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MADRAS RECORD OFFICE

Government of Madras

Public Works DEPARTMENT

G.O. No. ~~B.P. No.~~ 180-181-182	2494-98	Press ~~Mis.~~
Dated	13 — 10.	195 1873

Not to be folded or roughly handled

No. 180. Read the following letter from Lieutenant-Colonel J. H. M. SHAW-STEWART, R.E., Consulting Engineer for Railways, to Colonel G. W. WALKER, R.E., Secretary to Government, Public Works Department, dated Madras, 17th September 1873, No. 493 :—

WITH reference to paragraph 4 of Public Works Department letter, No. 376 A.—G. R., dated 22nd July 1873, recorded in the Order of Government marginally noted, I have the honour to submit letter, No. 290, dated 9th September 1873, from the Agent of the Carnatic Railway, and to request that it may be referred for the further orders of His Excellency the Governor General in Council.

No. 2,004, 12th August 1873.

2. In my letter No. 243, dated 1st May 1873, I stated that I agreed with the Agent and the Examiner in recommending that the subject of the apportionment of the general charges of the Carnatic Company should be deferred until the impending amalgamation with the Great Southern of India Railway had been carried into effect, when the ratio to be adopted might be settled on a consideration of the circumstances of the entire line. In the letter herewith enclosed Mr. Fisher repeats that opinion, and submits for "the consideration of Government the propriety of further postponing any change in dealing with these charges until the accounts of the Great Southern of India and the Carnatic Railways are fused."

3. The Agent explains that a literal compliance with the directions of the Government of India, viz., to apportion the general charges between the two accounts in the ratio of Capital outlay to Revenue outlay *plus* Earnings, would have the effect of increasing the Revenue proportion from 10 to 38 per cent., or of increasing the aggregate for the half-year ending 30th June 1873 from Rupees 2,472 to Rupees 7,416. In this case the sum to be charged against Revenue, as the proportion of general charges, would amount to about 74 per cent. of the whole working expenses of the line. The Agent contends that the establishments are maintained almost exclusively for the purposes of construction; and that, though little work is being done at present, Capital should still bear the cost of them, *minus* a fair charge to Revenue for the service performed on that account. The Examiner considers that there is much force in this argument, and points out that the general charges for the past half-year amounted to 17½ per cent. of the working expenses, which is about 10 per cent. higher than on the Madras Railway; and that, though it is to be expected that the proportion would be greater on a small railway with little traffic than on a large railway, the difference is so great that it may be assumed that Revenue under existing arrangements on the Carnatic is fully paying its share, and that to increase the amount would be to unduly burden that account.

Memorandum No. 712, dated 13th Sept. 1873.

4. Under the circumstances, it seems to me that it is not at present desirable to make any change, and I beg that the Government of India may be moved to reconsider the matter.

From J. T. FISHER, Esq., Agent and Manager of the Carnatic Railway Company, to Lieutenant-Colonel J. H. M. SHAW-STEWART, R.E., Consulting Engineer for Railways, dated Madras, 9th September 1873, No. 290.

WITH reference to your letter dated 22nd ultimo, No. 235, I have the honour to state that I have been in communication with the Government Examiner, Railway Accounts, with a view

to submitting proposals for giving effect to the wishes of the Government of India as expressed in the Public Works Department letter, No. 1,484 A. R., of the 25th October 1872, G. O., No. 2,609, dated 6th November 1872.

2. The difficulties with which this subject is surrounded remain however the same as when it was last under consideration, and when I point out that a literal compliance with the directions of Government would have the effect of increasing the Revenue proportion of general charges from 10 to 38 per cent., or of from an aggregate for the half-year ending June 1873 of Rupees 2,472 to Rupees 7,416, I think you will agree with me that the effect of the order has not been fully comprehended; and if this latter sum is to be charged against Revenue as the proportion of general charges, it will amount to no less than 74 per cent. of the whole working expenses of the line. Under these circumstances I beg again to submit, for the consideration of Government, the propriety of further postponing any change in dealing with these charges until the accounts of the Great Southern and Carnatic Companies are fused, when doubtless some general arrangement may be arrived at which may be fairly applicable to both undertakings; but if in the interim a change in the accounts of this Company is insisted upon, on the basis of the Government Order, under reference, I am of opinion that it can only be equitably arranged by adopting an arbitrary estimated amount of Capital outlay for the current half-year, on the principle alluded to in my letter dated the 22nd March 1872, No. 379.

