uninspected article, for which there would probably be no buyers; and the latter being simply desirous of guarding against the possibility of adulteration. Bearing in mind the present transition state, as it were, of the northern cotton districts, there is nothing extraordinary in the existing practice of conducting operations in cotton. That this practice should not prove so advantageous to the Railway as could be desired is doubtless to be regretted on public grounds, but the Chamber cannot admit that the Madras merchants are answerable for this result. The difficulty that is complained of at present will probably right itself in time; but even now it is not so formidable, the Chamber think, that it might not be obviated in some measure by the resources and capabilities of a Railway so well managed as the Madras line is admitted to be. If the efforts of the Railway authorities were directed to meeting the existing requirements of both the up-country dealers and the Madras merchants, the Chamber cannot doubt that a larger quantity of cotton would be brought to Madras by rail than is now the case.

I cannot conclude this letter without expressing the Chamber's regret that Major Shaw-Stewart should have considered it necessary, while communicating his views to Government on the cotton-trade of the northern districts to reflect so unfavourably on the Madras merchants as a body. It would almost seem from some expressions in his letter that he denied these gentlemen the possession of sufficient acumen—not to say common sense—to judge of what is and what is not their own interests. To argue from such a premise is obviously to place the cotton-trade question beyond the pale of profitable discussion, and to leave the real problem for solution in the position of a *reductio ad absurdum*. The Chamber, however, do not doubt that had Major Shaw-Stewart given a little more consideration to the subject on which he has addressed Government, and had before him the statistics herewith furnished, he would have arrived at different conclusions to those expressed in his letter. Both Major Shaw-Stewart and the Government urge upon Madras merchants the necessity of following the example of Bombay merchants in establishing cotton presses on the G. I. P. Railway; but the Chamber submit that the circumstances which necessitated the erection of presses on that Railway exist only to a modified extent on the N.-W. Line of the Madras Railway. Mr. Rivett-Carnac's reports show that the presses in Berar and the Central Provinces were required not so much because pressed cotton could be carried cheaper as because unpressed cotton could not be conveyed at all with the limited accommodation of a single line of Railway. The presses were necessary to facilitate the enormous traffic that concentrated on that part of the line, and not, as Major Shaw-Stewart thinks they are in

Proceedings of the Madras Government, Public Works Department,
8th March 1870.

Madras, to influence competing markets. As the outturn of cotton in these Provinces is in excess of the quantity grown in the whole of the Madras Presidency, it appears to the Chamber scarcely reasonable to contrast a state of things that existed on the Railway there with what, except under very extraordinary circumstances, could not possibly happen on our N.-W. Line—certainly not while the rolling stock of our Railway is sufficient to accommodate the cotton-traffic. In contrasting what has been done by Bombay merchants with what has not been done by those of Madras, Major Shaw-Stewart goes so far as to say that the policy pursued by the latter is characterised by a want of enlightenment, but the Chamber think it possible that if that officer were more familiar with the financial history of some of those hastily-formed Cotton Press Companies which he so warmly eulogises, he would hesitate before recommending them as an example to Madras merchants. The question which seems most deserving of consideration in Madras is not whether the policy pursued by the merchants is wrong, but whether that pursued by the Railway authorities is right.

No. 168. ORDER THEREON, 8th March 1870, No. 725.

RAILWAY, No. 9.

ORDERED to be recorded.

(True Extract.)

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

Txd. F. R. Bantleman.

CHAMBER OF COMMERCE,

Madras, 19th January 1870.

TO COLONEL C. A. ORR,

Secretary Public Works Department,

Madras.

