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MADRAS RECORD OFFICE.

Government of Madras.

Public works **DEPARTMENT.**

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Not to be folded or roughly handled

PUBLIC WORKS DEPARTMENT,
OOTACAMUND, 27th August 1872.

No. 432.

No. 2,036.

To

THE SECRETARY TO THE GOVERNMENT OF INDIA,

PUBLIC WORKS DEPARTMENT.

CIVIL WORKS, No. 29.

SIR,—Adverting to my letter of the 29th May 1872, No. 1,342, urging the expediency of proceeding with the

project of constructing a breakwater at Madras, which formed the subject of Colonel Orr's letter of the 17th March 1869, and of the report sent therewith, I am directed to submit, for the consideration of His Excellency the Viceroy and Governor-General in Council, the following remarks regarding the financial returns, which may be counted on to defray the interest on the sum raised for the construction of the work, and to provide a sinking fund from which the debt incurred may be eventually repaid.

2. This subject is referred to at some length in the 31st and following para-

* A copy of the Report is sent herewith for facility of reference.

† The sum named in the 36th paragraph of the Report is Rupees 7,28,750, but the calculation made in the next paragraph reduces it to the sum entered in the text.

graphs, and in the Appendices of the Report* of the Committee which was laid before the Government of India with the letter above alluded to. It is there suggested that an annual revenue of Rupees 7,21,250† may be raised by

imposing a special *ad valorem* duty of 1 per cent. on the imports and exports of the port, and by raising the port dues from the present maximum rate of 3 Annas per ton to rates ranging from 8 Annas per ton in the case of steamers to 1 Rupee per ton in the case of sailing ships, British and Foreign; such special duty being merely in substitution of the charges which the trade now incurs in the payment of high rates of boat-hire and insurance, and not entailing any additional burthen on the trade of the port. The receipts from the duty or toll are estimated at Rupees 5,00,000, the annual value of the import and export trade, including specie, being about Rupees 50,000,000 or five millions sterling. The estimated receipts from increased rates of port dues—

At 8 Annas per ton for steamers,
„ 12 do. for native craft, and
„ 16 do. for ships,

are put down at Rupees 2,21,250, but from this must be deducted the dues now levied which go to the Port Fund and towards defraying the existing expenses of the port, and which in the official year 1870-71 amounted to Rupees 36,518, thus reducing the general receipts which will be available from this source for defraying the cost of the breakwater to Rupees 1,84,732, and the total annual receipts available for the same purpose to Rupees 6,84,732, or a little over 5 per cent. of the estimated outlay of 1½ million sterling.

3. These estimates, however, take no account of the probable expansion of trade, which it is only reasonable to anticipate, as a result of converting the present open and dangerous roadstead into a safe harbour; and, in the opinion of the Governor in Council, it is not too much to expect that the construction of the projected work will be followed by such an increase in the trade and shipping of the port as will readily admit of a return of 6 per cent. on the outlay from the sources above indicated. To these sources may be added the increase in the customs revenue of the Presidency, which can scarcely fail to result from the change, and on the other hand the cost of maintaining the work when constructed will be inconsiderable. Assuming, then, that the required capital can be raised at 4 per cent., and this in the present state of the money market would seem to be perfectly feasible, the project appears to present sufficient security for payment both of interest and sinking fund on the sum borrowed for the purpose.

4. In the letter from the Chamber of Commerce of Madras, of which a copy is enclosed, it is represented that, for the future and for the reasons there stated, a large increase must be expected in the number of steamers, as compared with that of sailing vessels, resorting to Madras. In that case it will be necessary, in order that the sums estimated (as above stated) by the Committee as the probable annual produce of the proposed port dues may be obtained from them, to re-adjust as between steamers and sailing vessels the rate of the proposed dues. It will be observed that the Chamber of Commerce considers that, in view of the probable substitution of steamers for sailing vessels in this traffic, the advantages to be derived from the proposed breakwater will be diminished, and that the Chamber is unfavourable to the project if it is to imply any material increase in the burthens imposed upon shipping and trade. Upon this the Governor in Council would observe that the proposed increase of the port dues can by no means be considered as *pro tanto* an increase of the burthens on shipping and trade since a large reduction must be made from them (as explained in the Committee's Report and especially in paragraphs 32—34) on account of the heavy expense and loss of time now incurred in landing goods, and the high rate of insurance on shipping, which are at present rendered necessary by the defenceless condition of the anchorage, and further that (apart from this consideration) the port dues proposed are far lighter than those which are levied in the ports of Calcutta and Bombay.

