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MADRAS RECORD OFFICE

Government of Madras

Public Works DEPARTMENT

G.O. No.	3163	Press
B.P. No.		Mis.
Dated	7-11	4874
		195

Not to be folded or roughly handled

*Proceedings of the Madras Government, Public Works Department,
7th November 1874.*

No. 120. Read the following endorsement of the Deputy Secretary to the Government of India, No. 283 A—I:—

Read the following Despatch from the Government of India, Public Works Department, (Account—Irrigation,) to the Secretary of State for India, dated Fort William, 16th September 1874, No. 140.

In the Duke of Argyll's Despatch No. 61, dated the 10th July 1873, we were informed that it would be premature at present to require that the deficits in the Revenue Account of the Madras Irrigation and Canal Company should be recovered from the shareholders of the Company. This despatch was forwarded by us to the Government of Madras for report as to the mode in which the State should protect itself from paying both the guaranteed interest and the loss in working the canals.

2. We have now the honor to transmit the report of the Government of Madras on the subject, and, in doing so, we beg to make the following remarks for your Lordship's information.

3. The charge for guaranteed interest payable to the shareholders of the Company amounts to £49,983 per annum. The loss in working expenses has been as follows:—

	Rs.
To end of 1871-72	61,095
For 1872-73	65,850
„ 1873-74 estimated	1,34,000
„ 1874-75 „	1,03,000
Total ...	3,63,945

4. The Government of Madras, in reply to the inquiry made by us as to how the loss in working the canals of the Company should be made good, state that there appears to be no other course available than that referred to in paragraph 2 of the Duke of Argyll's Despatch above-mentioned, viz., to refuse the Company any grant-in-aid of working expenses, and leave them to meet as they best can any excess of these expenses over the receipts.

5. But in the Despatch alluded to, the reason assigned for not recovering from the guaranteed interest the deficits in working expenses as suggested by us was that “the Irrigation Company's Canal equally with irrigation canals constructed at the expense of the State will probably have to wait for some few years, in order that its water may grow into extensive demand, and the shareholders may reasonably expect your Government to wait also for awhile before mulcting them on account of deficits which are part of the experience of many, if not of most, irrigation works in their early years.” But we beg to point out the circumstance that, in the case of State canals, the Government as proprietor meets the deficits, and suggest the inference that, in the case of the East India Irrigation Canal, the shareholders as proprietors should do the like. The obligation of the Government is to pay interest on the capital of one million. And as no provision has been made in the contract for the cost of working expenses exceeding the revenue, it does not appear to us that the revenues of India should pay for the benefit of the shareholders of the Company, who should be ready to meet the obligations they have undertaken.

2/10/74. Recd 28/10/74. S. Capus despatch 16/11/74.

Proceedings of the Madras Government, Public Works Department,
7th November 1874.

6. The review furnished by the Government of Madras of the prospects of the canal show—

I.—That in order to meet the working expenses of the canal, a revenue of about 4½ times that of 1872-73, or Rupees 2½ lakhs, will be needed.

II.—That in 1872-73 only 11,028 acres of land were irrigated against 200,000 acres capable of being irrigated.

III.—That there is a gradual increase of irrigation, the area irrigated having increased from 2,036 acres in 1863-69 to 11,028 acres in 1872-73.

IV.—That the Government have under consideration a new set of rules, which, it is hoped, will facilitate the obtaining of water by ryots to induce them to avail themselves of it to a greater extent than at present, and so assist in the development of canal revenue.

V.—That the expenditure on at least that portion of the establishment included under general management is susceptible of reduction.

7. On the latter point your Lordship has been separately addressed in our Despatch No. 129, dated 31st August 1874. In order to cover the working expenses, the area of irrigation should be increased from 11,000 to 50,000 acres. Comparing 1871-72 with 1870-71 there has been an increase in irrigation of 6,000 acres, but in 1872-73 the increase has been only 2,500 acres, and in 1873-74 1,500 acres. At this rate of increase the prospects of 50,000 acres being irrigated seem remote, but as the Government of Madras recommend that the decision respecting the course to be followed in the recovery of the deficits should be postponed for another year, when they hope to be in a position to give a more decided opinion on the future prospects of the canal, we think it expedient to adopt the suggestion, and wait until the result of the working of the new rules shall have been ascertained before recommending definitely to your Lordship the course which we would wish to see followed in the matter. Meanwhile, we have submitted our views in order that your Lordship may be prepared for a further communication on the subject.

Copy of above forwarded to Secretary to Government of Madras for information, with reference to the communications quoted in the margin.
(Signed) J. J. McLEOD INNES, Colonel, R.E.,
Depy. Secy. to the Govt. of India.

No. 121.

ORDER THEREON, 7th November 1874, No. 3,163.

IRRIGATION, No. 9.

Account.

ORDERED to be recorded.

(True Extract.)

Colonel, R.E.,
Secretary to Government.

To the Chief Engineer for Irrigation.
Exd. S. T. Austin.
Spare Copies

P. W. 1874 No. 6445
No. 6445
GOVERNMENT OF INDIA.

PUBLIC WORKS DEPARTMENT.

ACCOUNT.

Irrigation.

To

THE MOST HON'BLE

THE SECY. OF STATE FOR INDIA.

No. 140 PUBLIC WORKS.

Dated September 16, 1874.

Received - " - 28th

Recd: 15 Oct: 1874.

3/10/74
Order to be recorded
7/10/74
2/10

Recovery of the loss in working expenses of
Madras Irrigation and Canal Company.

120-121.

Recd 20/10/74

6445

Govt. of Madras.

PUBLIC WORKS.

To

The Chief Engineer
for Irrigation.

Dated

Recd.

Encl.

G. O. No. 7 Nov. 1874.

3103

No. 120-121.

Madras Irrigation and
Canal Company.

Docket from the Govt of
India forwarding ~~the~~
copy of a despatch to
the Secretary of State for
India regarding the
recovery of the loss in
working expenses of the
Company, recorded.