Memorandum from R. K. WILLIAMS, Esq., Officiating Examiner of Railway Accounts, to Lieutenant-Colonel J. H. M. SHAW-STEWART, R.E., Consulting Engineer for Railways, dated Madras, 13th September 1873, No. 712.

Consulting Engineer's Memorandum, No. 871, of the 10th instant, forwarding, for remarks, a letter from the Agent of the Carnatic Railway regarding the division of general charges.

2. The difficulty in the way of the introduction for the current half-year of the system proposed by the Government of India is the slow progress which is being made with construction expenditure. In this respect the position of the Company at present would seem to be very nearly what it was when the matter was discussed with Captain Filgate.* Making the apportionment upon the result of a half-year's transactions a Capital expenditure during the half-year of Rupees 2,80,000 would be required to retain the proportion of general charges which would be borne by Revenue under the system, within its limit under present arrangements. For the past two months, however, the expenditure has only reached about 20,000 Rupees, and with the interruption to work which will be caused by the monsoon the Agent considers it improbable that Rupees 2,55,000 will be expended during the remainder of the half-year. Supposing the expenditure to continue at its present rate the result would be, as stated by the Agent, to increase proportion borne by Revenue from 10 to about 38 per cent., and to raise the general charges to over 70 per cent. of the total working expenses. The Agent contends that the establishments are maintained almost exclusively for the purposes of construction, and that though but little work may be done, Capital should still bear the cost of them, *minus* a fair charge to Revenue for the service performed on its account. It appears to me there is much force in this. The general charges for the past half-year amount to 17½ per cent. of the working expenses, which is about 10 per cent. higher than on the Madras Railway, and though it is to be expected that the proportion would be greater on a small Railway with little traffic than on a large Railway, the difference is so great that, I think, it may be assumed that Revenue under existing arrangements is paying fully its share, and that to increase the amount would be to unduly burden that account.

3. To make the division upon estimated Capital outlay on the principle stated in Agent's letter published in G. O., No. 2,902, of the 9th December last, would not, I consider, at present work fairly. When the Capital expenditure is progressing at the rate estimated in that letter, some considerable addition to establishment will have become necessary, and to apply that estimate to the apportionment of the present establishment would be to unduly favour Revenue.

* G. O., No. 833, of 17th March 1873, paragraph 5 of Report.

4. Under the circumstances, I am disposed to concur with the Agent that it is not at present desirable to make any change.

No. 181. Order thereon, 13th October 1873, No. 2,497.

RAILWAY, No. 35.

Ordered that these papers be forwarded for the consideration of the Government of India with the recommendation of His Excellency the Governor in Council that no change be made in the method of adjusting general charges between Capital and Revenue on the Carnatic Railway till the fusion of the accounts of the Amalgamated Company has been carried into effect.

(Here enter No. 2,498, dated 13th October 1873.)

(True Extract.)

Colonel, R.E.,
Secretary to Government.

To the Consulting Engineer for Railways.

Exd. S. T. Austin.

Spare Copies.

PUBLIC WORKS DEPARTMENT,
OOTACAMUND, 13*th October* 1873.

No. 182.

No. 2,498.

FROM

COLONEL G. W. WALKER, R.E.,

Secretary to the Government of Madras,

Public Works Department.

To

THE SECRETARY TO THE GOVERNMENT OF INDIA,

Public Works Department.

RAILWAY, No. 36.

SIR,—Adverting to paragraph 4 of your letter, No. 376 A.—G. R., dated 22nd July 1873, expressing the opinion that, for the present, the general charges of the Carnatic Railway Company may well be apportioned between the Capital and Revenue Accounts in the ratio of Capital outlay to Revenue outlay *plus* Revenue earnings, I am directed by His Excellency the Governor in Council to submit, for the consideration of the Government of India, the accompanying correspondence, in which it is explained that, under the exceptional circumstances of this Company, the suggested arrangement would have the effect of burdening Revenue to an undue extent. I am accordingly to recommend, pending the fusion of the accounts of the amalgamated Company, that existing arrangements under which the ratio of general charges to working expenses is considerably higher than on the Madras Railway, may be allowed to remain undisturbed.