SIR,

The Chamber of Commerce have had under consideration the Proceedings of the Madras Government, Public Works Department, of the 2nd October last. Among these Proceedings is a letter from the Consulting Engineer for Railways in which that officer has been good enough to communicate his views on the cotton trade of this Presidency, and the probable effects which the opening of the N. W. Line of Railway to Bombay will have on that trade. Major Shaw Stewart calls particular attention to the fact that nearly the whole of the cotton conveyed on the N. W. Line is at present brought to Madras in an unpressed state. He shows that out of the 27,114 tons brought by the N. W. Line to this market during the eighteen months from 1st January 1868 to 30th June 1869, only 25 tons were full pressed and 3 tons half pressed; and this notwithstanding that the rate charged for the conveyance of unpressed was 36 pies per ton per mile, against only 18 pies for half pressed, and 14 pies for full pressed cotton. He reminds you that in December 1867 he drew attention to the fact that notwithstanding the inducements offered by the railway, the cotton dealers had availed themselves to a very small extent of the presses which had been erected at Cuddapah and elsewhere; and alleges that subsequent enquiries have convinced him that their unwillingness to use those presses is due to the action of the Madras merchants in refusing to purchase pressed cotton—some of those merchants being themselves proprietors of presses erected in Madras, and consequently interested in their working. Major Shaw Stewart further alleges that the policy pursued by the Madras merchants has "already begun to operate in a manner which directly affects their own interests and those of the Madras Railway Company" by driving towards Bombay cotton which ought to find its way over the Madras Railway to this market. He considers this a state of things deserving of consideration on public grounds, and expresses his fears that "unless a more enlightened policy is adopted on the part of the Madras merchants the chief part of our cotton trade will ere long pass into the hands of the Bombay merchants to the detriment alike of our railway system and our port." In passing orders on Major Shaw Stewart's letter the Government express a general concurrence in the views taken by that officer, and more especially as to the necessity of establishing presses in the neighbourhood of the stations of the N. W. Line, as is being done on the great Indian Peninsula Railway, in order that cotton may be conveyed at the minimum rate of charge.

While fully appreciating the anxiety of Government to preserve the cotton trade of this Presidency, and confessing a warm desire to co-operate cordially with the Government in all measures calculated to secure so desirable an object, the Chamber feel bound to say that they do not altogether concur in the views, or share the fears, of the Consulting Engineer for Railways. The Chamber would be happy to believe with that officer that the cotton grown in the Northern districts of the Madras Presidency could be attracted to this Port by the comparatively simple remedy of cotton presses established in the neighbourhood of the railway; but there are reasons to fear that the direction of the cotton trade will be affected by more powerful influences than appear to have occurred to the Consulting Engineer for Railways. In deciding the all-important question as to the best destination for his cotton, it is natural to suppose that the Bellary and Kurnool cultivator will duly consider and be influenced by such circumstances as the state of the markets at Madras and Bombay the rates of conveyance charged by the respective Railways, and the facilities for shipping offered by the respective ports—circumstances over which neither the Chamber as a body nor the Madras merchants individually can exercise control; more especially as it will rest with the Government to fix the tariff on the two competing lines of Railway, as also to initiate such improvements in our port as will enable it to compete with some prospect of success with that of Bombay. If cotton presses will attract the "Western" cotton to this port, there is no reason to suppose that Madras merchants will be so regardless of their own interests as to neglect to erect them. It will doubtless be a satisfaction to the Government to learn that this subject has not escaped the attention of Madras merchants; that the Chamber have reason to believe that the erection of presses is contemplated by some firms so far North as Adoni and Raichore; and that the completion of the railway is now the only thing necessary to enable the mercantile community generally to decide in what way their interests may be best advanced by direct railway communication with the principal cotton districts of this Presidency. In no part of India, so far as the Chamber are aware, has the establishment of cotton presses preceded the opening of the railway, and when we consider the difficulties and expenses, of

travelling, of selecting appropriate sites for presses, and of transporting and erecting machinery in districts in which the railway does not penetrate, it is not surprising that the merchants of Madras, whether Native or European, should be reluctant to venture upon speculations of so precarious a nature—more especially when *their demands for cotton are*, on the whole, fairly met by the existing channels of supply. On the G. I. P. Railway, to which both Major Shaw Stewart and the Goverment refer as an illustration of what is required on the Madras N. W. Line, the cotton presses and cotton agencies followed, as it were, in the wake of the railway. *It is not at all improbable that a similar condition of things will be observable in this Presidency.* The Chamber, however, do not anticipate that presses will be built or agencies established before their necessity is felt and their advantage seen.

