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MADRAS RECORD OFFICE.

Government of Madras.

public works DEPARTMENT.

G.O. No. 3191 Press / Mis.

325-326

Dated 18-12-71 1871.

Not to be folded or roughly handled

Proceedings of the Madras Government, Public Works Department, 18th December 1871.

No. 325. Read the following Proceedings of the Government of India, Public Works Department, (Account—Railway,) dated Fort William, 28th November 1871, No. 717-A. R.:—

Charges to be made by Guaranteed Railway Companies for the conveyance of their own material to be used on construction account

Read the following:—

From the Government of India, to the Secretary of State for India, dated 5th May 1871, No. 43-R.

We have the honour to address your Grace on the subject of the charge to be credited to the Revenue Accounts of Guaranteed Railway Companies for the conveyance of their own railway material on construction account, and to urge the propriety of ruling that all such charges should be fixed at the average cost of carriage to the railway, and should not include any profit.

2. This subject is one which we have previously brought to the notice of Her Majesty's Government, and we would invite your Grace's attention to our Despatch No. 42, dated 6th April 1867, as containing the views which we still hold on the matter. In 1860 the East Indian Railway authorities in this country agreed to a charge of 60 per cent. of the ordinary tariff rates for the conveyance of construction materials on the Bengal portion of their line, such charge being considered sufficient to pay the expense of carriage, and to leave a small margin for contingencies. In July 1863, this arrangement was extended to the remainder of the line. In 1864 the Government of India, being of opinion that to charge tariff rates would be the same as to pay dividends out of Capital, moved in the matter generally, and invited an expression of opinion from all Local Governments concerned with the control of railways as to the fairness of this, or any other fixed proportion of the usual rates.

3. The replies showed that in Bengal, the North-Western Provinces and the Punjab, a charge of 60 per cent. of the ordinary tariff rates was in force, but that in Madras and Bombay the full tariff rates were charged. All the Local Governments were, however, unanimously of opinion that the charge for the carriage of construction materials should be such as would pay the expenses incurred, with a margin for contingencies, but should leave no profit. In consequence of this, we requested Sir Charles Wood to bring the matter before the several Boards of Directors, with a view to a uniform practice being adopted; but the reply (Despatch No. 10 of 7th April 1865) showed that the Directors generally did not think it practicable to arrive at a uniform rate, and they preferred making the ordinary tariff charges.

4. In December 1866, the East Indian Railway Board directed the agency in this country to charge full tariff rates for the transport of these materials, and expressed an opinion that the change from tariff rates should never have been made. This was brought to the notice of Her Majesty's Government in Despatch No. 42 of the 6th April 1867, as opposed to the principle advocated by us, and we urged that the matter should be pressed on the attention of all the Railway Boards; and

that as their objections in 1865 were based chiefly on the fact, that an uniform rate was insisted upon for all railways, this should be modified so far as to allow of a percentage being fixed to suit the circumstances of each railway. Sir Stafford Northcote, however, did not think it advisable to re-open the discussion, and the matter then dropped.

5. The subject has been again prominently brought to our notice by the Government of Bengal in connection with the review of the Revenue Account of the Main Line of the East Indian Railway Company for the half-year ending 31st December 1869, which contains the following remarks.—

> "The public coal traffic during the six months resulted in the favourable increase of nearly 16 per cent in weight, and a corresponding increase in the earnings The earnings from the mercantile coal traffic appear, however, to have somewhat increased, but these again have been lessened by the quantity of coal carried for contractors, to whom only 60 per cent of the tariff rate is charged, the remaining 40 per cent being borne by construction (Engineering Department). Under the head of coal conveyed for construction purposes, the quantity carried during the two half-years under comparison was nearly the same, the amount shown as earnings during the period under review was Rupees 5,294, or 85 per cent in excess of the earnings during the last half of 1868, the explanation being that 40 per cent. of the earnings from the contractor's coal traffic is credited as coal conveyed for construction, the remaining 60 per cent and the whole of the weight being entered as public traffic. It follows, therefore, that the larger the quantity of coal conveyed for contractors, the greater will be the disproportion between the weight of, and earnings from, the construction coal traffic."