5. The Governor in Council is of opinion that the work should be treated as an Imperial, and not as a Local project. It is not a case to which the provisions of Act XXIV. of 1871 (the Local Public Works Loan Act of 1871) would be applicable; for it is not intended that the construction of the work or the collection of the dues shall be entrusted to the Municipality of Madras, or to any other local or corporate body. It is true that the existing port dues do not form a part of the Imperial revenues, but constitute a special fund, which by law is, with certain exceptions, only applicable to the port or group of ports in which it is raised. The collection and management of these dues are however entrusted, not to any municipal or local body, but to the officers of the Customs and Marine Departments acting under the orders of the Government. In the event of the project now under consideration being carried out, it will be necessary to pass an Act providing for the collection of port dues at rates higher than that sanctioned by the existing law, and for the levy of an *ad valorem* duty or toll on exports and imports, withdrawing, at the same time, the port of Madras from the operation of those provisions in the Madras Act VII. of 1867, which permit of the funds of the Madras port being applied to the purposes of any port in the eastern group. This will be

a matter for local legislation, but the work will be as essentially an Imperial work as any of the great works for extending irrigation, or for facilitating communication, which are now being constructed from loan funds.

6. With these remarks I am directed to express the earnest hope of the Madras Government that this important, and, as His Excellency in Council believes, most valuable and necessary project, will receive the favourable consideration of the Government of India.

I have the honour to be,

Sir,

Your most obedient servant,

(Signed) G. W. WALKER, Colonel, R.E.,

Secretary to Government.

P. S.—This letter meets the call in letter from Government of India, dated 9th August 1872, No. 358 B. C., received after it was written.

(Signed) G. W. W.

Exd. E. C. Shunker.

N^o 2036

In the Secretary to the Govt.

of India.

Public Works Dept.

Adverting to my letter

of the 17th March 1869 and

last, urging the expediency of

proceeding with the project of

constructing a Breakwater at

Madras, which formed the

subject of Colonel M^r letter

of the 17th March 1869 and

of the Report sent therewith, I

am directed to submit for

the consideration of H. E. the

Viceroy and for General in

Council the following remarks

regarding the financial returns,

which may be counted on to

defray the interest on the loan

raised for the construction of

of the work, and to provide a
linking fund from which the
debt incurred may be eventually
repaid.

2. This subject is referred
to at some length in the 31st
and following paragraphs and
in the appendices of the Report
of the Committee which was laid
before the Government of India
with the letter above alluded to.
It is then suggested that an
annual revenue of Rs 72,12,500
may be raised by imposing a
differential ad valorem duty of 1 per
cent on the imports and exports
of the Port; and by raising the
port dues from the present maximum
rate of three annas per ton to
rates ranging from eight annas per
ton in the case of Steamers to six
annas per ton in the case of sailing
ships British & Foreign, and local
duty being merely in substitution

* A copy of the Report sent
herewith for facility of reference.

The sum mentioned in the 36th para.
of the Report is Rs 72,87,500, but the
calculation herein the next para.
reduces it to the sum entered in
the text.

of the charges which the trade has
to bear in the payment of high
rates of boat hire and insurance,
and not entering any account
of the cost of the trade of
the Port. The receipts from the
duty on toll are estimated at
Rs 5,00,000, the annual value
of the import and export trade,
including Opium, being about
Rs 50,00,000 or five millions
sterling. The estimated receipts
from increased rates of Port
dues

at 8 annas per ton for Steamers
12 do for Native Craft
16 do for Sailing
are put down at Rs 22,12,500, but
from this must be deducted
the dues now levied which, for
the Port Fund and towards
defraying the existing expenses
of the Port, and which in the
Official years 1870-71 amounted
to Rs 3,60,000, thus reducing the
general receipts which will be

Available from this source for
defraying the cost of the Breakwater
to Rs 184,732, and the total annual
receipts available for the same
purpose to Rs 684,732, or a little
over five per cent of the estimated
outlay of 1 1/3 million sterling.

