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MADRAS RECORD OFFICE

Government of Madras

Public Works

DEPARTMENT

G.O. No.	2671	Press
B.P. No.		Mis.
Dated	4 - 10 -	1876
		195

Not to be folded or roughly handled

No. 55. Read the following endorsement of the Chief Engineer for Irrigation, dated Ootacamund, 20th September 1876, No. 200 W. :—

From J. H. LATHAM, Esq., Chief Engineer and Manager of the Madras Irrigation and Canal Company, to Lieutenant-Colonel J. MULLINS, R.E., Chief Engineer for Irrigation, dated Kurnool, 29th August 1876, No. 83.

I HAVE the honor to ask the sanction of the Madras Government to a method of closing the present Revenue Running Account, and charging in future for water used for irrigation. There are also some inconveniences attending the present time of settlement which have been brought to my notice (with a view to remedy) by the Acting Collector of Kurnool, on which you have had some correspondence with him (*viz., his letter to you, No. 79, of 22nd June last, and your reply, No. 48, of 14th ultimo). I hope that these inconveniences will be incidentally remedied by the present arrangement.

2. The Company's half-yearly Revenue Accounts* will be made up to the end of June and December, until the Secretary of State order otherwise.

* viz., Contract of 3rd June 1863, Section 22.

The settlement or annual audit, in the presence of such ryots as choose to appear, of the charges payable by each ryot to Government on account of canal water used for irrigation under certain conditions, has hitherto been held, after due notice given in every village, as soon as possible after the middle of May. The Marquis of Salisbury's opinion has been given in favor of monthly clearing of accounts between the Madras Government and the Company, following the practice of English Railways; and the Collector of Kurnool thinks that if the settlement of the sums due by each ryot to Government be held early in the year and brought to embrace all charges incurred by ryots within each calendar year, that time would suit the making up of the Governmental annual accounts much better than the present, and it would also suit the Company far better; for the present settlement requires the time and attendance of Engineers during the brief season of closing the canal for repairs, when their whole attention is demanded by the canal.

3. At first sight it is rather appalling to see how the rules for levying water-rate seem to be in a form hopelessly incongruous with monthly accounts. Not a single charge is monthly, in the sense of being fixed within a calendar month; nor is there any time in the year which is not overrun by irrigated crops, still entitled to take water until the end of their six months' supply shall have arrived. It therefore becomes desirable to detach the two ideas. To speak technically, the ryots are customers, "billed" once a year at the time or times most suitable to their being able to pay; while mean time the Government clears its account with the Company at the time or times most suitable to harmonize with the general submission of the accounts of the financial half-years.

4. The details need of course to be arranged without complicating the accounts as regards their main object. I may assume that it is of primary importance to bring the working expenses of the Company, and the money earned by the Company during the same time, into the same half-yearly account. Otherwise, so long as the earnings and expenses nearly equal one another, there might be a loss in one half-year and an excess in the next, or in a season of unusual success there might be an unusual burden

of working expenses requiring to be made up from the guaranteed interest, the unusual profits going into the next year; since the shareholders suffer by every loss and gain nothing by surplus, it is necessary to avoid any system of accounting artificially productive of such results as the above.

5. The only objection to the submission of monthly bills for water supplied to Government each month is the confusion which would be caused by errors and their correction, and the encroachments it would make on the time of the village authorities on whom the correct filling in of the areas depends (G.O., No. 1,327, of 8th May 1875). The Canal Officers take applications addressed by the ryot to the Curnam, in which the area is blank or filled in by estimate in pencil, perhaps for hundreds of acres in a day; and the actual areas are afterwards ascertained and filled in by the Curnam with the help of the Canal Officer in concert whenever those officers can conveniently meet. This system may be improved by experience possibly; but at present irrigation would be impeded, and supervision would require to be doubled, if it were forcibly rigidified to fit the system of monthly accounts. They seem to be far best kept distinct.

