

(1) Number of pages _____

(2) Date of repair _____

(3) Initials of the Referencer _____

MADRAS RECORD OFFICE.

Government of Madras.

Public Works DEPARTMENT.

G.O. No.	1154-55	Press
364-66-67		Mis.
Dated	24. 4.	1871 .

Not to be folded or roughly handled

*Proceedings of the Madras Government, Public Works Department,
24th April 1871.*

Read the following papers :—

No. 364. Endorsement of the Acting Consulting Engineer for Railways, dated Madras, 24th March 1871, No. 124.

From the Agent of the Great Southern of India Railway, to the Acting Consulting Engineer for Railways, dated Negapatam, 8th March 1871, No. 3,938.

Your memorandum No. 67, of the 3rd instant, requests me to give immediate attention to the orders of Government communicated in Government Order, No. 595, of the 1st idem.

2. One portion of this paper is to the effect that the cost of all new and additional works, or improvement to an existing work, or increase to rolling stock, upon the line which has been opened for traffic for more than two years, shall be charged to the Revenue Account if the outlay on such work is less than Rupees 5,000.

3. I wish respectfully to observe that it is not competent, without both parties to the contract consent, for either to alter the terms of that contract.

4. Clause 12 of the Contract between the East Indian Company and the Great Southern of India Railway Company, dated 1st September 1858, stipulates that
“ upon any additions, alterations, or improvements, such as shall properly be
“ chargeable to the Capital Account being thereafter made with the sanction and
“ approval of the East Indian Company, to, of, or in the said Railway, or the
“ works, conveniences, or telegraphs thereto belonging, or the engines, carriages,
“ and other plant and machinery, the cost necessarily incurred in executing
“ such additional alterations or improvements shall be added to the said Capital
“ Account.”

5. In November 1869 I communicated to my Directors the opinion of the Government of India, (see G. O., No. 3,453, of 27th October 1869,) “ that all
“ trifling alterations and additions on open lines should be charged to Revenue,”
and the Board, after giving the subject careful consideration, directed their Secretary to reply to me as follows :—

“ The Directors have had under consideration the Proceedings of the Madras
“ Government, Public Works Department, 27th October 1869, in which it is
“ minuted the approval of the Governor-General in Council to the schedule of
“ works sanctioned from Construction funds during August 1869, with the excep-
“ tion (so far as relates to this Company) of Rupees 1,500, the cost of converting
“ the two side arches of the over line bridge at Trichinopoly into a lamp store-
“ room. ‘ The Government of India, it is observed, is of opinion that all trifling
“ alterations and additions on open lines should be charged to Revenue.’ The
“ Board were under the belief that the despatch of the Secretary of State, ‘ Rail-
“ way No. 17, 9th March 1864,’ had distinctly laid down general rules for the
“ appropriation of expenditure to Capital or to Revenue. These rules have been
“ followed and work so satisfactorily that the Board fails to find a reason for
“ their being now disturbed. The Directors are, as they have always been, adverse
“ to charging Capital with any sums legitimately belonging to Revenue; but, on
“ the other hand, they see no principle in relieving the Capital at the expense of
“ Revenue by burdening the latter with expenditure undoubtedly pertaining to the
“ former account.

"I am further desired to remark that the Directors do not consider the amount of Rupees 1,500, to which exception appears to have been taken, as having been sanctioned out of Construction funds as a "trifling" amount for the work for which it is estimated to be necessary.

"In many cases where it is doubtful whether expenditure should be allocated to Capital or to Revenue, and where the amount does not exceed Rupees 200, the Directors consider it would be advisable to dispose of the question at once by debiting such sum to the Revenue Account."

6. An outlay of Rupees 5,000 may be deemed a trifling addition to make to the expenditure of a Railway Company like the East Indian, whose weekly receipts amount to five lacs; but, in the case of the Company I represent, such an addition would form a serious item in the working expenses of the Railway.