I have the honour to be,
Sir,
Your most obedient servant,

Colonel, R.E.,
Secretary to Government.

Exd. S. T. Austin.

Spare Copies.

From

The Examiner,
Railway Accounts,
Madras,

To

The Consulting Engineer
for Railways

Dated 13th September } 1873.
Recd. 15th }

No. 712

Returning letter No. 290 from the Agent & Manager, Carnatic Railway 8/9th September 73 with certain remarks regarding the apportionment of General charges.

Examiner, Railway Accounts,
Madras.

G.O. No. 249 - 18th October 73
P.W. 5710/73-74

Carnatic Railway Company, Limited,

AGENT'S AND MANAGER'S OFFICE,

MADRAS, 9 September 1873

No. 290 Fin

From

The Agent & Manager.
Carnatic Railway Co.

To

The Consulting Engineer.
for Railways.
Madras.

Sir

With reference to your letter dated 22nd Ult. No. 235. I have the honor to state that I have been in communication with the Govt. Examiner Railway Accts. with a view to submitting proposals for giving effect to the wishes of the Govt. of India as expressed in the P. W. Dept. letter No. 1184 A.R. of the 25 October 1872 G. O. No. 2609 dated 6 Novr. 1872.

The difficulties with which this subject is surrounded remain however the same as when it was last under consideration, & when I point out that a literal compliance with the directions of Govt. would have the effect of increasing the Rev. proportion of General Charges from 10 to 38% or of from an aggregate for the 1/2 year ending June 1873 of Rs. 2472 to Rs. 7416. I think you will agree with me that the effect of the order has not been fully comprehended, and if this latter sum is to be charged against Revenue as the proportion of General Charges it will amount to no less than 74% of the whole working expenses of the line. Under these circumstances I beg again to submit for the

Consideration

consideration of Govt. the propriety of further post poning any change in dealing with these charges until the accounts of the G. Southern and Carnatic Cos. are fused — when doubtless some general arrangement may be arrived at which may be fairly applicable to both undertakings, but if in the interim a change in the accounts of this Co. is insisted upon, on the basis of the G.O. under reference I am of opinion that it can only be equitably arranged by adopting an arbitrary estimated amount of Capital Outlay for the Current ½ year - on the principle alluded to in my letter dated the 22d March/72 No 379.-

I have the honor to be,
Sirs,
Your most Obedt. Servt.

Joe T. Fisher
Agent & Manager

From
The Agent and Manager
Carnatic Railway Co
To
The Consulting Engineer
for Railways
Dated 4th Sept.
Recd 10. 1873
Ft. St. No 290 -

In the Subject of the apportionment of General Charges between Capital & Revenue
GO No: 2497 - 15th October 72
P.W. 5716/73.

Railway Department. CONSULTING ENGINEER'S OFFICE.

No. 493

From

LIEUT.-COLONEL J. H. M. SHAW STEWART, R.E.,

Consulting Engineer for Railways,

To

COLONEL G. W. WALKER, R.E.,

Secretary to Government,

Public Works Department,

Fort Saint George.

SIR,

With reference to paragraph 4 of Public Works Department letter No. 376 - a - G. P., dated 22nd July 1873, recorded in the Order of Government marginally noted, I have the honour to submit letter No. 290, dated 9th September 1873, from the Agent of the Carnatic Railway, and to request that it may be referred for the further Orders of His Excellency the Governor General in Council.

No. 2004 - 12th August 1873.

2. In my letter No. 243 dated

dated 1st May 1873, I stated that I agreed with the Agent and the Examiner in recommending that the subject of the apportionment of the general charges of the Carnatic Company should be deferred until the impending amalgamation with the Great Southern of India Railway had been carried into effect, when the ratio to be adopted might be settled on a consideration of the circumstances of the entire line. In the letter herewith enclosed Mr. Fisher repeats that opinion, and submits for the consideration of Government the propriety of further postponing any change in dealing with these charges until the accounts of the Great Southern of India and the Carnatic Railways are fused".

