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MADRAS RECORD OFFICE

Government of Madras

Public Works DEPARTMENT

G.O. No. 2657-58 Press

B.P. No. Mis.

Dated 3 — 10 — 1876 —195

Not to be folded or roughly handled

No. 29. Read the following Despatch from the Most Honorable the Secretary of State for India:—

Public Works,
No. 30.

INDIA OFFICE, LONDON,
28th July 1876.

MY LORD DUKE,—I transmit herewith, for the information and guidance of your Grace's Government, copies of a Despatch* of this day's date, and of its enclosures, addressed by me to the Government of India, on the subject of the affairs of the Madras Irrigation and Canal Company.

* No. 40, dated 28th July 1876.

I have, &c.,
SALISBURY.

To His Excellency the Right Honorable
The Governor in Council, Fort St. George.

COPY, Public Works Despatch to the Government of India, dated 28th July 1876, No. 40.

IN continuation of my Despatch of 4th May last, No. 27, I forward herewith copies of a letter of the 2nd May from the Directors of the Madras Irrigation and Canal Company, and of the reply thereto, dated 26th instant, and, in accordance with the promise given in the latter, request your Government, in communication with that of Madras, to consider and determine whether the application for payment during each current season of the estimated net earnings of that season shall be complied with. Whatever be your decision on this point, it seems to me no more than equitable that all realized net earnings should be made over to the Company as speedily as possible after realization.

2. I also request that the claim of the Company to repayment of moneys expended by them at the instance of the Government of Madras on surveys for projected works, which have not since been undertaken; may be investigated, and, in so far as it may prove to be well-founded, may be liquidated.

3. With respect to the Board's application for aid towards the formation of a separate Company for the navigation of their canal, your Excellency will observe that I have simply declined to relinquish in favor of the proposed Company the lien held by Government on the navigation earnings of the canal as security for payment of interest on the loan from the Government to the Irrigation Company.

4. I have not thought it expedient to acquaint the Board with the suggestion of the Government of Madras that the State should itself undertake the development of the navigation of the canal.

5. A copy of this despatch will be transmitted to the Government of Madras for information and guidance.

THE MADRAS IRRIGATION AND CANAL COMPANY.

24, COLEMAN STREET, LONDON, E.C.,
2nd May 1876.

SIR,—I have placed your letter to me of the 12th ultimo before the Board of Directors, who, after considering its contents, have instructed me to state that they appreciate the kind consideration shown to the Company by the Marquis of Salisbury, in permitting payment of the Debentures in his possession to stand over in consideration of the disadvantageous terms on which money could now be borrowed for the purpose; and with reference to the instructions which you state have been forwarded by his Lordship to the Government of Madras, prohibiting advances on account of revenue after the 30th of September next, they desire me to address to you the following remarks:—

The system under which the advances referred to have hitherto been made was initiated by the Madras Government in 1870, and was, in fact, the best suited to the special nature of the undertaking. Its development necessarily involved mutual concessions, those made on behalf of the Company resulting in a monetary loss to it, and a financial advantage to the Government, inasmuch as there was thereby secured an adjustment of the amount payable to the Company for water supplied, regulated by the sums actually received from the cultivators after deducting remissions granted on various grounds; whereas, by a strict adherence to its contract rights, the Company would have been entitled to be paid at once for every acre supplied with water without any deduction, and all loss occasioned by remissions or otherwise would have been borne by the Government. The plan was also in its nature permanent, and necessarily embraced advances from the Government until income and expenditure should be equalized.

From the date mentioned to the present time the mode of procedure so commenced has been carefully maintained by the Local Government, who of their own will have controlled, regulated, and audited the Revenue Expenditure, which by the terms of the contract rested with the Company alone; and the Directors, appreciating the convenience and adaptability of the arrangement, as a whole, have concurred therein, under a conviction that it would be continued without interruption, especially as all previous experience relating to Irrigation Works in Southern India demonstrated that in a comparatively short time the Works would (as in the present case they inevitably will) produce returns more than sufficient to repay any advances required to cover working expenses. In truth (as I am instructed to assure his Lordship) the Directors have viewed the arrangement and its continued mutual adoption as constituting, morally at least, a contract that should be carried out to its legitimate end, and accordingly relied upon it as forming a part of their means of conducting the operations of the Company. Consequently, the decision now communicated has caused them deep disappointment and regret, and will, if adhered to, produce a like unsatisfactory effect upon the whole body of Stockholders, of whom a large majority are Trustees, Executors, or persons of limited means, all of whom have certainly depended upon the Guaranteed Interest being paid to them without deduction.

The foregoing special and important circumstances cannot, the Directors believe, have been presented to the mind of the Marquis of Salisbury when the question of advances to the Company was under his consideration, and they therefore most respectfully but most earnestly entreat his Lordship to reconsider his decision and to permit the arrangement so long acted upon by both parties as a substitution for less satisfactory contract conditions, to proceed as heretofore.