7. Adopting the same ratio as that mentioned above, namely Rupees 5,000 to five lacs, the amount (Rupees 200) voted by my Directors would more than cover an allowance of 1 per cent. upon our average weekly traffic receipts.

8. I have the honour to state that I am prepared to consent to modify the contract to the following extent, namely, that in any case where it is doubtful whether expenditure should be allocated to Capital or to Revenue, the amount if it does not exceed Rupees 200, shall be debited to the latter account, and I trust that the Government of India will be pleased to modify on this point the instructions which have been issued to you.

Submitted to the Government

The Government of India, in paragraph 2 of Resolution, dated 6th February 1871, No. 49, have decided that no estimate for any work shall be passed against Capital on lines opened for more than two years if less than Rupees 5,000.

The Agent of the Great Southern of India Railway points out that by the terms of the Contract, as quoted in paragraph 1 of the same Resolution, additions, alterations, or improvements such as are properly chargeable to the Capital Account, and made with the sanction of the East India Company, shall be added to the Capital Account, and that without the consent of both the contracting parties it is not competent for either of them to alter the terms of the contract. The Agent also quotes from a letter from the Board of Directors, dated 16th December 1869, their opinion that, in cases where it is doubtful whether expenditure should be allocated to Capital or Revenue, it would be advisable to debit a sum not exceeding Rupees 200 to the Revenue Account. Mr. Potts trusts that the Government of India will be pleased to modify their instructions to allow of Rupees 200 being substituted for Rupees 5,000, and explains that whereas an outlay of Rupees 5,000 may appear trifling on the East Indian line, the receipts of which are five lacs weekly, a sum of Rupees 200 is proportionately as large in comparison with the receipts on the Great Southern of India line.

2. The Government of India have hitherto ruled that minor alterations and additions shall be charged to Revenue; but without laying down any definite

limit, and the Madras Railway Company having suggested that the line should be drawn at Rupees 400, the question has been referred to the Government of India in the orders noted in the margin.

G. O., No. 1,068, dated 23rd April 1870.

3. A sum of Rupees 5,000 does certainly, as the Agent of the Great Southern of India Railway represents, seem high, as a charge against weekly receipts, being about 33 per cent. for the whole length of the line, while on the East Indian line the same sum is only 1 per cent., and on the Madras line it is about 5 per cent. But though, on the other hand, the future outlay in new works, additions, and improvements is likely to be very much heavier on the longer lines, contingent on the amount of duty performed, from which duty the higher receipts are obtained, the real question appears to me to lie entirely with the Government to decide, whether the net receipts for a year shall from time to time be reduced by charging outlay to Revenue, rather than admitting additions to the Capital Account and increasing in perpetuity the interest payable on the Capital.

4. The clause of the Contract provides for additions being admitted to the Capital Account with the sanction and approval of the East India Company, and if the legal interpretation of this be that the East India Company, as one of the contracting parties, give their final decision as to whether a work is properly chargeable to Capital or otherwise, the Railway Company is unable to offer objection to such limit, as the East India Company, or now the Secretary of State for India, may think it necessary to fix.

5. I would therefore submit, for the consideration of the Government, that it is necessary that the Secretary of State should be addressed, with a view to his representing to the Boards of Directors of the Madras and Great Southern of India Railway Companies that the time has arrived for a definite understanding regarding any additions being admitted to the Capital Accounts subsequent to the 31st March 1871, from which date the existing system of sanctions is ordered to cease.

In the meantime I understand that, on these two Railways, no expenditure less than 5,000 Rupees shall be admitted to Capital for the portions of line opened more than two years.

(Signed) C. J. SMITH, Captain, R.E.,
Deputy Consulting Engineer for Railways.

No. 365. Endorsement of the Deputy Consulting Engineer for Railways, dated Madras, 3rd April 1871, No. 145.

From the Agent of the Great Southern of India Railway, to the Acting Consulting Engineer for Railways, dated Negapatam, 27th March 1871, No. 3,961.

