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MADRAS RECORD OFFICE.

Government of Madras.

Public Works DEPARTMENT.

G.O. No.	1981-82	Press
35-3001		Mis.
Dated	11-6	18

Not to be folded or roughly handled

*Proceedings of the Madras Government, Public Works Department,
4th June 1872.*

No. 35. Read the following endorsement of the Secretary to the Government of India, No. 109 $\frac{3}{4}$ A—I :—

Despatch from the Government of India, Public Works Department, (Account—Irrigation,) to His Grace the Right Honourable the Duke of Argyll, K. T., Secretary of State for India, dated Fort William, 20th March 1872, No. 38.

We have the honour to forward herewith, for your Grace's information, the Budget Estimate of the Madras Irrigation and Canal Company for 1872-73.

2. It will be observed from the estimate that up to the end of 1872-73, the working expenses of the Company are likely to be in excess of the gross receipts by Rupees 50,305 as follows :—

	1871-72.	1872-73.	Total.
	RS.	RS.	RS.
Receipts	15,000	50,000	65,000
Expenses	61,377	75,792	1,37,169
Deficit	46,377	25,792	72,169
Deduct balance in favour of revenue at end of 1870-71			21,864
Probable net deficit to end of 1872-73			50,305

3. The question, as to the manner in which this deficit should be met, has received our attention, and we have decided that it should for the present be provided for from the Ordinary grant assigned to Madras for Irrigation Works; but we do not consider this as a final or satisfactory solution of the question. By paragraph 21 of the Contract with the Irrigation Company, it is provided that, if the works are not kept in good repair and in good working condition, the Government of Madras can execute the necessary repairs, the cost of so doing being met from the amount payable for guaranteed interest.

4. In the present case, should the estimate prove correct, the funds for the purpose will have to be advanced by the State, and we are of opinion that the strict letter of the Contract should be enforced, and that the net amounts advanced should be recovered from the guaranteed interest payable to the Company. This, however, is a point which can be decided by your Grace alone. But we may observe that, in our opinion, the charge to the State, arising from the operations of the Madras Irrigation and Canal Company is already excessive, and that we hope that the decision that may be arrived at will have the effect of preventing any increase to that charge.

No. 109 $\frac{1}{2}$ A—I.

Copy to Financial Department for information.

Copy to Secretary to Government of Madras for information, with reference to his letter No. 270, dated 16th February 1872.

(Signed) C. H. DICKENS, Colonel, R.E.,
Secy. to the Govt. of India.

*Proceedings of the Madras Government, Public Works Department,
4th June 1872.*

No. 36. ORDER THEREON, 4th June 1872, No. 1,381.

IRRIGATION, No. 3.

COMMUNICATED to the Chief Engineer
for Irrigation.

Ordered that the following letter be sent :—

(Here enter No. 1382, dated 4th June 1872.)

(True Extract.)

Colonel, R.E.,

Secretary to Government.

To the Acting Chief Engineer for Irrigation.
„ Controller of Public Works Accounts.

Exd. S. T. Augustin.

PUBLIC WORKS DEPARTMENT,
FORT ST. GEORGE, 4th June 1872.

No. 37.

No. 1,382.

To

THE SECRETARY TO THE GOVERNMENT OF INDIA,

PUBLIC WORKS DEPARTMENT.

IRRIGATION, No. 4.

SIR,—I am directed to address you,
for the information of the Government
of India, on the subject of the orders

passed by that Government on the Madras Irrigation Budget for 1872-73, directing
that the estimated deficit in the revenue of the Madras Irrigation and Canal
Company, amounting to Rupees 50,305, should be made good out of the Ordinary
Agricultural grant to this Presidency, and to deprecate strongly on behalf of this
Government the arrangement thus made.

2. I am to point out that the funds annually allotted in the Imperial Budget
for the construction of Agricultural works, more especially for the up-keep of those
already existing in such vast numbers throughout this Presidency, and on which
the revenue so largely depends, has for several years past been very insufficient
and always below the estimate made of the requirements, and further that the
amount asked for by this Government for the current year under the head in
question was twenty-six lakhs, while the grant, supplemented by an addition recently
made in response to a further appeal to the Government of India, is only 23½ lakhs.
I am to add that there is ample field for the expenditure of the whole sum on New
Works and Repairs, which would be almost immediately re-productive, and to point
out that when the Public Works Budget was framed no provision was made for
this new and unexpected charge.

