

No. 284 W. of 24th Jan'y 1888

Coin? to the Examiners
P. W. assets.

151 R. H. in.

Govt. of (1888) Madras.

MARINE.

Issued

Recd.

Encl.

G.O., 17th January 1888, No. 15.

No. 284 W. of 24th Jan'y 1888

JANUARY.

Port Funds.

Passing orders relative to the proposed transfer of the conservancy of the Port of Madras and of the control of its funds to the Harbour Trust Board.

Ex. P. W. A.

GOVERNMENT OF MADRAS.

MARINE DEPARTMENT.

READ—again G.O., dated 29th July 1887, No. 347, Marine.

READ—also the following papers:—

From J. H. TAYLOR, Esq., Lieutenant, R.N.R., Port Officer, Madras, to the Chief Secretary to Government, dated Madras, 24th August 1887, No. 7571.

I have the honor to acknowledge receipt of G.O., dated 29th July 1887, No. 347, Marine, and in obedience thereto submit the following report.

2. The Government require my opinion on two points raised therein. Firstly, as to the advisability of transferring the collection, custody, and final disposal of the Madras Port Fund to the Madras Harbour Trust Board, and, secondly, as to the transfer of the conservancy of the Madras Harbour to the same body.

3. In regard to the first question, I would remark that, although there may perhaps be no legal objections to the transfer of the Madras Port Fund to the Harbour Trust Board, yet there are many and strong reasons why the Government, as the ruling authority, should not part entirely with all their right, title and interest in Madras as a port and the capital of the Presidency, as they virtually will by parting with the only funds at their disposal to maintain it as the chief port of the Presidency, unless an immediate return is contemplated to the system of drawing on Provincial funds for the expenses of the port—such a system as obtained when I took charge of the administration of Marine, and which it was the successful labor of the first three or four years to render unnecessary, thereby saving Government annually about a lakh of rupees. I would earnestly ask the Government to pause awhile before parting with the last hold they now possess over the Marine Department of the Presidency, which virtually controls many Imperial interests.

4. From Mr. Barlow's letter it would appear that, with the transfer of the pilots and the conservancy of the harbour to the Trust, nothing will stand in the way of the transfer of the whole of the Port fund to the Trust. But he quite overlooks the fact that there are many conflicting interests at stake and dependent on that fund alone. The Board consider that the "dual control" is expensive, but I contend that there is no such thing existent at present, and that the dual control will be created, after the Board have charge of the Port fund and the conservancy, when alone increased expenditure will be incurred, as witness the collection of harbour dues, which under the Trust has accumulated a vast increase of establishment and expenditure. At present, all matters connected with the working of the Port fund are under the control of a single officer, who is head of the Marine Department under Government. We have also a Harbour Trust, whose powers are limited to the harbour, as such, which is at present incomplete, and it is quite within the range of possibilities that such portions of it as have been finished are likely to be again destroyed by the first really heavy cyclone. The port of Madras, as such, cannot be handed over to a body who are only a Harbour Trust.

5. Moreover, the question of transferring the Madras Port Fund to the Trust has not as yet been brought before the Government of India, and it is doubtful whether they will sanction the wholesale resignation of all control over the only fund at their disposal to meet Marine expenditure. The actual cost of the so-called conservancy of the port is but Rs. 754-8-0 per month, while the pilotage receipts, as already pointed out by me, far exceed this amount, averaging as they do Rs. 1,980 monthly. But a reference to the accompanying statement will show that there are other departments

and other duties connected with the port which cannot be transferred to the Board's control. First, there is the establishment maintained under the Assistant Port Officer, whose duties, irrespective of the conservancy of the harbour, consist of entering and clearing all vessels within or without the harbour; examination of and endorsing articles of agreement, passenger licenses, and ships' registers; granting hospital orders and collecting the dues; making out boat-hire indents and bills for departments for landing or shipping troops and stores, collecting the money, and paying the boat-owners monthly; taking charge of all salvaged property, publishing monthly statements in the Gazette, and selling the same six months after recovery, and rendering accounts of the same to the Receiver of Wrecks; supplying the general public with rafts for landing heavy stores under the Boat Act; picking up articles lost overboard by means of the sub-marine divers' establishment; and keeping charge of the Disabled Boatmen's Fund, and paying pensioners; all of which duties are additional to those pertaining to conservancy of the harbour, the management of the pilotage department and collection of pilotage and stern fast fees. There is also the custody of the Marine stores, the cost of which now on hand is Rs. 50,000. Take next the boat establishment and the control and supervision of the boat system of the port under a special Act IV of 1842. To part with this department would be to lose all control and authority over the boats, and necessitate the Government going into the market to obtain boats for the embarkation of troops and ammunition for carrying out an expedition. The boat system at Madras cannot possibly be compared to that in force at Bombay or Calcutta, and requires special experience and management. At Bombay, an expedition is started from the dockyard itself, where the troops walk on board. In Calcutta, it is much the same. Moreover, it would be extremely impolitic to allow the management of the boats to pass into the hands of the Harbour Trust as at present constituted, as most of its members are merchants and tradesmen, and a great number of our boats are owned by their dubashes. It will be found that a corporate body cannot maintain control and discipline amongst the masula boatmen of the port, who are a hardy but obstreperous race of men. I have been several times in Bombay recently, and it is abundantly clear that no comparison can possibly be instituted between the two ports. Mercantile management is possible enough in Bombay, where all trade requirements are as easily met as in London, and the dockyard supplies all military and naval wants, so also in Calcutta, but the expenses are met from Imperial sources. The conservancy in both is simple, and demands no nautical ability. Madras trade is, and will be for some years, carried on behind probably the most dangerous reef in this world, and ability and watchfulness of the highest order are imperative to its safety. The whole experience of my administration in Madras proves that countless questions of port expenses connected with port boats, with mercantile questions that can only be solved by Government, of minor charges connected with Burma expeditions, reliefs of all kinds, convict expenses—all justifiable as charges due to Port funds from the encouragement and assistance given to the port by Government, and which would not be fairly debitable to the general Presidency tax-payer—should still be dealt with by Government.

6. Next, there are the Shipping Master's duties and office establishment, which latter, though consisting of only one clerk and one peon allowed specially for the work, are really performed by the Assistant Port Officer's office establishment, owing to the duties devolving on the Shipping Master as the custodian of seamen's wages, and the correspondence with the Board of Trade direct in connection with deceased seamen's effects and the Merchant Shipping Act of 1854 *et sequitur*. A perusal of the various Acts bearing on the subject will convince the Government that the duties of a Shipping Master cannot be delegated to a corporate body.

7. There are, moreover, the Lighthouses at Madras, Armeghon, Pulicat and the Seven Pagodas, all of which are paid for from the Madras Port Fund, and are under the control of the head of the Marine Department, in common with all other lights in this Presidency, and over which the Board, as conservators of the harbour of Madras, could not legally exercise any control.

8. There remains the question of the transfer of the pilotage or conservancy of the harbour to the management of the Trustees above referred to. I have already

expressed a strong opinion against this measure in the letter referred to by the Government of India, and the Board have already expressed an opinion in favor of leaving the management of the pilotage to this department, pending the completion of the Madras harbour.

9. As, however, the buoys and moorings within the harbour have been vested in the Board, it might perhaps be only fair to transfer the pilotage collections (being made as now by the Assistant Port Officer) and the accounts and proceeds of the same being forwarded monthly to the Board, after deducting the cost of the establishment. The vexed question of their pensions and leave could then be dealt with on the Harbour Trust terms to the other members of its staff.

10. In conclusion, I would call attention to the sum total paid by Government

annually from the Madras Port Fund, amounting to the very large sum of Rs. 89,290,* the greater portion of which amount would have to be met from Provincial funds if the Madras Port Fund is made over to the Harbour Trust Board. A proportion also of the cost of the Administrative department has, it will be observed, been debited to the Madras Port Fund hitherto, but there is nothing to prevent the whole cost of this department being borne by the General Port Fund, as it is at present constituted. I have not referred in this report to the duties of Administrative Department, Examiner of Marine and Port Fund Accounts, and the Agent for Government Consignments, as these departments and their duties cannot possibly be delegated to the Harbour Trust Board. As regards the sum itself, which the Harbour Board wishes to take over, it only amounts to Rs. 2,39,000, a great portion of which was secured before the harbour was commenced. The Trust has a large balance in hand from dues, and I can only gather from the proceedings at the Board's meeting that they wish the additional sum put out to interest. They have no present use for it, I believe, the expense of the collection would, as in the case of harbour dues, exceed the amount of interest.