Your letter No. 80 of the 20th instant, communicates the sanction of Government to an estimated expenditure of Rupees 836 for the construction of an ash-pit at Tanjore being charged to Revenue.

2. Allow me to call your attention to my communication of the 8th idem, regarding the proposal of the Government of India to charge to Revenue Account the cost of new works.

3. If Government sanctions the construction of any additional work, the Contract between Government and the Railway Company provides that the cost of

*Proceedings of the Madras Government, Public Works Department,
24th April 1871.*

such works shall be carried to the *Capital Account*, and my communication above referred to shows that my Directors are not prepared to depart from such provision to the extent named in G. O., No. 595.

SUBMITTED to Government in continuation of this office endorsement No. 134, dated 24th March 1871.

2. Under the Resolution of the Government of India, dated 6th February 1871, the Agent of the Great Southern of India Railway was requested to charge to Revenue the estimated expenditure of Rupees 836 for the construction of an ash-pit at Tanjore, and for the reasons given in his letter of the 8th ultimo, No. 3,938, which is now before the Government, Mr. Betts submits a protest.

(Signed) C. J. SMITH, Captain, R.E.,
Deputy Consulting Engineer for Railways.

No. 366. ORDER THEREON, 24th April 1871, No. 1,154.

RAILWAY, No. 55.

ORDERED that these papers be forwarded for the consideration of the Government of India:—

(Here enter No. 1,155, dated 24th April 1871.)

(True Extract.)

(Signed) CHARLES A. ORR, Colonel, R.E.,

Secretary to Government.

To the Acting Consulting Engineer for Railways.

PUBLIC WORKS DEPARTMENT,
FORT ST. GEORGE, 24th April 1871.

No. 367.

No. 1,155.

To

THE SECRETARY TO THE GOVERNMENT OF INDIA,

PUBLIC WORKS DEPARTMENT.

RAILWAY, No. 56.

SIR,—With reference to the ruling in paragraph 6 of the Resolution of the Government of India under date the 6th February 1871, No. 49-A.R., that in future the outlay on all works estimated to cost less than Rupees 5,000 on Railways that have been opened for more than two years shall form a charge against Revenue, I am directed to forward the accompanying papers from which it will be observed that the Agent of the Great Southern of India Railway, considering that ruling opposed to the terms of the Company's contract, is of opinion that its adoption cannot be ordered except with the consent of both contracting parties.

2. Mr. Betts quotes from a letter from his Board of Directors dated 16th December 1869, in which they remark that, in cases in which doubts may be entertained regarding the incidence of the cost of a work, it is advisable that, when the amount does not exceed Rupees 200, it should be debited to the Revenue Account. Mr. Betts expresses his willingness to accept this limit in lieu of that laid down by the Government of India, and he points out that although Rupees 5,000 may be a trifling charge against Revenue on one Railway, it may be a serious item in the working expenses of another, and would amount in the case of the Great Southern of India Railway to 33 per cent. of its weekly receipts.

3. I am accordingly to submit the papers with a view to the question of the limitation to be prescribed to expenditure chargeable to Capital on such lines as the Great Southern of India being reconsidered, not only on its own merits but on that of its legal bearing with reference to the terms of the Company's contracts.

I have the honour to be,

Sir,

Your most obedient servant,

(Signed) CHARLES A. ORR, Colonel, R.E.,

Secretary to Government.

Railway Department, 1871. Consulting Engineer's Office

Serial No. 124.

Submitted to the Government.

The Government of India in pursuance of

Resolution dated 6th February 1871 No. 49 have

decided that no estimate for any work shall

be passed against Capital, on lines opened

for more than 2 years, if less than Rs 5,000.