Each future season must necessarily reduce the amount of advances, which, even as estimated for next year by the Chief Engineer of the Government of Madras, would not exceed a total of about £8,000 per annum, whilst an equalization of the account cannot but be a matter of short delay only.

As an additional and cogent reason why the existing state of things should not be disturbed, the Directors would respectfully remind the Secretary of State for India that a large amount of its capital has been expended by the Company on portions of the project entrusted to it which at present are unproductive, so that its working expenses are seriously increased, and that this additional burden has been produced by the Company having loyally performed conditions insisted upon and orders issued by the Government, as I will now proceed to show.

One of the conditions which Lord Derby added to the original arrangement made with the Company in December 1858, was that the work to be selected by Government for execution by the Company should combine navigation with irrigation; and hence the Toombuddra project was chosen. According to the estimate of the Consulting Engineer of the Madras Government the increased expenditure thus entailed upon the Company is little short of £400,000, and the maintenance of the canal constructed for both purposes is now a duty to which the Company are bound by their Contract. Nevertheless, they are incapable of realizing returns upon the extra outlay thus imposed upon them.

On the completion of the present length of main canal for navigation as well as irrigation it was found that the terms of its Deed were such as to preclude the Company from raising funds

Proceedings of the Madras Government, Public Works Department,
3rd October 1876. *No.* 2,657.

to utilize the navigation portion, and therefore, by my letter to you of the 22nd October 1874, the Directors, after explaining this unsatisfactory state of things, proposed a plan whereby, as they believed, and still think, additional returns might be secured without any financial aid or relinquishment of principle by the Government. The plan thus suggested was by the Marquis of Salisbury referred to the Government of India and the Government of Madras for consideration and report, but to this date (an interval of eighteen months having elapsed) no reply has been received, and the Directors' power of availing themselves of this source of revenue has been suspended.

To what I have above stated I am desired to add that subsequently to the date of their last-mentioned proposal the Directors found themselves unable to enter into negociation with a native merchant regarding the placing of boats upon the canal from the want of funds to provide a navigable channel across the Pennair river, not included in the Contract, without which he declined to proceed.

It will further be in the recollection of the Secretary of State for India that prior to 1866 the Upper or Bellary and the Lower or Cuddapah and Nellore sections of the Toombuddra project, selected, as before stated, by Government, and sites for storage reservoirs for the whole project, were—under the supervision of that Government—investigated, surveyed, and planned at the expense of the Company, although the actual construction operations of the latter were confined to the Central Section of that same project; and that on the 25th October 1866, in consequence of the Government of Madras having expressed to the Secretary of State a desire that it might itself construct the Bellary Section, Lord Cranborne, in a letter of that date, suggested that the Company should "resign its claim to construct Irrigation Works on the Toombuddra, westward of Soonkasala," on being reimbursed the costs of any surveys, &c.; and that in reply to this request the Directors by deputation and by letter suggested that instead of being called upon to retire from the works in question, they should be enabled by an extension of their existing guarantee to raise capital to construct these works as portions of their project, when his Lordship was pleased to refer this proposal to the Government of Madras. In consequence of this reference, and at the express request of the last-mentioned Government, further surveys, &c., were prosecuted by the Company in Bellary, and notably after a second reference had been made on the same subject by his Grace the Duke of Argyll and by the direct order of Government an additional and separate line of canal through that district for irrigation only was examined, surveyed, and planned, and regular plans and estimates of three lines were by the Company submitted to and approved by the Madras Government; but no definite arrangement has yet been made regarding the construction of the works, although an extension of the guarantee for that purpose was by the Secretary of State for India declined in consequence of alleged imperfections in the existing works, which have since been proved to have had no foundation.

In presenting the circumstances herein narrated for the consideration of the Marquis of Salisbury, the Directors feel that the Company is fairly entitled to claim a continuation of the existing system of Revenue Account, and that it should not be compelled to rely upon resources produced from only one portion of its works and be at the same time restrained from utilizing for income other portions thereof, and upon which much capital has been expended. Should, however, his Lordship for special reasons not known to them feel himself bound to adhere to the decision conveyed in your letter, they earnestly trust that he will be good enough to direct the removal of the impediments above shown to stand in the way of a successful effort to cover working expenses until revenue shall arise sufficient for that purpose.

The remedial and assisting measures which the Directors consider are essential if future temporary advances are to be prohibited, and which if his Lordship does not see his way to modify his late decision they now respectfully solicit, are—(1) That the Government of Madras shall be authorized to pay to the Company during each current season such an amount as may be estimated to be the total receipts for the water to be supplied during that season, upon the understanding that if, when the settlement for the year shall have been completed it shall appear that

the payment so made has exceeded the actual receipts, the excess shall be recouped by the Company. As to which I am to observe, that it would be pressing too hard upon the Company to withhold payment for the water until the ryots should have been settled with, because such a proceeding would entail the provision of all working expenses by the Company without the receipt of any income until some twelve months or more after water had been supplied to the land. (2), That the expenditure incurred (as before stated) in the investigating, surveying, and planning of the Bellary, Cuddapah, and Nellore Sections, and of reservoir sites, may be repaid to the Company in such sums as the latter may from time to time require; and (3), That the plan proposed in my letter to you of the 22nd October 1874 may receive the immediate sanction of his Lordship, so that the Company may be in a position to establish at once navigation upon its main canal, and produce returns upon the capital expended for navigation purposes.