11. It must be also borne in mind that some Imperial exigency connected with the port, which is in such a transition state, may be suddenly demanded. Coal and stores for ships to protect the port might be necessary, and a share of all Presidency charges be debitable to Madras in event of war. But I trust the above remarks will find sufficient weight with Government to induce a postponement of the question till more security is given to the harbour and the Presidency town, which would suffer in the event of war solely owing to the proximity of the harbour.

From T. E. MARSHALL, Esq., Assistant Port Officer, in charge Port Office, Madras, to the Chief Secretary to Government, dated Madras, 27th October 1887, No. 9783.

With reference to G.O., Marine, No. 428, dated 26th September last, I have the honor to furnish the following report.

2. *Para. 2 of Government Order.*—The increase in charges at Madras, as compared with those of the previous year, is Rs. 20,643. This sum comprises the following items:—

	RS.
Cost of catamaran logs	3,000
Value of cranes supplied to the Madras pier debited to Harbour	
Dues in 1884-85 and reversed to Port Fund in 1886-87	12,221
Glass cylinder for Madras Lighthouse	235
Repairs to S.S. <i>Madras</i>	2,700
Value of a portable forge	113
Passage-money, &c., paid in England on account of Mr. Cockburn, Dredge officer	965
Value of a double crab to lift 5 tons	754
Expenses incurred in connection with the proposed purchase of the S. S. <i>Bentam</i>	240
Total	20,228

With reference to paragraph 4 of this office letter, No. 9783, of the 27th ultimo, I have the honor to forward the accompanying detailed classified abstract of expenditure in the Marine Department for the official year 1886-87, in the form given in Appendix B of the Government of India Finance and Revenue Accounts for 1885-86.

Marine—Port Fund.

Marine—Provincial.

Pilotage Establishments—							
At Pámban	..	..	..	..	..	..	2,075
At Cochin	..	..	..	..	..	..	2,431
							4,506
Agent for shipping and landing Government Consignments—							
Salary ..	..	..	..	..	..	..	4,200
Establishment	..	..	..	..	..	..	5,709
Contingencies	..	..	..	..	..	..	434
							10,343
S.S. <i>Margaret Northcote</i> —							
Establishment }	..	..	..	..	..	..	3,540
Contingencies }							
							3,540
Total, Provincial Marine ..							18,389

From T. E. MARSHALL, Esq., Acting Port Officer, Madras, to the Chief Secretary to Government, dated Madras, 16th November 1887, No. 10541.

With reference to the recent interview with you, I have the honor to submit the accompanying statement, showing the distribution of the credit balance of the out-ports for the official year 1886-87 to each port, so far as the coasting steamers are concerned. I also enclose copy of letter from the Accountant-General, No. I.B.F.-246, dated 12th instant, from which you will see that he is unable to furnish the Port fund balance for 1886-87 till *December next*.

ENCLOSURE.

From W. DONALD, Esq., Officiating Accountant-General, to the Port Officer, Madras, dated Fort St. George, 12th November 1887, No. I.B.F.-246.

With reference to your letter, No. 10344, dated 10th November 1887, I have the honor to inform you that the statement of Port fund balance has not yet been prepared, as your letter, No. 6771, dated 28th July 1887, required that it should be furnished on finally closing the books of this office, which is not done without the orders of the Comptroller-General, generally sent next week, showing the credits and debits which have passed upon the books of this office up to date since the balance was deduced as per its preliminary amounts for March 1887.

From T. E. MARSHALL, Esq., Acting Port Officer, Madras, to the Chief Secretary to Government, dated Madras, 1st December 1887, No. 10950.

I have the honor to submit the accompanying statement, showing the port dues levied at the port of Madras on coasting steamers from 1st April 1884, the date on which harbour dues were first levied, and a separate account kept of charges connected with the harbour dues establishment, which were met from that source.

2. There are four columns—1st at the rate of ($1\frac{1}{2}$) one-and-a-half annas, 2nd at (6) six annas, 3rd at ($4\frac{1}{2}$) four-and-a-half annas, 4th at (3) three annas. The rate of (6) six annas was discontinued in the case of coasting steamers from the date of receipt of G.O., No. 211, Marine, dated 21st May 1885, and under the same order, the rate of (3) three annas was cancelled. According to this order, the full rate, or first payment, chargeable at Madras was reduced from (6) six annas to ($4\frac{1}{2}$) four-and-a-half annas per ton, and the original rate of ($1\frac{1}{2}$) one-and-a-half annas per ton, after payment at an out-port, was resumed, in lieu of (3) three annas.

3. In considering the share to which the out-ports are entitled, columns 2 and 3 only should be dealt with, as columns 1 and 4 represent the net charge for Madras. The total amount of the first two columns (2 and 3) for 1884-85, 1885-86 and 1886-87 is Rs. (42,696-8-2) forty-two thousand six hundred and ninety-six, annas eight, and pies two, and assigning Madras a portion of it, at the rate of ($1\frac{1}{2}$) one-and-a-half annas per ton (its net rate), on the total tonnage for three years, viz., 146,643 tons, which would be Rs. (13,747-12-6) thirteen thousand seven hundred and forty-seven, annas twelve, and pies six, the remainder, Rs. (28,948-11-8) twenty-eight thousand nine hundred and forty-eight, annas eleven, and pies eight, would form the share of the out-ports.

From R. W. BARLOW, Esq., C.S., Chairman, Harbour Trust Board, to the Chief Secretary to Government, dated Madras, 1st December 1887, No. 5156.

I have the honor to submit herewith, for the orders of Government, a statement (A) showing expenses incurred on account of repairs and renewals of buoys and mooring chains, amounting to Rs. 3,623-15-7.

2. In May last, a bill was forwarded to the Acting Port Officer for Rs. 1,538 for the renewal of one of the mooring buoys and one of the entrance buoys. He declined to pay this amount on the ground that the buoys replaced were only slightly damaged, and that, under the Harbour Trust Act, the Board were bound to maintain the buoys laid down by Government. I would, however, submit, for the consideration of Government, that these charges should be met from port tonnage dues enhanced under Act IV of 1881, as the buoys in question are used exclusively for the guidance and mooring of vessels entering the harbour: *vide* paragraph 4, section 47, Act XII of 1875.

3. While on this subject, I beg to bring to the notice of Government that, with reference to the Government order noted in the margin, and Act IV of 1881, port dues were raised from 3 to 6 annas in the

case of liners, and $1\frac{1}{2}$ annas added for coasters entering Madras, making a total of 6 annas for coasters, on account of the protection afforded by the new harbour, or, to quote the words of the Act, "whereas it has been determined to construct an artificial harbour for the port of Madras and to defray a portion of the interest on the principal sum expended on the construction of such harbour and of the annual expenses of maintaining the same out of the dues leviable on sea-going vessels of 15 tons and upwards entering the said port, and whereas the maximum rate of such dues is fixed by the Indian Ports Act, 1875, section 45, and the third part of the first schedule thereto annexed, and the amount of such rate is insufficient to defray such portion of the said interest and expenses in addition to the other charges to meet which the said dues are applicable; and whereas it is therefore necessary to enhance, to the extent hereinafter mentioned, the maximum rate of dues so leviable; it is hereby enacted as follows, &c." Subsequently, the rate for coasters was reduced from $4\frac{1}{2}$ annas to 3 annas from 1st April 1885, for all ports including Madras—the $1\frac{1}{2}$ annas rate, however, being continued to be levied here in addition, on account of the protection afforded by the harbour: *vide* notification of Government published at page 127, Part I, of the *Fort St. George Gazette*, dated 24th February 1885.