The Agent of the Great Southern of India

Railway, points out, that by the terms of the

Contract, as quoted in para 1 of the same

Resolution, additions, alterations, or improve-

ments such as are properly chargeable to the

Capital Account, and made with the sanc-

tion of the East India Company, shall be

added to the Capital account, and that without

the consent of both the Contracting parties,

it is not competent for either of them to

alter the terms of the Contract. The Agent

also quotes from a letter from the Board of Directors dated 16th December 1869, their opinion that in cases where it is doubtful whether expenditure should be allocated to Capital or Revenue, it would be advisable to debit a sum not exceeding Rs 200 to the Revenue account. Mr. Belth trusts that the Government of India, will be pleased to modify their instructions to allow of Rs 200 being substituted for Rs 500 and explains, that whereas an outlay of Rs 5000 may appear trifling, on the East Indian Line, the receipts of which are 5 lacs weekly, a sum of Rs 200 is proportionately as large, in comparison with the receipts on the Great Southern of India Line.

2. The Government of India have hitherto ruled that minor alterations, and additions, shall be charged to Revenue but without laying down any definite limit

G.O. No 13453
dated 27th December
1869

and the Madras Railway Company, having suggested that the line should be drawn at Rs 100, the question has been referred to the Government of India, in the Orders G.O. No 1068 dated 23rd April 1870 noted in the margin.

3. A sum of Rs 5000, does certainly, as the Agent of the Great Southern of India Railway represents, seem high, as a charge against weekly receipts, being about 33 per cent, for the whole length of the line: while on the East Indian Line, the same sum is only 1 per cent, and on the Madras Line, it is about 8 per cent. But though on the other hand, the future outlay in new works, additions and improvements, is likely to be very much heavier on the longer Lines, contingent on the amount of duty performed, from which duty the higher receipts are obtained. the real question appears to me, to lie entirely with the Govern-

-ment

ment to decide, whether the net receipts for a year shall from time to time be reduced, by charging outlay to Revenue, rather than admitting additions to the Capital account, and increasing in perpetuity the interest payable on the Capital.

4. The clause of the Contract, provides for additions being admitted to the Capital account, with the sanction and approval of the East India Company, and if the legal interpretation of this, be, that the East India Company, as one of the contracting parties, give their final decision as to whether a work is properly chargeable to Capital or otherwise. the Railway Company is unable to offer objection to such limit, as the East India Company or now the Secretary of State, for India, may think it necessary to fix.

5. I would therefore submit for the consideration

consideration of the Government, that it is necessary, that the Secretary of State should be addressed, with a view to his representing, to the Boards of Directors of the Madras and Great Southern of India Railway Companies, that the time has arrived for a definite understanding, regarding any additions being admitted to the Capital accounts, subsequent to the 31st March 1871, from which date the existing system of sanctions is proposed to cease.

In the mean time, I understand that on these 3 Railways, no expenditure less than 5000 Rs shall be admitted to Capital, for the portions of Line opened more than 2 years.

Madras
24th March 1871

W. Smith Captain R.E.
for Ag. Cons. Engineer for Railways

To The Secretary to Government
Public Works Department
Fort Saint George.

Railway Department.

Consulting Engineer's Office

N^o 145.

Submitted to Government in continuation
of this office encloachment N^o 134 dated 24th
March 1871.

2. Under the resolution of the Govern-
ment of India dated 16th February 1871
the Agent of the Great Southern of India
Railway was requested to charge to Revenue
the estimated expenditure of Rs 856 for the
construction of an arch pit at Tanjore, and
for the reasons given in his letter of the 8th
ultimo N^o 3938 which is now before the
Government, Mr. Betts submits a protest.

Madras
3rd April 1871

W. Smith Captain,
Dy: Comm. Engineer for Railways

The Secretary to Government
Public Works Department
Fort Saint George.

1871 April
No. of Govt. for Mr. Betts
N^o 1381.
The Dy Comm: Engineer
for Railways
To The Secy to Govt
P. W. Dept
Fort St. George.

N^o 49. A. D.