3. The Agent explains that a

1911 2

literal compliance with the direction of the Requirements of India, namely, to apportion the general charges delivered the Line accounts in the ratio of Capital outlay to Revenue outlay, plus earnings, would have the effect of increasing the Revenue proportion from 10 to 38 per cent, or of increasing the aggregate for the half-year ending 30th June 1873 from Rs. 2492 to Rs. 7416: In this case the sum to be charged against Revenue, as the proportion of general charges, would amount to about 7¼ per cent of the whole working expenses of the line. The Agent contends that the establishments are maintained almost exclusively for the purposes of construction; and that, though little work is being done at present, Capital

should

should still bear the cost of them, mineis a fair charge to Revenue for the service performed on that account. The Examiner considers that there is much force in this argument; and points out that the general charges for the past half year amounted to 17½ per cent of the working expenses, which is about 10 per cent higher than on the Madras Railway; and that, though it is to be expected that the proportion would be greater on a small railway with little traffic than on a larger railway, the difference is so great that it may be assumed that Revenue under existing arrangements on the Carnatic is fully paying its share, and that to increase the amount would be to unduly burden that

account.

Memo. No 1412 - dated 13th Sept/73.

account.

4. Under the circumstances it seems to me that it is not at present desirable to make any change, and I beg that the Government of India may be moved to reconsider the matter.

I have the honour to be

Sir

Your most obedient servant

Madras
17th September
1873

Lt. Col., R.E.,
Cons. Engineer for Railways.

17P

3

P.W. 1873. Department
No: of Govt for Rlys.

RAILWAY DEPARTMENT.

1873.

From No. 5116.

The Consulting Engineer
for Railways,

To

The Secretary to Government,
P. W. Department,
Fort Saint George.

Dated 17 Sept 1873.
Recd. 18

Encs 2. No. 493.

Submitting
correspondence
on the subject of the
apportionment of
general charges
of the Carnatic
Railway.

No. 180.

Noted to Govt 19 Sept 1873. Pencil

No. 2497-2498-13 act 4/73

Railway till the division
of the Accounts of the
Amalgamated Company
has been carried into effect.

36

To The Comg Engr.
for Railways.

F. & No 2498 of

d.c. ouths 18/10/73

No 2498

To The Secretary to the
Government of India.

Sir,

Adverting to
paragraph 4 of your letter
No 376 A. G. R. dated
22d July 1873 expressing
the opinion that, for the
present, the general charges
of the Carnatic Railway
Company may well
be apportioned between the
Capital

Capital and Revenue
Accounts in the ratio
of Capital outlay to
Revenue outlay plus
Revenue earnings, I
am directed by His
Excellency the Governor
in Council to submit
for the consideration of
the Government of India
the accompanying Corres-
-pondence, in which
it is explained that,
under the exceptional
circumstances of this
Company, the sug-
-gested arrangement
would have the effect
of burdening revenue
to an undue extent.

I

Agreed Copy
Carnatic Railway

I am accordingly to recommend, — pending the fusion of the accounts of the amalgamated Company, that existing arrangements, under which the ratio of general Charges to working expenses is considerably higher than on the Madras Railway, may be allowed to remain undisturbed.

Lynn

26

I.C. suspended by the Princes Orig. 18/10/73.

No. 180-82.

A 29 Sept 73
Dispatched 19 Sept 73

Cir 20 Sept 1.

No 515

Govt. of Madras. 1873.

PUBLIC WORKS.

To The Commissioner of Railways & The Secretary to the Govt of India

Dated

Recd. Encl. 1

G. O. 13th Oct 1873, No 2497-2498.

Nos. 180-182

Carnatic Railway.

Submitting extracts. correspondence on the subject of the apportionment of the general charges between Capital & Revenue of the Carnatic Railway.

Passing orders on letters from the Govt Engrs. & Submitting correspondence on the subject of the apportionment of general charges between Capital and Revenue of the Carnatic Railway.

Disposed of Oct 19 1873 Cir Sec. Vol 1.