3. I am to say that this Government entertains a strong hope that on a review
of the circumstances attending the original formation of the Irrigation Company
and the conduct and control of its affairs (in which this Government have had no
authoritative decision), the Government of India will arrive at the conclusion that
it would be inequitable to throw on this Presidency the whole burden of the charge
in question.

4. In the view taken by this Government the object for which the Company
was incorporated was Imperial in its scope, for it included the construction, main-
tenance, and working (under the sanction and with the support of the Government
of India) of irrigation works and navigable canals not only throughout the
Presidency of Madras, but in the territories of Berar, Hyderabad, Cochin, Mysore,
Nagpore, the South Mahratta country, Travancore, and the Lower Provinces of
Bengal.

5. The object in view by the Secretary of State for India in Council, when
pledging the credit of the Government of India as security for a minimum rate of

interest on capital expended and associating it with the Company in its enterprise was equally Imperial in character, for it was to make a first experiment in testing the feasibility of carrying out works of public utility of that nature in this country, by means of private enterprise and capital, a policy which was at that time clamoured for, and which many expected would attain gigantic development with equal benefit to India and to those who combined for the purpose of executing the works.

6. The selection of the particular field on which the experiment was to be made fell on a district within this Presidency, and the result has been so far a failure, entailing a burden on the resources of the country; but the experience gained has led to a condemnation on unassailable grounds of the policy then initiated, and the arrangements now made by the Government of India for carrying out the large irrigation projects projected in the North-West Provinces, the Punjab, and the country generally, under the better auspices of State management and resources, are a realization of the benefit derived throughout the empire from that experience.

7. It would seem to follow, I am to observe, that the whole cost of the experiment should be treated as an Imperial charge. The Orissa works lately purchased by the State cannot, it is presumed, yet pay interest on the purchase money, yet they are regarded as Imperial investments, and any loss entailed by them is not charged to the "Ordinary" Public Works assignment of Bengal. Railways which do not yield the guaranteed rate of interest are similarly treated. The circumstance that in this instance the deficit is in Revenue and not in Interest on Capital does not, I am to submit, affect the principle involved.

I have the honour to be,

Sir,

Your most obedient servant,

Colonel, R.E.,

Secretary to Government.

[illegible]

1889. I am to point out that the funds annually allotted in the Imperial Budget for the construction of Agricultural works, more especially for the upkeep of those already existing in such vast numbers throughout this Presidency. And as while the Revenue so largely depends, has for several years past been very unsufficient & always below the estimate made of the requirements, I further that the amount asked for by this Govt for the current year under the head in question was 26 Lakhs while the grant, supplemented by an

Auditors recently made in response to a further to the Govt of India is only 23 1/2 Lakhs. I am to add that there is ample field for the expenditure of the whole sum on new works & repairs, which would be almost immediately reproductive, and I am to say that this Government entertains a strong hope that on a review of the circumstances attending the original formation of the ^{Presidency} Company and the Conduct and Control of its affairs (in which this Govt have had no authoritative decision) the Govt of India will arrive at the conclusion that it would be inequitable

to throw on this Presidency
the whole burden of the
Charge Question.

In the view taken by this
Govt: the object for which
the Company was incorporated
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Sanction & with the support
of the Govt of India) of
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of Madras but in the
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Gochar, Mysore, Nagpore,
the South Mahratta Country,
Travancore & the Lower
provinces of Bengal.

The object in view by the
Secretary of State for India

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the credit of the Govt of India
as security for a minimum
rate of interest on
Capital expended and
apportioning it to the
Company in its enterprise
was equally Imperial in
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in testing the feasibility
of carrying out works of
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by means of private
enterprise and Capital,
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& which many expected
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treated. The circum-
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instance the defect
is in the source but
in the trust or capital
for which I am the
principal involved.

It is a fact that in this
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in the trust or capital
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principal involved.

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instance the defect
is in the source but
in the trust or capital
for which I am the
principal involved.

Done at New York
this 5th day of June 1872
Witness my hand and seal
this 5th day of June 1872

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Govt of 1872 Madras.

PUBLIC WORKS.

To The Chief Eng^r. for
Irrigation
and

To The Secretary to the
Govt of India

Date

Recd.

Encl.

G. O. 4th Series 2 1381-1382

Nos. 35-36827

Deficit (Rupees Dr. & Cr.)

Letter from the Gov^t of India
referring for decision the
sums in which the pro-
bable deficit of Rs. 50,305,
in the Rev^d Accts of the Gov^t
Dr. & Cr. up to end of 1877
should be met.