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(2) Date of repair _____

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MADRAS RECORD OFFICE

Government of Madras

Public Works

DEPARTMENT

G.O. No.	2653	Press <i>Required</i>
B.P. No.		Mis.
Dated	2 - 10 - 1876	195 -

Not to be folded or roughly handled

*Proceedings of the Madras Government, Public Works Department,
2nd October 1876. No. 2,653.*

No. 22. Read the following Proceedings of the Government of India in the Public Works Department, (Railway,) dated Simla, 19th September 1876, Nos. 2,447—65 R:—

Coal and Iron industry in India.

Read again—

Despatch to Secretary of State, No. 62, Railway, dated the 3rd April 1876.

" to " " 66, " " 12th "

Read also—

From the Secretary of State for India, to the Government of India, dated 29th June 1876, No. 37.

I HAVE received and read with much interest the Railway letters from your Government, Nos. 62 and 66 of 3rd and 12th April last, and their enclosures, relative to coal mining at Warora in the Chanda district of the Central Provinces, and to the experimental working of iron in the same neighbourhood, and at Raneegunge in Bengal and at Dechource in Kumaon.

2. In regard to the second branch of the subject, circumstances are stated to have a good deal changed latterly. At Raneegunge iron, coal, and limestone for flux having been found in abundance, the experiment of iron manufacture is described as being in active operation in the hands of private capitalists, while at Dechource the Local Government, in the expectation of obtaining permission to use the works and plant of the Kumaon Iron Company for three years without payment, is proposing, with the sanction of your Government, to make from Provincial Funds an experiment in the production of pig iron, to be worked up in the workshops of Roorkee and Narora. There thus remains only the Chanda district, as to which it is observed that, as a preliminary expenditure would be necessary of at least a quarter of a million sterling on a railway to the best iron mines, viz., those at Lohara, it is unlikely that any individual or joint stock Company could be found prepared to establish iron-works there on an extensive scale. Moreover, the experiments hitherto made there with local materials have not been altogether satisfactory, notwithstanding the excellent quality of the iron ore, as, owing to the large proportion of impurities (30 per cent.) in the coal, difficulties arise in managing the blast furnace. It has consequently been resolved that operations in the Chanda district shall for the present be restricted to the working of the Warora colliery, and that in the meantime samples of all the local materials required shall be sent to this country to be experimented upon under proper technical superintendence, with a view to its being thereby ascertained whether one of the direct methods of iron reduction on which experiments are still going on in this country may not be applicable to them.

3. The course of procedure thus indicated in respect to each of the three localities appears to me a very wise one. Your Government prudently refrains from anywhere committing itself for the present to a specific line of action, or from attempting to determine, without further knowledge, where to draw the line between private enterprise and State management, both of which may not improbably be found, on

trial, to possess their respective recommendations, and to deserve to exist side by side. With reference to the expediency of Government's retaining some considerable portions of its coal and iron-fields in its own hands, Mr. Morris, the Chief Commissioner in the Central Provinces, makes some pertinent remarks. Alluding more particularly to Warora, he argues that all the coal that can be raised there can be consumed on Railways, State or Guaranteed. That for neither coal nor iron is there any demand worth mentioning beyond that of the Railways and of the Public Works Department, and that consequently "the question is whether Government shall supply itself with coal and iron from its own mines, or shall abandon these properties to Companies, and then purchase from these what is required." Obviously the answer to this depends upon whether State management is likely to produce as cheaply as private enterprise must do in order to obtain its indispensable profit; but the Government will itself be chiefly to blame if it do not enforce upon its agents engaged in the same department of industry, economy and efficiency quite as great as those exhibited by the servants of the East Indian Railway Company, * * *

4. In regard to private enterprise likewise Mr. Morris speaks equally to the purpose, justly insisting on the importance of conceding to Companies not "indefinite roving rights" but only "mining rights over small tracts of country," so that competition may be brought into play, and any tendency to monopoly prevented. To this I may add that a broad distinction should, in my opinion, be drawn between large joint stock Companies with their head-quarters in England, and single individuals or small associations resident on the spot and personally superintending the capital they have themselves invested. It is these latter chiefly whom it seems to me desirable to encourage by the concession of mining privileges. In all cases it is most essential that the terms of any concession shall be such as to make the retention of rights to mine coal or iron strictly dependent on the works being efficiently carried on, so that properties shall not be created of a merely speculative character, and shall not be held in a manner adverse to the interests of Government or the public.

ORDER.—Ordered, that this despatch be communicated to the Govern-
ments, Administrations and
officers marginally noted,
and to the Revenue, Agriculture and Commerce Department for information.

Madras.	Mysore and Coorg.
Bombay	Assam.
Bengal.	Hyderabad.
North-Western Provinces.	Central India.
Punjab.	Rajpootana.
Oudh.	Consulting Engineers, Calcutta, Lahore
Central Provinces.	and Lucknow.
British Burmah.	Director of State Railways.

Ordered also, that copies of this despatch and of those to which it is a reply be forwarded to the Home Department for publication in the Supplement to the *Gazette of India* for general information.

(Signed) H. DRUMMOND, Colonel, R.E.,
Deputy Secretary to the Govt. of India.

No. 23.

ORDER THEREON, 2nd October 1876, No. 2,653.

RAILWAY, No. 2.

ORDERED to be recorded.

(True Extract.)

(Signed) G. W. WALKER, Major-General, R.E.,
Secretary to Government.

, the Consulting Engineer for Railways.

I. S. T. Austin.
re Copies

P.W.D.

28SEP76

GOVERNMENT OF INDIA
PUBLIC WORKS DEPARTMENT.
RAILWAY.

To

Nos. 2447—65 R.

Dated SIMLA, September 19, 1876.

Received 28.9.76

No. 2653 of 2nd Oct. 1876.

Recorded.

Cons. Engr. for Ry. S.
28.9.76

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Govt. of 1876 Madras.

PUBLIC WORKS.

To

The Com^r Eng^r for W^{est}

Dated

Issued

Recd

Encl.

G. O., 2^d Feb 1876, No. 2653

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22-23

Coal and iron industry
in India. Proceedings
of the Govt of India
Coms: As per letter from
Secy of State ament
needed

Govt. of India
23-10-76