With the assent of the Secretary of State to the measures above sketched, the Directors believe that they may succeed in carrying on the Company to its full development; and as a proof of a sincere desire to promote this object, and of faith in its early accomplishment, I have to add that for some time past neither the Directors nor myself have drawn from the funds of the Company any remuneration whatever, and that it is our intention to postpone the receipt of such remuneration under existing circumstances.

I remain, &c.,
(Signed) JOHN WESTWOOD,
Secretary.

The Under Secretary of State for India.

INDIA OFFICE,
London, 26th July 1876.

SIR,—I am directed by the Marquis of Salisbury to acknowledge the receipt of your letter of 2nd May last, requesting, on behalf of the Board of Directors of the Madras Irrigation and Canal Company, either that the prospective prohibition of advances from the Madras Government to the Company on account of revenue may be withdrawn, or that three specified impediments may be removed which, in the Board's opinion, are calculated to prevent working expenses from being covered by revenue.

2. In reply, I am directed to confine myself to the latter portion of this request, after observing, with regard to the former portion, that the prohibition in question was decided upon after mature consideration, and for imperative reasons, the cogency of which is in no degree affected by the Board's representations.

3. With respect to the three things regarded by the Board as obstructive, it is asked, first, that the Government of Madras shall be authorized to pay to the Company during each current season, such an amount as may be estimated to be the total receipts for the water to be supplied during that season, upon the understanding that if, when the settlement for the year shall have been completed, it shall appear that the payment so made has exceeded the actual receipts, the excess shall be recouped by the Company. Secondly, that the expense incurred by the Company at the instance of Government in surveys and other preparations for portions of work which have not been proceeded with, may be repaid to the Company in such sums as they may from time to time require. Thirdly, that the plan for the navigation of the Company's Canal, proposed by the Board in October 1874, may receive immediate sanction.

4. Upon the first and second of these points I am to state that the Governments of India and Madras will be requested to consider whether there is any objection to the suggested payment to the Company of estimated earnings, and will also be apprised that, in Lord Salisbury's opinion, the Company are, in any case, entitled to have all realized earnings made over to them at the end of every month or other short interval.

5. Those Governments will further be requested to ascertain what precise amount on account of the surveys, &c., alluded to by you may be equitably repayable to the Company, on condition of the latter relinquishing all claim to execute the portions of works, for which the surveys were

Proceedings of the Madras Government, Public Works Department,
3rd October 1876. No. 2,657.

undertaken. The Board, however, must be aware that any repayments made to them on this last account will constitute so much replaced capital, and will not be available for maintenance of works, or other revenue expenditure.

6. In regard to the third point, I am, in continuation of my letter of 11th November last, directed to acquaint you that replies have been received to the references made to the Governments of India and Madras on the subject of the proposed formation of a separate Company for the navigation of the Irrigation Company's Canal; and that, concurring with the views therein expressed, the Marquis of Salisbury cannot consent to relinquish in favor of the proposed Company, the lien held by Government on the navigation earnings of the canal as security for payment of interest on the loan from the Government to the Irrigation Company.

I am, &c.,
J. WESTWOOD, Esq. (Signed) GEORGE HAMILTON.

No. 30. ORDER THEREON, 3rd October 1876, No. 2,657.

IRRIGATION, No. 3.

HIS GRACE the Governor in Council observes that there are objections to the advance to the Madras Irrigation and Canal Company of the estimated net earnings or revenue from irrigation under the Company's Canal before the results of that irrigation can be known, but that arrangements can be made for giving the Company credit for revenue from time to time, so soon as the rules regulating the water-supply and the price to be paid for it have been fulfilled by the Company, and directly therefore the revenue has been earned. Water is supplied under those rules by the Company for crop irrigation or at monthly rates, and the Governor in Council considers that revenue earned should be placed at the disposal of the Company at the earliest possible date, and indeed directly it has been so earned, if the proper officers of the Company prepare and transmit to the Collectors direct:

1*st.*—On the last day of each month a demand statement of all irrigation supplied in accordance with the regulations laid down in the rules at monthly rates during the month referred to.

2*ndly.*—On the last day of the half-year ending, viz., on 31st December in each year a demand statement for all crop irrigation during the half-year ended on the date of the statement.

2. The Collectors on receiving these statements will pass to the credit of the Company either the full amount or the largest sum which they may find to be justified by the Taluq and Village Accounts.