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the Madras merchants accept, pressed cotton. The motives which actuate both parties are obvious: the former not caring to risk the dispatch to market of an uninspected article, for which there would probably be no buyers; and the latter being simply desirous of guarding against the possibility of adulteration. Bearing in mind the present transition state, as it were, of the northern cotton districts, there is nothing extraordinary in the existing practice of conducting operations in cotton. That this practice should not prove so advantageous to the railway as could be desired is doubtless to be regretted on public grounds, but the Chamber cannot admit that the Madras merchants are answerable for this result. The difficulty that is complained of at present will probably right itself in time; but even now it is not so formidable, the Chamber think, that it might not be obviated in some measure by the resources and capabilities of a railway so well managed as the Madras line is admitted to be. If the efforts of the railway authorities were directed to meeting the existing requirements of both the up-country dealers and the Madras merchants, the Chamber cannot doubt that a larger quantity of cotton would be brought to Madras by rail than is now the case.

I cannot conclude this letter without expressing the Chamber's regret that Major Shaw Stewart should have considered it necessary, while communicating his views to Government on the cotton trade of the northern districts to reflect so unfavorably on the Madras merchants as a body. It would almost seem from some expressions in his letter that he denied these gentlemen the possession of sufficient acumen—not to say common sense—to judge of what is and what is not their own interests. To argue from such a premiss is obviously to place the cotton-trade question beyond the pale of profitable discussion, and to leave the real problem for solution in the position of a *reductio ad absurdum*. The Chamber, however, do not doubt that had Major Shaw Stewart given a little more consideration to the subject on which he has addressed Government, and had before him the statistics herewith furnished, he would have arrived at different conclusions to those expressed in his letter. Both Major Shaw Stewart and the Government urge upon Madras merchants the necessity of following the example of Bombay merchants in establishing cotton presses on the G. I. P. Railway; *but the Chamber submit that the circumstances* which necessitated the erection of presses on that railway exist only to a modified extent on the N. W. Line of the Madras Railway. Mr. Rivett-Carnac's reports show that the presses in Berar and the Central Provinces were required not so much because pressed cotton could be carried cheaper as because unpressed cotton could not be conveyed at all with the limited accommodation of a single line of railway. The presses were necessary to facilitate the enormous traffic that concentrated on that part of the line, and not—as Major Shaw Stewart thinks they are in Madras—to influence competing markets. As the out-turn of cotton in these Provinces is in excess of the quantity grown in the whole of the Madras Presidency, it appears to the Chamber scarcely reasonable to contrast a state of things that existed on the railway there with what, except under very extraordinary circumstances, could not possibly happen on our N. W. Line—certainly not while the rolling stock of our railway is sufficient to accommodate the cotton traffic. In contrasting what has been done by Bombay merchants with what has not been done by those of Madras, Major Shaw Stewart goes so far as to say that the policy pursued by the latter is characterised by a want of enlightenment, but the Chamber think it possible that if that officer were more familiar with the financial history of some of those hastily-formed Cotton Press Companies which he so warmly eulogises, he would hesitate before recommending them as an example to Madras merchants. The question which seems most deserving of consideration in Madras is not whether the policy pursued by the merchants is wrong, but whether that pursued by the railway authorities is right.

I have the honor to be, Sir,
Your most obedient Servant.

Chairman

Circulated

Chairman of the Chamber of Commerce

Dated 19th July 1870

Regarding the proposed erection of Cotton presses along the North West Line of the Madras Railway, and the freight rates charged by the Railway Company for the conveyance of Cotton—

Referred to Collector

Dated 28th July 1870

Copy to Port Officer

Dated 19th Aug 1870

Circulated

Secy to Govt

Dated 28th Aug 1870