4. I enclose a statement (B), showing the receipts from these extra dues since the 1st of April 1884 only, when the harbour dues department was first organized, amounting to about Rs. 80,000 for coasters at the special $1\frac{1}{2}$ annas rate, and Rs. 1,85,100 for liners at the extra 3 annas rate. It seems to me that these sums at least, if not indeed all such collections made since May 1881, should be credited to the Trust for meeting the expenses on account of interest for advances made by Government for harbour construction, and for the lakh repayable annually in reduction of the capital account, as provided for by Act II of 1886. It is only with the aid of port funds, to supplement the dues for landing and shipping goods, that the Trust can hope to carry the harbour to completion, without raising the present rates of harbour dues, as already pointed out in paras. 2 and 4 of my letter, No. 3175, dated 8th September 1887; and I respectfully submit that such enhanced port dues on tonnage of vessels, levied solely on account of the benefit conferred by the new harbour, ought to be so devoted in the first instance, and if the reduced rate of 3 annas on coasters—to which it should be noted Madras also contributes her share—and the moiety of the 6 annas, *i.e.*, the old rate of 3 annas for liners, is found not sufficient for the expenses at the out-ports and of the Marine Department, then these dues should again be raised—Madras, of course, paying her quota—to the old rates, or to whatever figure may be necessary, rather than that revenue accruing from the extra rates levied on account of the harbour should be expended on the general marine requirements of the Presidency. No such enhancement, however, would appear necessary, as there is a very large surplus to the credit of out-ports. Only Rs. 50,000 out of the large total shown above have been contributed to Harbour Dues, though the Trust have asked for larger sums, and there is at this moment—I speak in round figures—a surplus of some two-and-a-quarter lakhs to the credit of this port, the whole of which, I submit, is the result of the enhanced dues, levied under Act IV of 1881, for the express purpose of defraying "a portion of the interest on the principal sum expended on the construction of" the harbour, and are not funds liable for the general Marine

expenses of the Presidency, which has been the plea of the Port Officer, when recommending to Government to decline larger donations.

5. I should have addressed Government on this subject sooner, had I not been aware that the general question of the actual transfer of Port funds to the Trust has been under consideration for some time past, and I had hoped that the matter would have been settled before this; but as I believe that some considerable further time must elapse before this important matter can be settled, it seems very desirable, in the interests of the Trust, to at once submit strongly, for the orders of Government, that these extra dues should be credited to their proper object as soon as practicable.

ORDER—dated 17th January 1888, No. 15, Marine.

In connection with the appointment of senior and junior pilots for the port of Madras, the Government of India suggested that these officers should be placed under the control of the Harbour Trust Board, who should be appointed under Act XII of 1875 to be conservators of the port; but as it appeared that the Trust were in favor of the retention of the pilots under the authority of the Port Officer, the Government advanced their claims to be appointed conservator of the port, and collector and custodian of the tonnage dues, as in Bombay; and reference was accordingly made to the Bombay Government in view to ascertaining the nature of the arrangements under which the Port Trust in Bombay is invested with the functions and duties described. The papers received in reply, which are printed in the Government order above read, were referred to the late Port Officer, Lieutenant Taylor, with request that he would formulate in detail any objections which he might see to the adoption of a similar scheme in Madras, and state fully what changes should, in his opinion, be made in the Marine Department in the event of such a scheme being sanctioned.

2. Lieutenant Taylor's answer is contained in his letter of the 24th August above read. He has enlarged at considerable length on the objections which he sees to the proposal, but has not made any suggestions as to the changes which, if carried into effect, it would entail in the Marine administration.

3. After giving the subject very careful consideration, His Excellency the Governor in Council has arrived at the conclusion that the objections urged are not entitled to weight, and are based on incorrect views as to the interests involved, and as to the relation of Government to the Port funds of the Presidency. He sees no reason to fear that the convenience of great public departments on special occasions will not be consulted at Madras under the proposed arrangements as it is at present, and the Government as such have no other interest than that the funds shall be well administered, and the efficiency and cheapness of the Port service promoted. These objects cannot fail, in His Excellency's opinion, to be assisted by the association in the management of the port of a body of men who represent mercantile interests and are quick to discern how these are affected by measures relating to shipping. The Harbour Trust Board will not be likely to interfere with their executive officers in purely professional matters, and the general Marine work connected with the functions of Shipping Master, Receiver of Wrecks, &c., will be done by these officers as at present.

4. Further, it is to be remembered that, as conservator of the port and collector and custodian of the dues, the Harbour Trust Board will not be in a position of independence, and their appointment as such will be revocable at the discretion of Government. The Board will be subject to the same administrative control as conservators of other ports, and it is competent to Government to prescribe rules and

conditions to which they must conform. Those which the Government at present consider necessary will be stated later on in this order, and subject to them, or such modifications of them as, after they have been criticised by the Trust Board and the Port Officer, may seem to be suitable, His Excellency the Governor in Council will be prepared to appoint the Trust Board with effect from 1st April 1888, to be conservator of the port under section 8, Act XII of 1875, to collect the dues under section 45, and to keep the accounts under section 47.

5. The principle on which the Chairman of the Harbour Trust enlarges in his letters above read, that the surplus funds of the Madras port may properly be devoted to harbour uses, cannot provoke any difference of opinion. The object comes fully within the definition of the purposes to which, under section 47 of the Act, port dues may be applied; shipping dues were recognized as a proper source of revenue when the harbour project was under discussion; a special Act (IV of 1881) was passed enhancing the port dues for the purpose, and contributions to Harbour Trust funds have been made from the Port fund during the last few years. In the future arrangements, therefore, the surplus accumulating yearly after meeting the ordinary proper charges of the port, and the accumulated balance, will be placed at the disposal of the Harbour Trust. The charge for buoys referred to in the letter, 1st December 1887, No. 5156, may be accepted as a debit against Port funds.

6. In this connection, it is obvious that a correct procedure in regard to credits to, and debits against, the port, must be arrived at and defined. In working out this matter and in pursuing the inquiries initiated in G.O., 26th September 1887, No. 428, as to the result of which the Harbour Trust Board inquire in the letter read above, the Government have been led to the conclusion that the present system of account is inaccurate; that the balances exhibited in Appendix C to the administration report are such as cannot be accepted; and that changes of importance—some of them administrative—have to be made.

7. The present system of port dues dates from Act XXII of 1855, section 41 of which provide for the maintenance of a separate account of receipts and disbursements at, or on account of, each port, and thus established individual Port funds. This Act was modified by Madras Act VII of 1867, which introduced group rates of dues, and further provided for establishing a "General Port Fund" and making the receipts at one port available for expenditure at any other at the discretion of Government. Act XXII of 1855, and Act VII of 1867 were repealed by Act XII of 1875 now in force; and section 47 of that Act re-enacts in almost identical terms section 41 of Act XXII of 1855, but contains an additional clause under which Government may declare ports to be grouped together, after which the ports so grouped shall be considered as single ports for the purposes of the section. Under this addition, it was open to the Government by an executive order to maintain and continue the general Port fund of the Act of 1867, by amalgamating the funds of all the ports; but no such order or declaration was ever issued, and as the general Port fund was created by the Act itself, now repealed, it was not saved by section 3 (2), Act XII of 1875. It must be held, therefore, that the only legal funds now existing are funds of individual ports, and that the practice since 1875, so far as it assumes the existence of the general Port fund, has been wrong. Even when Act VII of 1867 was in force, the general Port fund was except in the Finance accounts, a shadowy entity, inasmuch as accounts of individual ports were kept up throughout, very much as they are now.

8. If, then, individual Port funds are to be maintained—and His Excellency the Governor in Council, thinking that the principle is correct, has no mind to issue a declaration under section 47, Act XII of 1875 re-establishing the general fund—it becomes of great importance that the receipts and charges appertaining to a group of ports, or to all of them together, shall be fairly distributed, and that the funds of one port shall not be diverted to another otherwise than in accordance with the provisions of the Act. The Act empowers Government to invest the surplus funds of a port, and it would be quite legitimate, where a port requires a work for which it has not

sufficient accumulated funds, to devote to the work the surplus of other ports, if due provision is made for interest on, and re-payment of, the debt. Since 1875, however, there have been cases in which surplus funds have been diverted without any arrangements of the kind, and it will be necessary, on a review of the accounts to be now made, to apply a remedy.

9. As regards distribution of receipts,

	Coasting Steamer tonnage.	Dues as credited at present.	Dues correctly distributed.
Madras	309,069	Rs. 35,615	Rs. 28,975*
Total	..	..	7,904†
Gopalpur	162,887	5,785	36,879
Calingapatam ..	125,444	1,316	4,165
Bimlipatam	280,883	3,378	3,208
Vizagapatam	251,679	1,969	7,183
Cocanada	328,285	5,947	6,436
Masulipatam	253,808	6,244	8,395
Cuddalore	113,271	1,418	6,491
Porto Novo	38,372	..	2,897
Negapatam	319,321	9,912	981
Tuticorin	197,017	18,255	8,166
Total	2,380,036	54,224	5,038
Cochin	198,992	25,466	52,960
Calicut	238,009	7,103	7,338
Beypore	79,501	484	8,777
Tellicherry	233,689	2,363	2,932
Cannanore	167,678	601	8,618
Mangalore	108,560	1,812	6,161
Total	1,025,829	37,829	4,003
Grand total ..	3,405,865	1,27,668	37,829

* At $1\frac{1}{2}$ anna per ton. | † Group share.