3. The amounts so passed will be placed to the credit of the Company's Revenue Account at the Kurnool and Cuddapah treasuries, and the Chief Engineer and Manager of the Company will be authorized to draw against the balance at credit of the Company to meet the working expenses of the canal.

4. Hitherto the settlement of the canal revenue has been made annually after the completion of the season's irrigation, and the results have been exhibited in the form E statement. This arrangement does not enable the conditions of the contracts with the Company to be strictly complied with, and for the future therefore there should be a settlement made of the Company's revenue up to the 30th June and 31st

December respectively, and credit should be given to the Company for all revenue shown to have been earned in each half-year, and this credit will be exhibited in the Revenue Account, required by the contracts to be kept, of the half-year to which it may appertain. Similarly the liabilities of the Company for any half-year, though not perhaps discharged in part until after the close of that half-year, must be shown in the accounts of the half-year to which they belong. The necessary instructions to give effect to the half-yearly settlement will be issued in the Revenue Department.

5. It has to be noticed that the rules relieve the Company of all liability for continuing the supply of water for crop irrigation after the 31st December, and that consequently no remissions on account of inadequate supply after that date can be deducted from the full demand for the water supplied to such irrigation. It follows that the Company will be entitled to receive credit on the 31st December for the full rates on all crop irrigation for which demands have been made, and supply commenced before that date whether such crops be thereafter so supplied as to come to maturity or not. It will be of importance that the ryots should clearly understand the conditions laid down in the rules by which a commencement of crop irrigation at a date which will not secure the ripening of their crops by the 31st December entails risks which will fall entirely upon themselves.

6. The Chief Engineer for Irrigation will ascertain and report to Government as soon as possible what the cost of the surveys referred to in paragraph 2 of the Secretary of State's Despatch, No. 40, to the Government of India amounts to.

7. Ordered also that the Government of India be addressed on the subject of the above despatch.

(Here enter No. 2,658, dated 3rd October 1876.)

(True Extract.)

Colonel,
Offg. Under Secy. to Govt., P.W.D.

To the Chief Engineer for Irrigation.
,, Chief Engineer and Manager, Madras Irrigation and Canal Company.
,, Examiner of Irrigation Company's Accounts.
„ Revenue Department.
,, Accountant-General.
„ Financial Department.

Exd. E. C. Shunker.
Spare Copies

Cobl. of {1876} Madras.

PUBLIC WORKS.

To

THE CHIEF ENGINEER FOR IRRIGATION,

&c., &c., &c.

Dated October 3rd.

Issued

Read. *Encl.*

G. O., 3rd *October* 1876, *No.* 2,657.

OCTOBER.

Nos. 29-30.

Madras Irrigation and Canal Company—Issues of 18 Cs. Despatch from the Secretary of State forwarding copies of a despatch and of its enclosures addressed to the Government of India on the subject of the affairs of the —.

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India Office

London, 26th July 1876.

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20th March 1876 - 721
30th July — 1874 N: 2063-2064
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9th April — — — 1190
9th Feby — — — 371
22d — — — 1876 — 481
23d May — — — 1296
31st March — — 836
22d Feby — — — 480
8th July — 1868 — 2162
15th Jany — 1869 — 122-123
20th — — — — 176-177-178
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Westwood Esqre

Govt. of {1876} Madras

PUBLIC WORKS.

To

THE CHIEF ENGINEER FOR IRRIGATIO

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17th Jany. — 1874 — 112
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6th Nov. — " — " — 3158-3159.
4th Augt. — 1874 No. 34
1st — " — 1875 No. 266
22nd 31st March 176 No. 836
26th April — " — 1039
18th Dec. — 1875 — 3549.
18th July — " — 105.
29th March — 1876 — 792
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India Office

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J. Westwood Esqre

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With respect to the three things regarded by the Board as obstructive, it is asked, — 1st. That the

Govt.

Government of Madras shall be authorised to pay to the Company during each current season such an amount as may be estimated to be the total receipts for the water to be supplied during that season, upon the understanding that if, when the settlement for the year shall have been completed, it shall appear that the payment so made has exceeded the actual receipts, the excess shall be recouped by the Company. — 2nd. That the expense incurred by the Govt. at the instance of Government in surveys and other preparations for portions of work which have not

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I am &c.

(Sd.) George Hamilton.

P.W.D.
5 OCT 76
No 4 F
No 111C

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Copy Public Works Despatch to the Govt of India, No 110, dated 28th July 1876, with Enclosures.

Refused to Public Works Dept to Madras, No 30, dated 28th July 76.

10

THE

Madras Irrigation and Canal Company.

24, Coleman Street, London, E.C.
2nd May, 1876.

Sir,

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P.W.D.
5 OCT 76 No 4
No 1 C 3

Copy Public Works Despatch to the Govt of India, No 110, dated 28th July 1876, with Enclosure

Refused to Public Works Letter to Madras, No 30, dated 28th July 76.