6. I propose, then, that, on the 30th September, the present running accounts be terminated and the balance due by the Company to the Government shown. It is fortunate that the time so nearly suits the irrigating season. The greater portion of the rice-sowing is just taking place.

7. I then propose that the sanction of Government be obtained for the placing at the disposal of the Company the amount of estimated charge for water due for the current half-year, and for placing at the disposal of the Company of the estimated revenue for each half-year in future at the commencement of each half-year. The amount would be drawn by the month as it is wanted, and the whole result would be as nearly as possible the same as that of the most exact and troublesome monthly accounting.

8. I see no objection to the yearly settlement being held, as proposed by Mr. Foster, at the close of each calendar year for that year. The time can be readily altered, so far as the Company is concerned, if that be found inconvenient either for settlement or collection. Immediately after the settlement the balance of revenue still due to the Company should be placed at the disposal of the Manager; or if, owing to remissions, compensations, &c., the balance be the other way, the excess will be repaid by the Company.

9. The present rule may still continue of charging expenditure on works on Capital Account 33 per cent. for their share of staff and management.

10. The Board of Directors, with whose views I believe the above plan to agree, are very desirous to have this matter arranged with the sanction of the Madras Government as early as possible, since any delay intervening may manifestly be very disastrous to the credit of the Company. I have therefore the honor to beg you to bring the subject to the attention of Government at any early date. To save time I send a copy of this letter to the Examiner of Irrigation Accounts.

SUBMITTED to Government.

This letter was written by the Chief Engineer and Manager before his recent visit to Ootacamund, and the several points noticed have been considered.

2. It will be desirable to have the opinion of the Examiner of the Company's accounts as to the most convenient way of making a connection between the half-yearly revenue account for the period ending 31st December next and the arrangement which will be introduced from the 1st October. During part of the half-year in question the canal will have been maintained from advances made by Government, while during the remainder funds will have to be provided by the Company from canal revenue earned or otherwise.

(Signed) JOHN MULLINS, Lt.-Col., R.E.,
Chief Engineer for Irrigation.

No. 56.

ORDER THEREON, 4th October 1876, No. 2,671.

IRRIGATION, No. 6.

RECORDED, with reference to G.O.,
No. 2,657, dated 3rd October 1876.

2. The Examiner will report on the point noticed in paragraph 2 of the foregoing endorsement.

(True Extract.)

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

To the Examiner of Irrigation Company's Accounts.

" Chief Engineer for Irrigation.

" Chief Engineer and Manager of the Madras Irrigation and Canal Company.

Exd. E. C. Shunker.
Spare Copies

From Chief Engineer to Manager Ind. Co. R. 83-4/
29 August 1876
N^o 200-W.

Encls.

Submitted to Government.

This letter was written by the Chief Engineer and Manager before his recent visit to Ostaca-mund, and the several points noticed have been considered.

2. It will be desirable to have the opinion of the Examiner of the Company's accounts as to the most convenient way of making a connection between the half yearly revenue account for the period ending 31st December next and the arrangement which will be introduced from the 1st October. During part of the half year in question the canal will have been maintained from advances made by Government while during the remainder funds will have to be provided by the Company from canal revenue earned.

Aug - 23 - 9.76 Mar 28 - 9.76
a.h. Sheet 27 Sept

7175

Gobt. of 1876 Madras.

PUBLIC WORKS.

To

The Examined of ^{Chief} ~~Chief~~ ^{Compt} ~~Compt~~ ^{Account}

Dated

Issued

Recd

Encl.

G. O., ¹⁸⁷⁶ ~~1876~~, No.

Nos. 55/6

Madras Irrigation and Canal
Company. Indorsement of
Chief ~~Chief~~ ^{for} ~~for~~ ^{advice} ~~advice~~ ^{submitting}
letter from the Chief Engineer &
Manager suggesting a method
of closing the present Revenue
running account of the

— Resd —

for P. M. S. 22-10-76