Tuticorin, the terminal ports to the south, have benefited enormously at the expense of other ports, while Bimlipatam, Vizagapatam, Cocanada, Beypore, Tellicherry and Cannanore have especially suffered.

10. Before proceeding to notice the way in which charges are incorrectly debited, it will be convenient to deal here with certain errors which appear to exist as regards the rates of dues now levied. At certain ports—mainly those specified in the margin of the last paragraph—the rate on ships not coasters is 3 annas, and the half-rate for coasters not steamers $1\frac{1}{2}$ annas, the rates at other ports being 2 annas and 1 anna respectively. Act XII of 1875 provides that coasting steamers shall pay the highest rate of the group plus one-half of such rate; and therefore as long as 3 annas are levied at any port, the due on coasting steamers within the same group cannot be less than $4\frac{1}{2}$ annas. But by notification, dated 21st February 1885, coasting steamers were made liable to 3 annas only on entry, and this rate frees them at all ports in the group. The rates on other vessels were left intact, and an illegal state of things thus established. To remedy this, either the old rate on coasting steamers in the eastern group must be restored by notification, or the rates on other vessels at 3-anna ports in that group must be reduced to 2 annas. Again, by G.O., dated 21st May 1885, No. 211, it was declared that coasting steamers, which on entry at Madras had to pay the difference between the rate levied at out-ports, and 6 annas, the rate fixed for Madras under Act IV of 1881, should continue to pay $1\frac{1}{2}$ annas, which was the difference when the out-port group rate was $4\frac{1}{2}$ annas. The Government cannot concur with the reasoning of the Government Solicitor in the opinion on which the G.O., dated 21st May 1885, was based; and they consider that on the notifications as they then stood, either the Madras rate should have been lowered, or the full difference—3 annas—should have been levied.

the present practice is to credit to each port all the dues received thereat. This is correct, of course, as regards vessels which pay afresh at each port they enter; but in the case of coasting steamers which pay group dues freeing them at other ports also, the practice is most unfair, inasmuch as such dues may be held to be paid (in the language of Act XII of 1875) on account of the ports subsequently entered free, as well as of the port at which they are levied. The present practice unduly favors the terminal ports of each group, which are first approached by the steamers going round the coast. The only fair way of distributing the dues on coasting steamers in the eastern and western groups would be in proportion to the tonnage of such vessels entered at each port; Madras, of course, receiving in full the dues levied there in excess of the group rate, as well as her share of the group dues. The marginal statement shows the proper distribution so calculated on the figures for 1886-87. From this it will be seen that, under the existing system, Cochin and

11. The Port Officer, the Harbour Trust Board, and the Chamber of Commerce

		1886-87.		
		Madras.	Eastern group.	Western group.
Coasting Steamers	Tons*	2,57,596	2,90,900	2,01,955
	Rs.	35,615	54,224	37,829
Others—	At 6-anna ports	Rs. 1,10,919	42,676	28,280
	At 3	..	4,626	7,138
	At 2	..	..	..
	Total ..	1,46,534	1,01,526	73,247
		3,21,307		

* First entry.

ton; that on other vessels is Rs. 0.0822, or 2.19 times as much.

12. Coming now to the present distribution of charges, the first item calling for notice is the cost of lighthouses, which amounted in 1886-87, according to the abstract given in the letter from the Acting Port Officer, dated 4th November 1887, to Rs. 26,111 for establishment and contingencies, Rs. 13,265 for public works, and Rs. 21,716 for a new dioptric light for Santopilly. Under the present system, the lighthouses are charged to the nearest ports, as being either within port limits or serving as guides thereto; but this principle is somewhat strained in charging Madras with the cost of Armeghon, Pulicat and Seven Pagodas lights, Masulipatam with Divi, Bimlipatam with Santopilly, and Tuticorin with Kadiapatam. The Government are of opinion that the lighthouse charges on the East and West coasts should be distributed between Madras and eastern group ports and western group ports, respectively, in proportion to the tonnage entering each.

13. The office of the Port Officer is divided into two branches—the executive, which is supposed to be concerned with the management of the port of Madras alone; and the administrative, which controls the officers at out-ports, and keeps the amounts of and manages their funds. The salaries of the Port Officer and the Examiner of Port Fund Accounts are charged to the administrative branch, and that of the Assistant Port Officer to the executive branch. The whole cost of the latter is charged to the Madras port, as well as 40 per cent. of the cost of the administrative branch—a distribution for which the authority and the basis are not known. Details of the establishment are given below:—

Administrative.		Executive.		RS.
	RS.			
Manager, with personal allowance	350	Head Clerk	..	100
Deputy Manager	100	Four clerks	..	97
Head Accountant	120	Two signallers	..	60
Head Clerk	75	Three storekeepers	..	30½
Deputy Accountant	70	Thirteen peons	..	99½
Seven clerks	176	Tide-gauge clerk	..	40
One attender	7	Do. peon	..	7
Duffadar and 9 peons	79	Contingencies	..	9
Two menials	7	Muchi	..	10½
	984	Sweeper	..	3½
	1,370			467
Port Officer	600	Assistant Port Officer	..	700
Examiner, Port Fund Accounts	..			
Total	2,954	Total	..	1,167

Both establishments appear to Government to be excessive. It will fall to the Harbour Trust Board to revise the executive branch, which (and not merely pilotage and diving establishments, as supposed by Lieutenant Taylor in the first letter above read)

will be transferred to them with the Port fund of Madras. As to the administrative branch, the Government desire to receive from the Port Officer a full report of the distribution of work and the possibility of reducing the strength and cost. It is unnecessary and expensive to have a nautical man in the position of Examiner of Accounts; the Manager seems overpaid, the Deputy Manager unnecessary, and the clerical establishment too strong. Including officers, the administrative branch costs, at present, Rs. 35,448 per annum, to manage a fund of which the aggregate receipts and charges are $4\frac{1}{2}$ lakhs. As to the distribution, the Government consider that the store establishment should be transferred to the general branch, the whole cost of which should be divided amongst all the ports in proportion to total tonnage. The 60 per cent. charged to out-ports is now distributed equally over 17 of the larger ports.

14. The whole cost of the S.S. *Madras* (Rs. 18,743), which is employed for general service, is now charged to the Madras port. It should, in the opinion of Government, be a general charge, as should also that for pensions and superannuation allowances. Government are not aware how these are now distributed among the several ports.

15. The question of Marine stores also needs consideration. It appears that a general store is maintained at Madras under the charge of the Assistant Port Officer, and the value of stores now existing is stated to be over Rs. 50,000. The Government wish to have a report as to the management of this department and the way in which the cost of stores is allocated to the different ports. They gather that stores purchased or brought out from England, and issued on receipt to particular ports, are charged off at once to those ports; but that the cost of stores kept in stock (of which the bulk is coal at Madras) is charged to Madras port. It is not clear whether, when stores are issued to out-ports, the value is debited to them and credited to Madras. There should clearly be separate store and stock accounts, of which the net receipt or charge should go against the ports generally, the value of issues being charged in full against the individual ports receiving the stores.

16. From what has been said above, it will be clear that the balances shown in the administration report as belonging to individual ports cannot be accepted as correct, and that before the Madras balance is transferred to the control of the Harbour Trust Board, the correct amount must be ascertained. For this purpose, the accounts of past years will have to be revised, the receipts and charges being distributed in accordance with the principles above laid down. It may turn out that no ports will, after this revision, show deficits either now, or in any former year; but if there are any, each case will have to be separately dealt with, a specific appropriation being made from the balance of some other port, and definite arrangements ordered for providing interest and sinking fund for liquidating the loan in subsequent years. If it appear that any port cannot pay its ordinary charges in future, either the charges must be reduced or the port must be amalgamated with some other under section 47, Act XII of 1875. The Government fear that the work of reviewing these balances will involve considerable labor and require skilled assistance of a kind which the Port Officer has not now at his command. The revision should, if possible, be carried back to the introduction of Act XII of 1875. Captain Street will report what he thinks should be done.

17. With regard to measures for securing agreement between the accounts kept by the Port Officer and the Finance accounts, the Government do not see any difficulty in the matter. If care be taken to reconcile differences month by month, and the figures of the Finance account for March are incorporated in the annual administration report, the figures will be sufficiently accurate for the purposes of that report. Appendix C need not be submitted until the Accountant-General's books for the year are finally closed.