Dated 24th March 1871
Recd 27th March 1871
Enc: 1.
No 124.

N^o 1154-24 April 71
Submitting
to Govt. letter N^o 3938
dated 8th March 1871
from the Agent of the
G. S. of I. Ry Company
relative to the cost of
all new and additional
works being charged to
the Revenue Account
if the outlay is less than
Rs 5,000.

No 24 Oct/67 N^o 547 sub
" 23 April/70 - 295-296
" 1 March/71 - 3-4

No 364

16 April/71 A-120

No. 3938

GREAT SOUTHERN OF INDIA RAILWAY.

AGENT'S OFFICE.

NEGAPATAM, March 8th 1871.

From

THE AGENT,

Great Southern of India Railway,

To

The Acting Consulting Engineer
for Railways
Madras

SIR,

Your Memo No. 64 of the
3^d Instant, requests me to
give immediate attention to the
orders of Government communicated
in Government order No. 895 of
the 1st idem.

The portion of this paper
is to the effect that the cost of
all new and additional works,
or improvement to an existing work,
or increase to rolling stock,
upon the line which has been
opened for traffic for more than
two years, shall be charged to
the Revenue Account, if the
outlay on such work is less
than

Pro 1st March 1871 8.03-4
PM 10.1.1871

1871. 1st March
10.1.1871
10.1.1871
10.1.1871

To the Agent to Govt
of Madras
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10.1.1871

than Rs 5000.

I wish respectfully to observe that it is not competent, without both parties to the contract consent, for either to alter the terms of that contract.

Clause 12 of the Contract between the East Indian Company and the Great Southern of India Railway Company dated 12 September 1858 stipulates that

- " upon any additions,
- " alterations, or improvements,
- " such as shall properly be
- " chargeable to the Capital
- " account being hereafter
- " made with the sanction
- " and approval of the East
- " Indian Company, &c, or
- " in the said Railway, or
- " the works, conveniences, or
- " telegraphs thereto belonging, or
- " the Engines, Carriages, and
- " other plant and machinery,
- " the cost

" The Cost necessarily incurred
 " in executing such additional
 " alterations or improvements
 " shall be added to the said
 " Capital account "

In November 1869 I
 communicated to my Directors
 the opinion of the Government
 of India (see G.O. N. 3453
 of 24 October '69.) 'that all
 " trifling alterations and
 " additions on open lines
 " should be charged to Revenue
 and the Board after giving the
 subject careful consideration
 directed their Secretary to
 reply to me as follows:—

" The Directors have had under
 " consideration the proceedings
 " of the Madras Government
 " Public Works Department
 " 24 October 1869 etc which
 " it is

" is submitted the approval of
 " the Governor General in Council
 " to the Schedule of works -
 " sanctioned from construction
 " funds during August 1867
 " with the exception so far
 " as relates to the Company
 " of Rspees 1500. The cost of
 " converting the two side arched
 " of the over line Bridge at
 " Lucknow into a Lamp
 " Store Room. The Government
 " of India it is observed is of
 " opinion that all trifling alter-
 " ations and additions on open
 " lines should be charged to
 " Capital. The Board were
 " under the belief that the
 " despatch of the Secretary of
 " State " Railway No 17 of 2d
 " March 1864" had accordingly
 " laid down general Rules
 " for the

" for the appropriation of Expend-
 " -iture to Capital or to Revenue.
 " These rules have been followed
 " and work so satisfactorily that
 " the Board fails to find a
 " reason for their being now
 " disturbed. The directors are,
 " as they have always been adverse
 " to charging Capital with any
 " sums legitimately belonging to
 " Revenue but on the other hand
 " they see no principle in retaining
 " the Capital at the expense of
 " Revenue by burdening the latter
 " with expenditure undoubtedly
 " pertaining to the former
 " account.

" I am further desired to
 " remark that the directors do
 " not consider the amount of
 " Rupees 1500 to which exception
 " appears to have been taken
 " as having been sanctioned
 " out.