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From the date mentioned to the present time the mode of procedure so commenced has been carefully maintained by the Local Government, who of their own will have controlled, regulated, and audited the Revenue Expenditure, which by the terms of the contract rested with the Company alone; and the Directors, appreciating the convenience and adaptability of the arrangement, as a whole, have concurred therein, under a conviction that it would be continued without interruption, especially as all previous experience relating to Irrigation Works in Southern India demonstrated that in a comparatively short time the Works would (as in the present case they inevitably will) produce returns more than sufficient to repay any advances required to cover working expenses. In truth (as I am instructed to assure his Lordship) the Directors have viewed the arrangement and its continued mutual adoption as constituting, morally at least, a contract that should be carried out to its legitimate end, and accordingly relied upon it as forming a part of their means of conducting the operations of the Company. Consequently, the decision now communicated has caused them deep disappointment and regret, and will, if adhered to, produce a like unsatisfactory effect upon the whole body of Stockholders, of whom a large majority are Trustees, Executors, or persons of limited means, all of whom have certainly depended upon the Guaranteed Interest being paid to them without deduction.

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One of the conditions which Lord Derby added to the original arrangement made with the Company in December, 1858, was that the work to be selected by Government for execution by the Company should combine Navigation with Irrigation; and hence the Toombuddra project was chosen. According to the estimate of the Consulting Engineer of the Madras Government the increased expenditure thus entailed upon the Company is little short of £400,000, and the maintenance of the Canal constructed for both purposes is now a duty to which the Company are bound by their Contract. Nevertheless, they are incapable of realizing returns upon the extra outlay thus imposed upon them.

On the completion of the present length of Main Canal for Navigation as well as Irrigation it was found that the terms of its Deed were such as to preclude the Company from raising funds to utilize the navigation portion, and therefore, by my letter to you of the 22nd October, 1874, the Directors, after explaining this unsatisfactory state of things, proposed a plan whereby, as they believed, and still think, additional returns might be secured without any financial aid or relinquishment of principle by the Government. The plan thus suggested was by the Marquis of Salisbury referred to the Government of India and the Government of Madras for consideration and report, but to this date (an interval of eighteen months having elapsed) no reply has been received, and the Directors' power of availing themselves of this source of revenue has been suspended.

To what I have above stated I am desired to add that subsequently to the date of their last-mentioned proposal the Directors found themselves unable to enter into negociation with a native merchant regarding the placing of boats upon the Canal from the want of funds to provide a navigable channel across the Pennair

ment, I have to add that for some time past neither the Directors nor myself have drawn from the funds of the Company any remuneration whatever, and that it is our intention to postpone the receipt of such remuneration under existing circumstances.

I remain, Sir,
Your most obedient Servant,
JOHN WESTWOOD,
Secretary.

The Under-Secretary of State for India.

LONDON:
SAVILL, EDWARDS AND CO., PRINTERS, CHANDOS STREET,
COVENT GARDEN.

River, not included in the contract, without which he declined to proceed.

It will further be in the recollection of the Secretary of State for India that prior to 1866 the Upper or Bellary and the Lower or Cuddapah and Nellore Sections of the Toombudra project, selected as before stated by Government, and sites for Storage Reservoirs for the whole project, were—under the supervision of that Government—investigated, surveyed, and planned at the expense of the Company, although the actual construction operations of the latter were confined to the Central Section of that same project; and that on the 25th October, 1866, in consequence of the Government of Madras having expressed to the Secretary of State a desire that it might itself construct the Bellary Section, Lord Cranborne, in a letter of that date, suggested that the Company should "resign its claim to construct Irrigation Works on the Toombudra, westward of Soonkasala," on being reimbursed the costs of any Surveys, &c.; and that in reply to this request the Directors by deputation and by letter suggested that instead of being called upon to retire from the Works in question, they should be enabled by an extension of their existing guarantee to raise capital to construct these Works as portions of their project, when his Lordship was pleased to refer this proposal to the Government of Madras. In consequence of this reference, and at the express request of the last-mentioned Government, further surveys, &c., were prosecuted by the Company in Bellary, and notably after a second reference had been made on the same subject by his Grace the Duke of Argyll and by the direct Order of Government an additional and separate Line of Canal through that district for Irrigation only was examined, surveyed, and planned, and regular Plans and Estimates of three lines were by the Company submitted to and approved by the Madras Government; but no definite arrangement has yet been made regarding the construction of the Works, although an extension of the Guarantee for that purpose was by the Secretary of State for India declined in consequence of alleged imperfections in the existing Works, which have since been proved to have had no foundation.

In presenting the circumstances herein narrated for the consideration of the Marquis of Salisbury, the Directors feel that the Company is fairly entitled to claim a continuation of the existing

system of Revenue Account, and that it should not be compelled to rely upon resources produced from only one portion of its Works and be at the same time restrained from utilizing for Income other portions thereof, and upon which much capital has been expended. Should, however, his Lordship for special reasons not known to them feel himself bound to adhere to the decision conveyed in your letter, they earnestly trust that he will be good enough to direct the removal of the impediments above shown to stand in the way of a successful effort to cover working expenses until revenue shall arise sufficient for that purpose.