18. His Excellency the Governor in Council now proceeds to state the conditions under which the transfer of the conservancy of the port of Madras and of the control of its funds to the Harbour Trust Board will be made; and requests that body, as well as the Port Officer, to favor him with remarks thereon:—

- (1) The accounts of the Port fund will be kept separate from those of Harbour funds, the surplus being annually transferred, if the Board propose such transfer, to the general funds of the Harbour Trust. The pilotage fees will, as required by the Act, be kept separate from the Port fund, but will be under control of the Board as conservator of the port.
- (2) The Board shall submit to Government annually a budget estimate of receipts and charges both of Port fund and Pilotage fees, and carry out any orders which the Governor in Council may pass thereon, including the acceptance of such share of the general Marine charges debitable to Port funds as a whole as the Government may declare to properly appertain to the port of Madras. These general charges will be of the nature dealt with above, and it may here be noted that the Madras port will have to bear its share of the cost of purchase and maintenance of the steamer for which indent has been made upon the Secretary of State. Special sanction of Government will have to be obtained for any expenditure which cannot be met from the budget provision of the year.
- (3) No changes in establishment shall be made without the sanction of Government.
- (4) The accounts of the Port fund shall be rendered to, and audited by, the Port Officer in his administrative capacity, as at present.
- (5) The Port Officer and his Assistant shall be the executive officers of the Board, their appointments being made as at present.

19. The Port Officer, and the Chairman, Harbour Trust Board, will report on the detailed arrangements to be made for transferring the work of collecting and administering the Port fund, supposing the conditions above stated to be accepted by the Board.

(True Extract.)

H. E. STOKES,
Chief Secretary.

To the Chairman, Harbour Trust Board.
 „ Port Officer, Madras.
 „ Chairman, Chamber of Commerce.
 „ Public Works Department.
 „ Accountant-General.
 „ Collector of Madras.

Ed. A. Raitt.

PWC No. 622

Govt. of (1888) Madras.

MARINE.

No. 284 w a / 24th Jan'y 1888

Communicated to
the Examiners of works.
The Examiner Public
Works Accounts.

Wm
23.1.88

Wm
23/1/88

Issued

Recd. 21-1-88

Encl.

G.O., 17th January 1888, No. 15.

No. 284 w a / 24th Jan'y 1888

JANUARY.

Port Funds.

Passing orders relative to the proposed transfer
of the conservancy of the Port of Madras and of the
control of its funds to the Harbour Trust Board.

Ex. P. W. a. Dec. 24-1-88.
En. P. W. a.

2 Copies to copy
with order

H. M.

26
3/1

17TH JANUARY 1888, No. 15, MARINE.

GOVERNMENT OF MADRAS.

MARINE DEPARTMENT.

READ—again G.O., dated 29th July 1887, No. 347, Marine.

READ—also the following papers:—

From J. H. TAYLOR, Esq., Lieutenant, R.N.R., Port Officer, Madras, to the Chief Secretary to Government, dated Madras, 24th August 1887, No. 7571.

I have the honor to acknowledge receipt of G.O., dated 29th July 1887, No. 347, Marine, and in obedience thereto submit the following report.

2. The Government require my opinion on two points raised therein. Firstly, as to the advisability of transferring the collection, custody, and final disposal of the Madras Port Fund to the Madras Harbour Trust Board, and, secondly, as to the transfer of the conservancy of the Madras Harbour to the same body.

3. In regard to the first question, I would remark that, although there may perhaps be no legal objections to the transfer of the Madras Port Fund to the Harbour Trust Board, yet there are many and strong reasons why the Government, as the ruling authority, should not part entirely with all their right, title and interest in Madras as a port and the capital of the Presidency, as they virtually will by parting with the only funds at their disposal to maintain it as the chief port of the Presidency, unless an immediate return is contemplated to the system of drawing on Provincial funds for the expenses of the port—such a system as obtained when I took charge of the administration of Marine, and which it was the successful labor of the first three or four years to render unnecessary, thereby saving Government annually about a lakh of rupees. I would earnestly ask the Government to pause awhile before parting with the last hold they now possess over the Marine Department of the Presidency, which virtually controls many Imperial interests.

4. From Mr. Barlow's letter it would appear that, with the transfer of the pilots and the conservancy of the harbour to the Trust, nothing will stand in the way of the transfer of the whole of the Port fund to the Trust. But he quite overlooks the fact that there are many conflicting interests at stake and dependent on that fund alone. The Board consider that the "dual control" is expensive, but I contend that there is no such thing existent at present, and that the dual control will be created, after the Board have charge of the Port fund and the conservancy, when alone increased expenditure will be incurred, as witness the collection of harbour dues, which under the Trust has accumulated a vast increase of establishment and expenditure. At present, all matters connected with the working of the Port fund are under the control of a single officer, who is head of the Marine Department under Government. We have also a Harbour Trust, whose powers are limited to the harbour, as such, which is at present incomplete, and it is quite within the range of possibilities that such portions of it as have been finished are likely to be again destroyed by the first really heavy cyclone. The port of Madras, as such, cannot be handed over to a body who are only a Harbour Trust.

5. Moreover, the question of transferring the Madras Port Fund to the Trust has not as yet been brought before the Government of India, and it is doubtful whether they will sanction the wholesale resignation of all control over the only fund at their disposal to meet Marine expenditure. The actual cost of the so-called conservancy of the port is but Rs. 754-8-0 per month, while the pilotage receipts, as already pointed out by me, far exceed this amount, averaging as they do Rs. 1,980 monthly. But a reference to the accompanying statement will show that there are other departments

and other duties connected with the port which cannot be transferred to the Board's control. First, there is the establishment maintained under the Assistant Port Officer, whose duties, irrespective of the conservancy of the harbour, consist of entering and clearing all vessels within or without the harbour; examination of and endorsing articles of agreement, passenger licenses, and ships' registers; granting hospital orders and collecting the dues; making out boat-hire indents and bills for departments for landing or shipping troops and stores, collecting the money, and paying the boat-owners monthly; taking charge of all salvaged property, publishing monthly statements in the Gazette, and selling the same six months after recovery, and rendering accounts of the same to the Receiver of Wrecks; supplying the general public with rafts for landing heavy stores under the Boat Act; picking up articles lost overboard by means of the sub-marine divers' establishment; and keeping charge of the Disabled Boatmen's Fund, and paying pensioners; all of which duties are additional to those pertaining to conservancy of the harbour, the management of the pilotage department and collection of pilotage and stern fast fees. There is also the custody of the Marine stores, the cost of which now on hand is Rs. 50,000. Take next the boat establishment and the control and supervision of the boat system of the port under a special Act IV of 1842. To part with this department would be to lose all control and authority over the boats, and necessitate the Government going into the market to obtain boats for the embarkation of troops and ammunition for carrying out an expedition. The boat system at Madras cannot possibly be compared to that in force at Bombay or Calcutta, and requires special experience and management. At Bombay, an expedition is started from the dockyard itself, where the troops walk on board. In Calcutta, it is much the same. Moreover, it would be extremely impolitic to allow the management of the boats to pass into the hands of the Harbour Trust as at present constituted, as most of its members are merchants and tradesmen, and a great number of our boats are owned by their dubashes. It will be found that a corporate body cannot maintain control and discipline amongst the masula boatmen of the port, who are a hardy but obstreperous race of men. I have been several times in Bombay recently, and it is abundantly clear that no comparison can possibly be instituted between the two ports. Mercantile management is possible enough in Bombay, where all trade requirements are as easily met as in London, and the dockyard supplies all military and naval wants, so also in Calcutta, but the expenses are met from Imperial sources. The conservancy in both is simple, and demands no nautical ability. Madras trade is, and will be for some years, carried on behind probably the most dangerous reef in this world, and ability and watchfulness of the highest order are imperative to its safety. The whole experience of my administration in Madras proves that countless questions of port expenses connected with port boats, with mercantile questions that can only be solved by Government, of minor charges connected with Burma expeditions, reliefs of all kinds, convict expenses—all justifiable as charges due to Port funds from the encouragement and assistance given to the port by Government, and which would not be fairly debitable to the general Presidency tax-payer—should still be dealt with by Government.

6. Next, there are the Shipping Master's duties and office establishment, which latter, though consisting of only one clerk and one peon allowed specially for the work, are really performed by the Assistant Port Officer's office establishment, owing to the duties devolving on the Shipping Master as the custodian of seamen's wages, and the correspondence with the Board of Trade direct in connection with deceased seamen's effects and the Merchant Shipping Act of 1854 *et sequitur*. A perusal of the various Acts bearing on the subject will convince the Government that the duties of a Shipping Master cannot be delegated to a corporate body.