6. The particular discrepancy here mentioned is a mere question of statistics, and does not require further notice, but the cause of it is the ruling we deprecate, and we take the opportunity of once more bringing the question under consideration. We regard the matter as one that has a very important bearing on the unhealthy growth of the Capital Accounts, which we are endeavouring to restrain. The opinions of all the Local Authorities are unanimous on the subject, and we trust that your Grace may now agree with us in thinking it desirable that a system which cannot be defended on the grounds of justice, equity, or policy, may no longer be permitted to add to the increasing burdens of the country. Late as it is, there are yet considerable quantities of materials to be distributed for some of the guaranteed lines.

From the Secretary of State for India, to the Government of India, dated 30th August 1871, No 67-R.

Upon receipt of your Excellency's Despatch of the 5th May 1871, No 43, relative to the principle which should regulate the charges to be made by a Guaranteed Railway Company for conveyance of its own materials to be used on construction, I directed a circular to be addressed to the several Boards, requesting them to instruct their Agents to place themselves in communication with the Local

Governments, with the view of fixing rates for the purpose, calculated on the principle that such rates shall cover the cost of conveyance, with a small margin for contingencies, but leaving no profit. Copies of the replies received are transmitted herewith.

2. It will be seen that the Great Indian Peninsula Company already act on the principle referred to, and that the Eastern Bengal, the Madras, the Sindh, Punjab and Delhi, the Great Southern of India, the Oudh and Rohilkhund, and the Carnatic Railway Boards have instructed their Agents to follow the course pointed out.

3. The East Indian and the Bombay and Baroda Boards have, however, declined to adopt that course, but I have informed them that your Government will nevertheless be instructed to fix rates for the purpose, calculated on the principle advocated by you. A copy of the letter* making this intimation is also forwarded.

* Dated 25th August 1871.

From the Under Secretary of State for India, to the Managing Director of the East Indian Railway Company and Secretary, London Board, Bombay, Baroda and Central India Railway Company, dated 25th August 1871

I am directed to acknowledge receipt of your letters of the $\frac{24th}{28th}$ ultimo, Nos $\frac{3\ 877}{739}$, and in reply to express the regret of the Duke of Argyll that the Directors have felt themselves unable to conform to the wishes of Government in regard to the charge to be made in future by Railway Companies for conveyance of their own materials to be used on construction account. The Duke of Argyll, concurring in the views of the Government of India on this subject, especially on the ground that Capital expenditure should be kept down by all practicable means, has informed that Government that future rates for the conveyance of materials to be used for construction purposes on the Companies own lines should, as the Government propose, be calculated on the principle of such rates covering actual cost of conveyance, with a small margin for contingencies, but leaving no profit

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Resolution —The Secretary of State having ruled that the rates to be charged by Guaranteed Railway Companies for the conveyance of their own material for construction purposes shall be so fixed as to cover the cost of conveyance with a small margin for contingencies, but leaving no profit, the needful change will be brought into operation on all Guaranteed Railways from the 1st of January 1872, the rates proposed for each railway with the data on which they are based being reported to the Government of India for confirmation.

Order —Ordered that the foregoing be communicated to the Local Governments and Officers named in the margin for information and guidance.

Governments of Madras and Bombay, Consulting Engineers to Government, Calcutta, Lahore, and Lucknow.

Ordered also that a copy be forwarded to the Financial Department and the Accountant-General, Public Works Department, for information.

(Signed) C. H. DICKENS, Colonel, R.A,
Secretary to the Government of India.

Proceedings of the Madras Government, Public Works Department,
13th December 1871

No. 326. ORDER THEREON, 13th December 1871, No. 3,191.

RAILWAY, No. 52.

COMMUNICATED to the Consulting Engineer for Railways for information and guidance.

(True Extract.)

Captain, R E,
Offg. Joint Secretary to Government.

No. 5820.

GOVERNMENT OF INDIA

PUBLIC WORKS DEPARTMENT.

ACCOUNT.
Railway

To

No. 717 A—R.

Dated November 28, 1871.

Received 7 December 71.

Charges to be made by Guaranteed Railway Companies for the conveyance of their own material to be used on Construction account.

P W D Press—29 11 71—62.

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C . of [1871] Madras.

PUBLIC WORKS.

To Hertz-Consulting Engr.
for Railways

Ent'd:

Ind.

Ord 18th Decr 71, No 3191.

No. 325 & 326

Guaranteed By Companies.

Rec. Mad Govt Order re-
garding the charges to be
made by Guaranteed Rly Cos
for the conveyance of Stores
own material store used
in Construction Accounts
Com. & Mad Engineer Railways