The remedial and assisting measures which the Directors consider are essential if future temporary advances are to be prohibited, and which if his Lordship does not see his way to modify his late decision they now respectfully solicit, are—(1) That the Government of Madras shall be authorized to pay to the Company during each current season such an amount as may be estimated to be the total receipts for the water to be supplied during that season, upon the understanding that if, when the settlement for the year shall have been completed it shall appear that the payment so made has exceeded the actual receipts, the excess shall be recouped by the Company. As to which I am to observe, that it would be pressing too hard upon the Company to withhold payment for the water until the Ryots should have been settled with, because such a proceeding would entail the provision of all working expenses by the Company without the receipt of any income until some twelve months or more after water had been supplied to the land. (2) That the expenditure incurred (as before stated) in the investigating, surveying, and planning of the Bellary, Cuddapah, and Nellore Sections, and of Reservoir Sites, may be repaid to the Company in such sums as the latter may from time to time require; and (3) That the plan proposed in my letter to you of the 22nd October, 1874, may receive the immediate sanction of his Lordship, so that the Company may be in a position to establish at once Navigation upon its Main Canal, and produce returns upon the capital expended for navigation purposes.

With the assent of the Secretary of State to the measures above sketched, the Directors believe that they may succeed in carrying on the Company to its full development; and as a proof of a sincere desire to promote this object, and of faith in its early accomplish-

P.W.D.
5 OCT 76
No 7116

No 3
to the Govt of Madras

Copy. Public Works Despatch, dated 28th July 1876. No 40.

1. In continuation of my Despatch of 24th May last, No 27, I forward herewith copies of a letter of the 2nd May from the Directors of the Madras Irrigation and Canal Company, and of the reply thereto dated 20th Instant, and, in accordance with the promise given in the latter, request your Government, in communication with that of Madras, to consider and determine whether the application

for

for payment during each current season of the estimated net earnings of that season shall be complied with - Whatever be your decision on this point, it seems to me no more than equitable that all realized net earnings should be made over to the company as speedily as possible after realization.

2. I also request that the claim of the Company to repayment of monies expended by them at the instance of the Government of Madras on surveys for projected works, which have not since been undertaken, may be investigated, and, in so far as it may prove to be well founded, may be liquidated:

3. With respect to the Board's application for aid towards the formation of a separate company for the navigation of their Canal, your Excellency will observe that I have simply declined to express an opinion in favor of the proposed Company taking the lien held by Government on the navigation earnings of the Canal as security for payment of interest on the loan from the Government to the Irrigation Coy.

4. I have not thought it expedient to acquaint the Board

the affairs of the Madras
Irrigation and Canal
Company.

I have the honor to be
My Lord Duke
Your Grace's most obedient
humble Servant

P.W.D.
5 OCT 76
No 7116

Board with the suggestion of the Government of Madras that the State should itself undertake the development of the navigation of the Canal.

5. A copy of this despatch will be transmitted to the Government of Madras for information and guidance.

Public Work.
N. 30

India Office London
28th July 1876.

My Lord Duke,

I transmit herewith, for the information and guidance of your Grace's Government, copies of a Despatch of this day's date, and of its enclosures, addressed by me to the Government of India, on the subject of the

* No 40 of 28 July 76

His Excellency
The Right Honorable
The Governor in Council
Fort St George.

P.W.D.
5 OCT 76.
No 7116

Board with the suggestion of the Government of Madras that the State should itself undertake the development of the navigation of the Canal.

5. A copy of this despatch will be transmitted to the Government of Madras for information and guidance.

Public Works.
N. 30

No. 40 of 25 July 1876

India Office London
25th July 1876.

My Lord Duke,

I transmit herewith, for the information and guidance of your Grace's Government, copies of my Despatch of this day's date, and of its enclosures, addressed by me to the Government of India, on the subject of the

His Excellency
The Right Honorable
The Governor in Council
Fort St George.

P.W.D.
OCT 76
No. 7116

No. 4 ex

Public Works
28th July 1876.

The
Letter to Govt St George
No 30

No 29

Cir 22-9-76 Mad 28-9-76
O.L. Shut 28 Aug 76

Rec'd at Ootd 18 Augt 76

E. I. Form No. 22.

14

No 2657 Irrigation

Public Works Department.

PROCEEDINGS of the MADRAS GOVERNMENT.

UNDER date the 3 Oct 1876.

Read the following:—

From Secretary of State for India & No. 30 of 28 July 1876.

His Grace the Governor in Council observes that there are objections to the advance to the Madras Irrigation and Canal Company of the estimated net earnings or revenue from irrigation under the Company's Canal before the results of that irrigation can be known, but that arrangements can be made for giving the Company credit for revenue from time

in part until after the close of that half year must be shown in the accounts of the half year to which they belong. The necessary instructions to give effect to the half yearly settlement will be issued in the Revenue Department.

