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MADRAS RECORD OFFICE

Government of Madras

Public Works DEPARTMENT

G.O. No.

B.P. No.

Dated

2742

(2)

Press

Mis.

21-9-

1875.

Not to be folded or roughly handled

*Proceedings of the Madras Government, Public Works Department,
21st September 1875.*

No. 515. Read the following Proceedings of the Government of India in the Public Works Department (Account—Irrigation), dated Simla, 27th August 1875, Nos. 262-63 A.—I.—

Repayment of the loan of £600,000 made to the Madras Irrigation and Canal Company.
Read again—

Letters Nos. 94—5 A.-I. of the 16th March 1875 to Government of Madras and the Financial Department.

Despatch to Secretary of State, No. 28, dated 16th March 1875.

Read also—

From the Secretary of State for India, to the Government of India, dated 3rd June 1875, No. 33.

I HAVE received your Excellency's letter, No. 28, of the 22nd April last, forwarding the Budget-Estimate of the Madras Irrigation and Canal Company for the year 1875-76, together with a copy of the orders passed thereon by your Government, and requesting to be informed of the manner in which the loan of six hundred thousand pounds (£600,000) is being repaid.

2. As you are aware, the Company has paid off a sum of two hundred and twenty-eight thousand pounds (£228,000) from the loan, leaving debentures to the extent of three hundred and seventy-two thousand pounds (£372,000) still outstanding. In consequence, however, of their inability then to make any further payments on this account, I agreed, on the 30th April 1874, to allow the liquidation of the remaining debentures, as they became due, to be deferred for two years, under which arrangement nothing more will become payable until the 10th of November next.

* Letter from J. Westwood, Esq., dated 16th April 1874.

No. 3.
Ditto to ditto, dated 30th April 1874.

3. A copy of the correspondence with the Company on this subject is forwarded herewith.

From J. WESTWOOD, Esq., Secretary, London Board, Madras Irrigation and Canal Company, to HORACE WALPOLE, Esq., India Office, dated 16th April 1874, No. 3.

I HAVE received instructions from the Board of Directors of this Company to state, for the information of the Marquis of Salisbury, that the ground upon which they base the solicitation which they have respectfully preferred to His Lordship for a postponement of the time for payment of the balance of the debenture loan is the inability of the Company (caused by the circumstances presently related) to raise, on mortgage or otherwise, the necessary funds, except at a cost which, in the interests of all concerned, they are most desirous of avoiding.

At the time when the first dated debenture came to maturity, the Company had thoroughly performed its contract with the Government, and the works executed were then, or shortly afterwards became, capable of affording irrigation sufficient to produce returns such as would have enabled the Directors to command the full amount required; but unfortunately (as was also the case with works of a like character belonging to the Government) the Native cultivators did not use the water so freely as had been expected, and the demand for irrigation was far below the supply of water available. However, and notwithstanding that this state of things was exceedingly unfavorable for (indeed apparently prohibitory of) the raising of money on mortgage of such works, the Directors, under a deep anxiety to liquidate the debt, put forth their utmost influence and succeeded in procuring enough to pay off £228,000, and to provide also for the payment, for a period, of interest to the mortgagees. Since then the spread of irrigation has been slow, but steadily progressive, and so as to indicate that, at the termination of a few years (though the exact period cannot be otherwise than uncertain) such a revenue will have been reached as will enable the Company to secure, possibly by the issue of stock but surely by loan on mortgage the £372,000 remaining of the debenture debt. Until the Company shall have attained to this financial state, the Directors fear that it will not be possible to procure the means for payment unless very generous and undesirable terms are offered to capitalists.

Placed in this position by circumstances wholly uncontrollable, the Directors earnestly trust that the Marquis of Salisbury will permit the debentures now overdue, and the remainder as they shall become due, to stand over until the Company shall, by the spread of irrigation and the

*Proceedings of the Madras Government, Public Works Department,
21st September 1875.*

realization of returns therefrom, have the power of procuring, on economical terms, funds to liquidate the same principal, together with interest at 5 per cent. on each debenture from the day of its maturity to day of payment.

The Directors respectfully propose this mode of postponement as being in their view, under the special circumstances of the case, more satisfactory and less likely to occasion disappointment than the naming a certain future day for payment could be, and they assure His Lordship that he may confidently rely upon their constant endeavour to extinguish the debt at the earliest possible moment. At the same time, they leave the matter entirely in the hands of His Lordship to be decided by him in such manner as he may deem best.

From Sir LOUIS MALLET, Under Secretary of State for India, to the Secretary, London Board, Madras Irrigation and Canal Company, dated 30th April 1874.

I AM directed by the Marquis of Salisbury to acknowledge receipt of your letters of 31st ultimo and 16th instant, preferring, on behalf of the Directors of the Madras Irrigation and Canal Company, a request for extension of the time prescribed for repayment of the debenture loan made to the Company by the Secretary of State for India.

In reply, I am to signify His Lordship's regret that the request is one with which he would not be justified in complying with in its entirety. Its precise terms are that the "debentures now overdue, and the remainder, as they shall become due" may "stand over until the Company shall, by the spread of irrigation and the realization of returns therefrom, have the power of procuring, on economical terms, funds to liquidate the same principal, together with interest at 5 per cent. on each debenture from the day of its maturity to day of payment." His Lordship cannot agree to the indefinite delay thus asked for, and he trusts that the views of the Directors will practically be sufficiently met by his consenting, as I am instructed to say that he hereby does, that liquidation of the debentures still unpaid shall be deferred until two years from the dates on which they severally have or may become due,—the debenture due on 10th November last, for instance, being paid on 10th November 1875, the one due on 9th January last being paid on 9th January 1876, and so on.

I am, however, to request, with reference to the proposal that interest on each debenture shall eventually be paid from the "day of maturity to the day of payment," that the Directors may be reminded that the date from which interest shall be calculated is by contract declared to be, not the date of a debenture's maturity, but the date of the advance of money made by the Secretary of State to the Company in respect of that debenture.

ORDER.—Ordered that the foregoing be forwarded to the Government of Madras and the Financial Department for information.

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

No. 516. ORDER THEREON, 21st September 1875, No. 2,742.

IRRIGATION, No. 48.
Account.

COMMUNICATED to the Chief Engineer for Irrigation.

(True Extract.)

Major-General, R.E.,
Secretary to Government.

To the Chief Engineer for Irrigation.
Examiner of Accounts.
Ed. E. C. Shunker.
Spare Copies

GOVERNMENT OF INDIA.
PUBLIC WORKS DEPARTMENT.

* ACCOUNT.
Irrigation.

To

THE GOVERNMENT OF MADRAS.
THE FINANCIAL DEPARTMENT.

Nos. 262—63 A—I.

Dated SIMLA, August 27, 1875.

Received

Sept 25-3

Repayment of the loan of £600,000
made to the Madras Irrigation and Canal
Company.

With order

Handwritten notes and signatures:
To the Chief Engineer for Irrigation
No. 2742
21 September 1875
Communicated to the Chief Engineer for Irrigation
No. 516
27 September 1875
Major-General, R.E.
Secretary to Government
Ed. E. C. Shunker
Spare Copies
No. 575-576
Ca. 16.9.75
Attd 21-9-75
Ed. E. C. Shunker

Copied

Form of 118751 *✓*
PUBLIC WORKS.

The Chief Ingr.
29/1/19
for Ingr.

Date

Case

Recd.

21/1/19 No. 2742

No. 515-570

Repayment of the loan of
\$60000 made to the
to CCC - side of the
Indian forwarding company
from the same Government
the —, committed to the
Chief Ingr. for Ingr.