" out of Construction funds as
 " a "trifling" amount for the
 " work for which it is estimated
 " to be necessary.

" In many cases where
 " it is doubtful whether expend-
 " iture should be allocated
 " to Capital or to Revenue,
 " and where the amount does
 " not exceed Rs 200 the Director
 " considers it would be advisable
 " to dispose of the question at
 " once by debiting such sum
 " to the Revenue Account."

An outlay of Rupees
 5000 may be deemed a trifling
 addition to make to the expend-
 iture of a Railway Company
 like the East Indian whose
 weekly receipts amount to 5
 lacs, but in the case of the
 Company I represent such an
 addition

No. 306

GREAT SOUTHERN OF INDIA RAILWAY.

AGENTS' OFFICE.

NEGAPATAN

March 2^d 18th

From

THE AGENT.

Great Southern of India Railway.

40

The Acting Consulting Engineer
for Railways
Madras.

SIR,

Your letter of the 20th instant, communicates the sanction of Government to an estimated expenditure of Rs 836 for the construction of an ash pit at Bangalore being charged to Revenue

Allow me to call your
attention to my communication
of the 8th idem regarding the
proposal of the Government of India
to charge to Revenue account
the

[illegible]

1881/1882
Monsieur de la Roche

the cost of new ^{2.} works
If Government sanctions the
construction of any additional
work, the Contract between
Government and the Railway
Company provides that the cost
of such works shall be carried
to the Capital account; and my
communication above referred to
shows that my directors are not
prepared to depart from such
provision to the extent named in
H. O. No 595. a.

I have the honor to be
your most ^{tho} obedt servant

Edmund B. B.
Agent

Pw 8

No 1154.

Proceedings of the Madras Government
Under date the April 1871

Read the following
papers.

From the Congress
for Railways. (N. E. No. 1248/24 March
1871)

From - do - do - N. E. No. 1458/3 April
1871

N.

Ordered that these
papers be forwarded
for the consideration
of the Government of
Madras -

To the Secy Engrs for
Railways

Done 27th April 1871-

Callings attention
to Report letter by the Secy
under the heading of
Revenue relating to
cost of new mail
No. 1154
The Secy Engrs
for Railways
N. E. No. 1248
March 1871
N. E. No. 1458
April 1871

1871/5454
N. E. No. 1248
March 1871

6 Southern of India Railway,
considering that ruling
opposed to the terms of the
Company's contract, is of
opinion that its adoption
cannot be ordered except
with the consent of both
contracting parties.

350
172 Mr. Betts quoted from
a letter from his Board of
Directors dated 16th Decr/69,
in which they remark that,
in cases in which doubts
may be entertained regarding
the incidence of the cost of
a work, it is advisable
that, when the amount does
not exceed Rs 200, it should
be debited to the Revenue
Account. Mr. Betts expresses
his willingness to accept
this limit in lieu of that
laid

396
laid down by the Govt of
India, and he points out
that although Rs 5,000 may
be a trifling charge against
Revenue on one Railway,
it may be a serious item
in the working expenses
of another and would
amount in the case of
the Great Southern of
India Railway to 33
per cent of its weekly
receipts.

172 I am accordingly
to submit the papers with
a view to the question of
the limitation to be
prescribed to expenditure
chargeable to Capital
on such lines as the
Great Southern of India
being

being reconsidered not only
on its own merits but on
that of its legal bearing.
with reference to the terms
of the Company's Contract.

W.B.

Done at New York April 1871
with 25 Cps of Gen. H. G. of 1871

1871
GOVT OF INDIA

PUBLIC WORKS.

Further No. 1074 of 1871
" ~~1074~~ 1075

The Ag Consulting Engrs
for Railways
and
To the Secretary to the
Govt of India

2
24th April 1871

No. 1074 of 1871

[Faint, mostly illegible handwritten text, possibly a letter or report.]