3. These estimates however
take no account of the probable
expansion of trade, which it is
only reasonable to anticipate, as a
result of converting the present open
and dangerous anchorage into
a safe harbour, and in the opinion
of the previous Council it is
not too much to expect that the
construction of the projected work
will be followed by such an
increase in the trade and shipping
of the Port, as will readily admit
of a return of six per cent on the
outlay from the sources above
indicated. To these sources may
be added the increase in the
Customs revenue of the Presidency,

which can scarcely fail to
result from the change, and on
the other hand the cost of maintaining
the work when constructed will be
inconsiderable. Assuming then
that the required capital can be
raised at four per cent, and
this in the present state of the
money market would seem to be
perfectly feasible, the project
appears to present sufficient security
for payment both of interest and
sinking fund on the sum borrowed
for the purpose.

4. In the letter from the
Honorable Council of Madras
which a copy is enclosed it is
represented that for the future
and for the reasons there stated, a
large increase must be expected
in the number of steamers, as com-
pared with that of sailing vessels,
resorting to Madras. In that
case it will be necessary, in order
that the sums estimated (as above
stated)

by the Committee as the probable
annual produce of the proposed
port dues may be obtained from
them; to be paid as between steamers
and sailing vessels, the rate of the **proposed**
dues. It will be observed that
the Chamber of Commerce considers that
in view of the probable institution
of steamers for sailing vessels in this
harbour, the advantages to be derived
from the proposed new water will be
diminished, and that the Chamber
is unfavorable to the project if it is
simply any material increase in
the burthens imposed upon shipping and
trade. Upon this the previous
Committee Unit observing that the
proposed increase of the Port dues can
in no means be considered as pro-
ducing an increase of the burthens on
shipping and trade, since a large
reduction must be made from them
(as explained in the Committee's Report
and especially in paras 32-34) on
account of the heavy expense and loss of
time now incurred in landing goods,

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and the high rate of insurance on
shipping, which are at present indeed
recovery of the defenceless condition
of the anchorage and further, that
(apart from this consideration) the
Port dues proposed are far lighter
than those which are levied in the
Port of Calcutta and Bombay.
The previous Committee is of
opinion that the work should be
treated as an Imperial, and not as
a local project. It is not a
case to which the provisions of
Act XX of 1871 (the Local Public
Works Loan Act of 1871) could be
applicable, for it is not intended
that the construction of the work or
the collection of the dues, shall be
entrusted to the Municipality of
Madras, or to any other local or
Corporate body. It is true the existing
Port dues do not form a part of
the Imperial Revenues, but constitute
a Special Fund, which by law is,
with certain exceptions, only applicable
to the Port or group of Ports in which
it is raised. The collection and
management of these dues are under

interested, not to any municipal or
local body but to the officers of the
Customs and Marine Department acting
under the rules of the Government.
In the event of the project now under
consideration being carried out, it
will be necessary to pass an Act
providing for the collection of Port
dues at rates higher than that
prescribed by the existing law, and
for the levy of an ad valorem duty
on toll on imports and exports,
withdrawing at the same time the
Port of Madras from the operation of
the provisions in the Madras Act
of 1867, which permit of the funds
of the Madras Port being applied to
the purposes of any Port in the Eastern
Group. This will be a local question
for local legislation, but the work
will be as essentially an Imperial
work as any of the great works for
extending irrigation, or for facilitating
communication, which are now being
constructed from loan funds.

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6. With these remarks I am
directed to express the earnest
hope of the Madras Government
that this important, and as I
I. in Council believe most
valuable and necessary project
will receive the favorable con-
sideration of the Government of
India.

F. S.

This letter meets the
call in letter from
Govt of India 27th
August 1872 No. 358.
B.C. received after it
was written.

Not announced }
27th August 1872 }

has Recd 27/8/72 with copy
of Govt 866 & 17: has recd 1/72
with report of the Committee,
& a copy of letter from the
Chairman of the Chamber of
Commerce 26th July/72-

G. W. Little signed by G. W. Little
18 of 1872

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L. D.

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Gobt. of 1872 Madras.

PUBLIC WORKS. ✓

To The Secretary to the Govt.
of India

Dated

Recd.

Encl.

G. 027th Aug 52. No. 2036.

Nos. 432

Offering Remarks re-
garding the financial returns
which may be cranked on
to defray the interest on the
loan raised for the construction
of a breakwater at Madras
by the means of eventually
repaying the debt.