7. There are, moreover, the Lighthouses at Madras, Armeghon, Pulicat and the Seven Pagodas, all of which are paid for from the Madras Port Fund, and are under the control of the head of the Marine Department, in common with all other lights in this Presidency, and over which the Board, as conservators of the harbour of Madras, could not legally exercise any control.

8. There remains the question of the transfer of the pilotage or conservancy of the harbour to the management of the Trustees above referred to. I have already

expressed a strong opinion against this measure in the letter referred to by the Government of India, and the Board have already expressed an opinion in favor of leaving the management of the pilotage to this department, pending the completion of the Madras harbour.

9. As, however, the buoys and moorings within the harbour have been vested in the Board, it might perhaps be only fair to transfer the pilotage collections (being made as now by the Assistant Port Officer) and the accounts and proceeds of the same being forwarded monthly to the Board, after deducting the cost of the establishment. The vexed question of their pensions and leave could then be dealt with on the Harbour Trust terms to the other members of its staff.

10. In conclusion, I would call attention to the sum total paid by Government annually from the Madras Port Fund, amounting to the very large sum of Rs. 89,290,* the greater portion of which amount would have to be met from Provincial funds if the Madras Port Fund is made over to the Harbour Trust Board. A proportion also of the cost of the Administrative department has, it will be observed, been debited to the Madras Port Fund hitherto, but there is nothing to prevent the whole cost of this department being borne by the General Port Fund, as it is at present constituted. I have not referred in this report to the duties of Administrative Department, Examiner of Marine and Port Fund Accounts, and the Agent for Government Consignments, as these departments and their duties cannot possibly be delegated to the Harbour Trust Board. As regards the sum itself, which the Harbour Board wishes to take over, it only amounts to Rs. 2,39,000, a great portion of which was secured before the harbour was commenced. The Trust has a large balance in hand from dues, and I can only gather from the proceedings at the Board's meeting that they wish the additional sum put out to interest. They have no present use for it, I believe, the expense of the collection would, as in the case of harbour dues, exceed the amount of interest.

11. It must be also borne in mind that some Imperial exigency connected with the port, which is in such a transition state, may be suddenly demanded. Coal and stores for ships to protect the port might be necessary, and a share of all Presidency charges be debitable to Madras in event of war. But I trust the above remarks will find sufficient weight with Government to induce a postponement of the question till more security is given to the harbour and the Presidency town, which would suffer in the event of war solely owing to the proximity of the harbour.

From T. E. MARSHALL, Esq., Assistant Port Officer, in charge Port Office, Madras, to the Chief Secretary to Government, dated Madras, 27th October 1887, No. 9783.

With reference to G.O., Marine, No. 428, dated 26th September last, I have the honor to furnish the following report.

2. Para. 2 of Government Order.—The increase in charges at Madras, as compared with those of the previous year, is Rs. 20,643. This sum comprises the following items:—

	RS.
Cost of catamaran logs	3,000
Value of cranes supplied to the Madras pier debited to Harbour	
Dues in 1884-85 and reversed to Port Fund in 1886-87	12,221
Glass cylinder for Madras Lighthouse	235
Repairs to S.S. Madras	2,700
Value of a portable forge	113
Passage-money, &c., paid in England on account of Mr. Cockburn, Dredge officer	965
Value of a double crab to lift 5 tons	754
Expenses incurred in connection with the proposed purchase of the S. S. Bentam	240
Total	20,228

With reference to paragraph 4 of this office letter, No. 9783, of the 27th ultimo, I have the honor to forward the accompanying detailed classified abstract of expenditure in the Marine Department for the official year 1886-87, in the form given in Appendix B of the Government of India Finance and Revenue Accounts for 1885-86.

Total, Provincial Marine ..	18,389
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From T. E. MARSHALL, Esq., Acting Port Officer, Madras, to the Chief Secretary to Government, dated Madras, 16th November 1887, No. 10541.

With reference to the recent interview with you, I have the honor to submit the accompanying statement, showing the distribution of the credit balance of the out-ports for the official year 1886-87 to each port, so far as the coasting steamers are concerned. I also enclose copy of letter from the Accountant-General, No. I.B.F.-246, dated 12th instant, from which you will see that he is unable to furnish the Port fund balance for 1886-87 till *December next*.

ENCLOSURE.

From W. DONALD, Esq., Officiating Accountant-General, to the Port Officer, Madras, dated Fort St. George, 12th November 1887, No. I.B.F.-246.

With reference to your letter, No. 10344, dated 10th November 1887, I have the honor to inform you that the statement of Port fund balance has not yet been prepared, as your letter, No. 6771, dated 28th July 1887, required that it should be furnished on finally closing the books of this office, which is not done without the orders of the Comptroller-General, generally about the middle of December. As, however, you urgently require the statement, one will be sent next week, showing the credits and debits which have passed upon the books of this office up to date since the balance was deduced as per its preliminary amounts for March 1887.

From T. E. MARSHALL, Esq., Acting Port Officer, Madras, to the Chief Secretary to Government, dated Madras, 1st December 1887, No. 10950.

I have the honor to submit the accompanying statement, showing the port dues levied at the port of Madras on coasting steamers from 1st April 1884, the date on which harbour dues were first levied, and a separate account kept of charges connected with the harbour dues establishment, which were met from that source.

2. There are four columns—1st at the rate of ($1\frac{1}{2}$) one-and-a-half annas, 2nd at (6) six annas, 3rd at ($4\frac{1}{2}$) four-and-a-half annas, 4th at (3) three annas. The rate of (6) six annas was discontinued in the case of coasting steamers from the date of receipt of G.O., No. 211, Marine, dated 21st May 1885, and under the same order, the rate of (3) three annas was cancelled. According to this order, the full rate, or first payment, chargeable at Madras was reduced from (6) six annas to ($4\frac{1}{2}$) four-and-a-half annas per ton, and the original rate of ($1\frac{1}{2}$) one-and-a-half annas per ton, after payment at an out-port, was resumed, in lieu of (3) three annas.

3. In considering the share to which the out-ports are entitled, columns 2 and 3 only should be dealt with, as columns 1 and 4 represent the net charge for Madras. The total amount of the first two columns (2 and 3) for 1884-85, 1885-86 and 1886-87 is Rs. (42,696-8-2) forty-two thousand six hundred and ninety-six, annas eight, and pies two, and assigning Madras a portion of it, at the rate of ($1\frac{1}{2}$) one-and-a-half annas per ton (its net rate), on the total tonnage for three years, viz., 146,643 tons, which would be Rs. (13,747-12-6) thirteen thousand seven hundred and forty-seven, annas twelve, and pies six, the remainder, Rs. (28,948-11-8) twenty-eight thousand nine hundred and forty-eight, annas eleven, and pies eight, would form the share of the out-ports.

From R. W. BARLOW, Esq., C.S., Chairman, Harbour Trust Board, to the Chief Secretary to Government, dated Madras, 1st December 1887, No. 5156.

I have the honor to submit herewith, for the orders of Government, a statement (A) showing expenses incurred on account of repairs and renewals of buoys and mooring chains, amounting to Rs. 3,623-15-7.

2. In May last, a bill was forwarded to the Acting Port Officer for Rs. 1,538 for the renewal of one of the mooring buoys and one of the entrance buoys. He declined to pay this amount on the ground that the buoys replaced were only slightly damaged, and that, under the Harbour Trust Act, the Board were bound to maintain the buoys laid down by Government. I would, however, submit, for the consideration of Government, that these charges should be met from port tonnage dues enhanced under Act IV of 1881, as the buoys in question are used exclusively for the guidance and mooring of vessels entering the harbour: *vide* paragraph 4, section 47, Act XII of 1875.