5. It has to be noticed that the rules relieve the Company of all liability for continuing the supply of water for crop irrigation after the 31st December, and that consequently no remissions on account of inadequate supply after that date can be deducted from the full demand for the water supplied to such irrigation. It follows that the Company will be entitled to receive credit on the 31st December for the full rates on all the crop irrigation commenced before that date whether such crops be thereafter so supplied as to come to maturity or not. It will be of importance that the ryots should clearly understand the conditions laid down in the rules a which will commencement of crop irrigation at a date which will not secure the ripening of their crops by the 31st December entails risks which will fall entirely upon themselves.

6. The Chief Engineer for Irrigation will

P.W.D.
Rec'd 26 OCT 76
No 7116

No 4 ex

Public Works
28th July 1876.

The
Letter to Court St. George
No 30

No 29

Sir Stuart Hogg
Secy Irrigation

Circ 22-9-76 Ord 28-9-76
O.L. Shut 28 Aug

Rec'd at Ord 18 Aug 76

E. I. Form No. 22.

No 2657 Irrigation

Public Works Department.

PROCEEDINGS of the MADRAS GOVERNMENT.

UNDER date the 3 Oct 76

Read the following:—

From Secretary of State for India & Ltr No 30 dy 28 July 1876

Rec'd 2/9

His Grace the Governor in Council observes that there are objections to the advance to the Madras Irrigation and Canal Company of the estimated net earnings or revenue from irrigation under the Company's Canal before the results of that irrigation can be known, but that arrangements can be made for giving the Company credit for revenue from time

to time, so soon as the rules regulating the water supply and the price to be paid for it have been fulfilled by the Company, and directly thereafter the revenue has been earned. Water is supplied under these rules by the Company for crop irrigation or at monthly rates, and the Governor in Council considers that revenue earned will be placed at the disposal of the Company at the earliest possible date, and indeed directly it has been so earned. If the proper officers of the Company be instructed to prepare and transmit to the Collectors

in accordance with the regulations laid down in the rules

direct

1st on the last day of each month a demand statement of all irrigation supplied at monthly rates during the month referred to.

2ndly on the last day of the half year ending on the 30th June and 31st Decem- ber in each year a demand statement for all crop irrigation during the half year ended on the date of the statement.

2. The Collectors on receiving these state- ments will pass to the credit of the Com- pany either the full amount or the largest sum which they may

N.B. This is no guarantee of water after 1st Jan. except monthly where canals closing in April is notified beyond end monthly demand - in that half year

omit

find to ~~have been~~ be justified by the Valley Village accounts
~~carried~~

3. The amounts so passed will be placed to the credit of the Company's Revenue account at the Kurnool and Cuddapah treasuries and the Chief Engineer and Manager of the Company will be authorized to draw against the balance at credit of the Company to meet the working expenses of the canal.

4. Hitherto the settlement of the canal revenue has been made annually after the completion of the season's irrigation, and the results have been exhibited in the form E Statement. This arrangement does not enable the conditions of the contracts with the Company to be ~~duly~~ complied with, and for the future therefore there should be a settlement made of the Company's revenue up to the 30th June and 31st December respectively, and credit should be given to the Company for all revenue shown to have been earned in each half year, and this credit will be exhibited in the Revenue Account, required by the Contracts to be kept, of the half year to which it may appertain. Similarly the liabilities of the Company for any half year though not discharged

in part until after the close of that half year must be shown in the accounts of the half year to which they belong. The necessary instructions to give effect to the half yearly settlement will be issued in the Revenue Department.

5. It has to be noticed that the rules relieve the Company of all liability for continuing the supply of water for crop irrigation after the 31st December, and that consequently no remissions on account of inadequate supply after that date can be deducted from the full demand for the water supplied to such irrigation. It follows that the Company will be entitled to receive credit on the 31st December for the full rates on all crop irrigation commenced before that date whether such crops be thereafter so supplied as to come to maturity or not. It will be of importance that the ryots should clearly understand the conditions laid down in the rules which attach to the commencement of crop irrigation at a date which will not secure the ripening of their crops by the 31st December, entails risks which will fall entirely upon themselves.

6. The Chief Engineer for Irrigation will

ascertain and report to Government as soon as possible what the cost of the surveys referred to in para 2 of the Secretary of State's despatch No 40 to the Government of India, amounts to.

7. Ordered also that the Government of India be addressed on the subject of the above despatch.

M.E. No 2658 dt 3 Oct/76.

No 29-30

C.E. Apr D.
C.E. Mys & C.Co.
Ex. Dis Accts
Rev Sept
Accts Genl
Trl Sept
Desbd 18/10/76

No 2658 dated 3d October 1876.

To

The Secretary to the Government of India.