3 While on this subject, I beg to bring to the notice of Government that, with reference to the Government order noted in the margin, and Act IV of 1881, port dues were raised from 3 to 6 annas in the

case of liners, and $1\frac{1}{2}$ annas added for coasters entering Madras, making a total of 6 annas for coasters, on account of the protection afforded by the new harbour, or, to quote the words of the Act, "whereas it has been determined to construct an artificial harbour for the port of Madras and to defray a portion of the interest on the principal sum expended on the construction of such harbour and of the annual expenses of maintaining the same out of the dues leviable on sea-going vessels of 15 tons and upwards entering the said port, and whereas the maximum rate of such dues is fixed by the Indian Ports Act, 1875, section 45, and the third part of the first schedule thereto annexed, and the amount of such rate is insufficient to defray such portion of the said interest and expenses in addition to the other charges to meet which the said dues are applicable; and whereas it is therefore necessary to enhance, to the extent hereinafter mentioned, the maximum rate of dues so leviable; it is hereby enacted as follows, &c." Subsequently, the rate for coasters was reduced from $4\frac{1}{2}$ annas to 3 annas from 1st April 1885, for all ports including Madras—the $1\frac{1}{2}$ annas rate, however, being continued to be levied here in addition, on account of the protection afforded by the harbour: *vide* notification of Government published at page 127, Part I, of the *Fort St. George Gazette*, dated 24th February 1885.

4. I enclose a statement (B), showing the receipts from these extra dues since the 1st of April 1884 only, when the harbour dues department was first organized, amounting to about Rs. 80,000 for coasters at the special $1\frac{1}{2}$ annas rate, and Rs. 1,85,100 for liners at the extra 3 annas rate. It seems to me that these sums at least, if not indeed all such collections made since May 1881, should be credited to the Trust for meeting the expenses on account of interest for advances made by Government for harbour construction, and for the lakh repayable annually in reduction of the capital account, as provided for by Act II of 1886. It is only with the aid of port funds, to supplement the dues for landing and shipping goods, that the Trust can hope to carry the harbour to completion, without raising the present rates of harbour dues, as already pointed out in paras. 2 and 4 of my letter, No. 3175, dated 8th September 1887; and I respectfully submit that such enhanced port dues on tonnage of vessels, levied solely on account of the benefit conferred by the new harbour, ought to be so devoted in the first instance, and if the reduced rate of 3 annas on coasters—to which it should be noted Madras also contributes her share—and the moiety of the 6 annas, *i.e.*, the old rate of 3 annas for liners, is found not sufficient for the expenses at the out-ports and of the Marine Department, then these dues should again be raised—Madras, of course, paying her quota—to the old rates, or to whatever figure may be necessary, rather than that revenue accruing from the extra rates levied on account of the harbour should be expended on the general marine requirements of the Presidency. No such enhancement, however, would appear necessary, as there is a very large surplus to the credit of out-ports. Only Rs. 50,000 out of the large total shown above have been contributed to Harbour Dues, though the Trust have asked for larger sums, and there is at this moment—I speak in round figures—a surplus of some two-and-a-quarter lakhs to the credit of this port, the whole of which, I submit, is the result of the enhanced dues, levied under Act IV of 1881, for the express purpose of defraying "a portion of the interest on the principal sum expended on the construction of" the harbour, and are not funds liable for the general Marine

5. I should have addressed Government on this subject sooner, had I not been aware that the general question of the actual transfer of Port funds to the Trust has been under consideration for some time past, and I had hoped that the matter would have been settled before this; but as I believe that some considerable further time must elapse before this important matter can be settled, it seems very desirable, in the interests of the Trust, to at once submit strongly, for the orders of Government, that these extra dues should be credited to their proper object as soon as practicable.

ORDER—dated 17th January 1888, No. 15, Marine.

In connection with the appointment of senior and junior pilots for the port of Madras, the Government of India suggested that these officers should be placed under the control of the Harbour Trust Board, who should be appointed under Act XII of 1875 to be conservators of the port; but as it appeared that the Trust were in favor of the retention of the pilots under the authority of the Port Officer, the Government of India did not press their former view, but desired that the correspondence might be again referred to the Harbour Trust Board. Thereupon, the Trust Board again advanced their claims to be appointed conservator of the port, and collector and custodian of the tonnage dues, as in Bombay; and reference was accordingly made to the Bombay Government in view to ascertaining the nature of the arrangements under which the Port Trust in Bombay is invested with the functions and duties described. The papers received in reply, which are printed in the Government order above read, were referred to the late Port Officer, Lieutenant Taylor, with request that he would formulate in detail any objections which he might see to the adoption of a similar scheme in Madras, and state fully what changes should, in his opinion, be made in the Marine Department in the event of such a scheme being sanctioned.

2. Lieutenant Taylor's answer is contained in his letter of the 24th August above read. He has enlarged at considerable length on the objections which he sees to the proposal, but has not made any suggestions as to the changes which, if carried into effect, it would entail in the Marine administration.

3. After giving the subject very careful consideration, His Excellency the Governor in Council has arrived at the conclusion that the objections urged are not entitled to weight, and are based on incorrect views as to the interests involved, and as to the relation of Government to the Port funds of the Presidency. He sees no reason to fear that the convenience of great public departments on special occasions will not be consulted at Madras under the proposed arrangements as it is at present, and the Government as such have no other interest than that the funds shall be well administered, and the efficiency and cheapness of the Port service promoted. These objects cannot fail, in His Excellency's opinion, to be assisted by the association in the management of the port of a body of men who represent mercantile interests and are quick to discern how these are affected by measures relating to shipping. The Harbour Trust Board will not be likely to interfere with their executive officers in purely professional matters, and the general Marine work connected with the functions of Shipping Master, Receiver of Wrecks, &c., will be done by these officers as at present.

4. Further, it is to be remembered that, as conservator of the port and collector and custodian of the dues, the Harbour Trust Board will not be in a position of independence, and their appointment as such will be revocable at the discretion of Government. The Board will be subject to the same administrative control as conservators of other ports, and it is competent to Government to prescribe rules and

5. The principle on which the Chairman of the Harbour Trust enlarges in his letters above read, that the surplus funds of the Madras port may properly be devoted to harbour uses, cannot provoke any difference of opinion. The object comes fully within the definition of the purposes to which, under section 47 of the Act, port dues may be applied; shipping dues were recognized as a proper source of revenue when the harbour project was under discussion; a special Act (IV of 1881) was passed enhancing the port dues for the purpose, and contributions to Harbour Trust funds have been made from the Port fund during the last few years. In the future arrangements, therefore, the surplus accumulating yearly after meeting the ordinary proper charges of the port, and the accumulated balance, will be placed at the disposal of the Harbour Trust. The charge for buoys referred to in the letter, 1st December 1887, No. 5156, may be accepted as a debit against Port funds.

6. In this connection, it is obvious that a correct procedure in regard to credits to, and debits against, the port, must be arrived at and defined. In working out this matter and in pursuing the inquiries initiated in G.O., 26th September 1887, No. 428, as to the result of which the Harbour Trust Board inquire in the letter read above, the Government have been led to the conclusion that the present system of account is inaccurate; that the balances exhibited in Appendix C to the administration report are such as cannot be accepted; and that changes of importance—some of them administrative—have to be made.

7. The present system of port dues dates from Act XXII of 1855, section 41 of which provide for the maintenance of a separate account of receipts and disbursements which provide for the maintenance of a separate account of receipts and disbursements at, or on account of, each port, and thus established individual Port funds. This Act was modified by Madras Act VII of 1867, which introduced group rates of dues, and further provided for establishing a "General Port Fund" and making the receipts at one port available for expenditure at any other at the discretion of Government. Act XXII of 1855, and Act VII of 1867 were repealed by Act XII of 1875 now in force; and section 47 of that Act re-enacts in almost identical terms section 41 of Act XXII of 1855, but contains an additional clause under which Government may declare ports to be grouped together, after which the ports so grouped shall be considered as single ports for the purposes of the section. Under this addition, it was open to the Government by an executive order to maintain and continue the general Port fund of the Act of 1867, by amalgamating the funds of all the ports; but no such order or declaration was ever issued, and as the general Port fund was created by the Act itself, now repealed, it was not saved by section 3 (2), Act XII of 1875. It must be held, therefore, that the only legal funds now existing are funds of individual ports, and that the practice since 1875, so far as it assumes the existence of the general Port fund, has been wrong. Even when Act VII of 1867 was in force, the general Port fund was, except in the Finance accounts, a shadowy entity, inasmuch as accounts of individual ports were kept up throughout, very much as they are now.

8. If, then, individual Port funds are to be maintained—and His Excellency the Governor in Council, thinking that the principle is correct, has no mind to issue a declaration under section 47, Act XII of 1875 re-establishing the general fund—it becomes of great importance that the receipts and charges appertaining to a group of ports, or to all of them together, shall be fairly distributed, and that the funds of one port shall not be diverted to another otherwise than in accordance with the provisions of the Act. The Act empowers Government to invest the surplus funds of a port, and it would be quite legitimate, where a port requires a work for which it has not

sufficient accumulated funds, to devote to the work the surplus of other ports, if due provision is made for interest on, and re-payment of, the debt. Since 1875, however, there have been cases in which surplus funds have been diverted without any arrangements of the kind, and it will be necessary, on a review of the accounts to be now made, to apply a remedy.