Sir,

With reference to the despatch No 40 of the 28th July 1876 addressed by the Secretary of State to the Government of India, a copy of which was transmitted to this Government with the despatch as per margin, I am directed to inform the Government of India that His Grace the Governor in Council is of opinion that there are objections to advancing to the Madras Irrigation and Canal Company the

see marginal note

Bpl 24/9.

*No. 30 - 28th July 1876.

estimated net earnings on account of water supplied from the Company's canal to lands under irrigation, but that ~~under bookings to~~ the rules now in force regulating the arrangements for the supply of water and the rates to be paid for its use, it will be proper to allow the Company credit for the canal revenue in the following manner. It will be seen that the rates to be paid by the ryots using water for irrigation are either on account of crops fully irrigated on monthly rates. The Company's ~~Chief Engineer and Manager~~ officers have therefore been instructed to transmit to

P.W.D. No. 34 dated 4th August 1874. Copy enclosed.

the Revenue Officers 1st Monthly, on the last day of each month, a demand statement of all irrigation which has been supplied at monthly rates during that month.

2nd ~~Half yearly~~, on the 31st December and 30th June in each year, a demand statement of all crop irrigation due for the 1/2 year ended on the date of ~~statement~~ —

The Collectors will be instructed ~~to transmit these statements by the accounts~~ considered to them by the village and Taluq Revenue officials, and with the least possible delay to pass them either fully or to such extent as the information in their possession may show to be

in accordance with the regulations laid down in the rules

on receiving these statements to pass to the credit of the Company either the full amount or the largest sum which either may find to be justified by the Taluq & Village accounts

better quote the order verbatim —

Postage. The Company's
Chief Engineer and Manager
will be authorized to
draw on the Treasuries
against the amounts
which may have been
placed to the credit
of the Company's Revenue
account.

2. I am to observe
that, as this Government
understand the Secretary
of State's instructions,
it is not intended that
any recovery of advances
on Revenue account
to meet working Expenses,
which have already been
made should be effected
until the current revenue
may exceed the current
Expenses, and that con-
sequently all Earnings
after the 30th September
instant will be available
to the Company to meet
the working expenses
of the canal. On this
point I am to request
the instructions of the
Government of India.

3. With regard to
para 3 of the Secretary
of State's despatch No 40,
I am to say that measures
are being taken to as-
certain what the cost
of the surveys of pro-
jected works, which
have not been undertaken,
amounts to, and as soon
as a determination of
this point has been made
the particulars will be
communicated to the
Government of India.
In the last para but
one of Lord George

Hamilton's letter of the
26th July 1876 to the Secretary
to the Company occurs
this sentence "The Board,
however, must be aware
that any repayments
made to them on this
last account will con-
stitute replaced capital
and will not be avail-
able for maintenance
of works, or other revenue
expenditure," and I am
to ask whether such
replaced capital is to
be considered available
for capital expenditure
on navigation or other
works, or whether it is
to be applied in cancel-
ment of a corresponding
amount of debenture
Capital now outstanding
in the hands of Govern-

ment on the Secretary
of State. The opening
of the Canal for navi-
gation has long been
advocated; and if the
payment of the cost of
the Surveys referred to
will have the effect
of rendering money
available for capital
expenditure on works,
it is probable that the
Company's representatives
will shortly bring for-
ward proposals for
reestablishing navigation
through under the supplemental
contract of 1866.

4. A copy of the
P.W.D. No. 265 dated 3rd Oct.
is enclosed for the
information of the Govern-
ment of India.

Dated 18/10/79

No. 209

Hamilton's letter of the 26th July 1876 to the Secretary to the Company occurs this sentence "The Board, however, must be aware that any repayments made to them on this last account will constitute replaced capital and will not be available for maintenance of works, or other revenue expenditure," and I am to ask whether such replaced capital is to be considered available for capital expenditure on navigation or other works, or whether it is to be applied in cancelment of a corresponding amount of debenture Capital now outstanding in the hands of Govern-

ment on the Secretary of State. The opening of the canal for navigation has long been advocated; and if the payment of the cost of the surveys referred to will have the effect of rendering money available for capital expenditure on works, it is probable that the Company's representatives will shortly bring forward proposals for establishing navigation under the supplemental contract of 1866.

4. A copy of the P.W.D. No. 2657 dated 3rd Oct is enclosed for the information of the Government of India.

Dated 18/10/79

44.209

3-8-36 [illegible]

716 Gen-Sec

Govt. of [illegible] Madras

PUBLIC WORKS.

The Chief Engr for Irrign

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[illegible]

Encl.

G. O., 3rd Octo 1876 No. 2657 & 2658

Nos. 29-31

Madras Irrigation and Canal Company

Forwarding orders on the despatch from the Govt of India on the subject of the affairs of the Madras Irrigation and Canal Company

Forwarding Copies of Despatch from the Govt of India on the subject of the affairs of the Madras Irrigation and Canal Company

Forwarding copies of Despatch & of its enclosures addressed to the Govt of India on the subject of the affairs of the Madras Irrigation and Canal Company