9. As regards distribution of receipts, the present practice is to credit to each port all the dues received thereat. This is correct, of course, as regards vessels which pay afresh at each port they enter; but in the case of coasting steamers which pay group dues freeing them at other ports also, the practice is most unfair, inasmuch as such dues may be held to be paid (in the language of Act XII of 1875) on account of the ports subsequently entered free, as well as of the port at which they are levied. The present practice unduly favors the terminal ports of each group, which are first approached by the steamers going round the coast. The only fair way of distributing the dues on coasting steamers in the eastern and western groups would be in proportion to the tonnage of such vessels entered at each port; Madras, of course, receiving in full the dues levied there in excess of the group rate, as well as her share of the group dues. The marginal statement shows the proper distribution so calculated on the figures for 1886-87. From this it will be seen that, under the existing system, Cochin and Tuticorin, the terminal ports to the south, have benefited enormously at the expense of other ports, while Bimlipatam, Vizagapatam, Cocanada, Beypore, Tellicherry and Cannanore have especially suffered.

	Coasting Steamer tonnage.	Dues as credited at present.	Dues correctly distributed.
Madras	309,069	Rs. 35,615	Rs. 28,975* 7,904†
Total	..	..	36,879
Gopálpur	162,887	5,785	4,165
Calingapatam ..	125,444	1,316	3,208
Bimlipatam	280,883	3,378	7,183
Vizagapatam ..	251,679	1,969	6,436
Cocanada	328,285	5,947	8,395
Masulipatam ..	253,808	6,244	6,491
Cuddalore	113,271	1,418	2,897
Porto Novo	38,372	..	981
Negapatam	319,321	9,912	8,166
Tuticorin	197,017	18,255	5,038
Total	2,380,036	54,224	52,960
Cochin	198,992	25,466	7,338
Calicut	238,009	7,103	8,777
Beypore	79,501	484	2,932
Tellicherry	233,689	2,363	8,618
Cannanore	167,678	601	6,161
Mangalore	108,560	1,812	4,003
Total	1,025,829	37,829	37,829
Grand total ..	3,405,865	1,27,668	127,668

* At $1\frac{1}{2}$ anna per ton. | † Group share.

10. Before proceeding to notice the way in which charges are incorrectly debited, it will be convenient to deal here with certain errors which appear to exist as regards the rates of dues now levied. At certain ports—mainly those specified in the margin of the last paragraph—the rate on ships not coasters is 3 annas, and the half-rate for coasters not steamers $1\frac{1}{2}$ annas, the rates at other ports being 2 annas and 1 anna respectively. Act XII of 1875 provides that coasting steamers shall pay the highest rate of the group plus one-half of such rate; and therefore as long as 3 annas are levied at any port, the due on coasting steamers within the same group cannot be less than $4\frac{1}{2}$ annas. But by notification, dated 21st February 1885, coasting steamers were made liable to 3 annas only on entry, and this rate frees them at all ports in the group. The rates on other vessels were left intact, and an illegal state of things thus established. To remedy this, either the old rate on coasting steamers in the eastern group must be restored by notification, or the rates on other vessels at 3-anna ports in that group must be reduced to 2 annas. Again, by G.O., dated 21st May 1885, No. 211, it was declared that coasting steamers, which on entry at Madras had to pay the difference between the rate levied at out-ports, and 6 annas, the rate fixed for Madras under Act IV of 1881, should continue to pay $1\frac{1}{2}$ annas, which was the difference when the out-port group rate was $4\frac{1}{2}$ annas. The Government cannot concur with the reasoning of the Government Solicitor in the opinion on which the G.O., dated 21st May 1885, was based; and they consider that on the notifications as they then stood, either the Madras rate should have been lowered, or the full difference—3 annas—should have been levied.

11. The Port Officer, the Harbour Trust Board, and the Chamber of Commerce will be requested to favor Government with their opinions as to what should be done in these two matters. The figures marginally noted show the financial effect. The loss by lowering the 3-anna rate in the eastern group ports by one-third would be Rs. 14,225. That from lowering the Madras rate on liners to $4\frac{1}{2}$ annas would be Rs. 27,730. The increased burden on coasting steamers at $1\frac{1}{2}$ annas per ton at Madras and eastern ports would be Rs. 51,422. Coasting steamers now furnish 59.16 of the tonnage entering all the ports, but they pay only 39.64 per cent. of the dues. The due paid per ton on coasting steamers is Rs. 0.0375 per

		1886-87.		
		Madras.	Eastern group.	Western group.
Coasting Steamers	Tons*	2,57,596	2,90,900	2,01,955
	Rs.	35,615	54,224	37,829
Others—	At 6-anna ports	Rs. 1,10,919	..	..
	At 3	..	42,676	28,280
	At 2	..	4,626	7,138
	Total ..	1,46,534	1,01,526	73,247
		3,21,307		

* First entry.

ton; that on other vessels is Rs. 0.0822, or 2.19 times as much.

12. Coming now to the present distribution of charges, the first item calling for notice is the cost of lighthouses, which amounted in 1886-87, according to the abstract given in the letter from the Acting Port Officer, dated 4th November 1887, to Rs. 26,111 for establishment and contingencies, Rs. 13,265 for public works, and Rs. 21,716 for a new dioptric light for Santopilly. Under the present system, the lighthouses are charged to the nearest ports, as being either within port limits or serving as guides thereto; but this principle is somewhat strained in charging Madras with the cost of Arneghon, Pulicat and Seven Pagodas lights, Masulipatam with Divi, Bimlipatam with Santopilly, and Tuticorin with Kadiapatam. The Government are of opinion that the lighthouse charges on the East and West coasts should be distributed between Madras and eastern group ports and western group ports, respectively, in proportion to the tonnage entering each.

13. The office of the Port Officer is divided into two branches—the executive, which is supposed to be concerned with the management of the port of Madras alone; and the administrative, which controls the officers at out-ports, and keeps the amounts of and manages their funds. The salaries of the Port Officer and the Examiner of Port Fund Accounts are charged to the administrative branch, and that of the Assistant Port Officer to the executive branch. The whole cost of the latter is charged to the Madras port, as well as 40 per cent. of the cost of the administrative branch—a distribution for which the authority and the basis are not known. Details of the establishment are given below:—

Administrative.		Executive.	
	Rs.		Rs.
Manager, with personal allowance ..	350	Head Clerk	100
Deputy Manager	100	Four clerks	97
Head Accountant	120	Two signallers	60
Head Clerk	75	Three storekeepers	30½
Deputy Accountant	70	Thirteen peons	99½
Seven clerks	176	Tide-gauge clerk	40
One attender	7	Do. peon	7
Duffadar and 9 peons	79	Contingencies	9
Two menials	7	Muchi	10½
	984	Sweeper	3½
Port Officer	1,370		467
Examiner, Port Fund Accounts ..	600	Assistant Port Officer	700
Total	2,954	Total	1,167

Both establishments appear to Government to be excessive. It will fall to the Harbour Trust Board to revise the executive branch, which (and not merely pilotage and diving establishments, as supposed by Lieutenant Taylor in the first letter above read)

will be transferred to them with the Port fund of Madras. As to the administrative branch, the Government desire to receive from the Port Officer a full report of the distribution of work and the possibility of reducing the strength and cost. It is unnecessary and expensive to have a nautical man in the position of Examiner of Accounts; the Manager seems overpaid, the Deputy Manager unnecessary, and the clerical establishment too strong. Including officers, the administrative branch costs, at present, Rs. 35,448 per annum, to manage a fund of which the aggregate receipts and charges are 4½ lakhs. As to the distribution, the Government consider that the store establishment should be transferred to the general branch, the whole cost of which should be divided amongst all the ports in proportion to total tonnage. The 60 per cent. charged to out-ports is now distributed equally over 17 of the larger ports.

14. The whole cost of the S.S. *Madras* (Rs. 18,743), which is employed for general service, is now charged to the Madras port. It should, in the opinion of Government, be a general charge, as should also that for pensions and superannuation allowances. Government are not aware how these are now distributed among the several ports.

15. The question of Marine stores also needs consideration. It appears that a general store is maintained at Madras under the charge of the Assistant Port Officer, and the value of stores now existing is stated to be over Rs. 50,000. The Government wish to have a report as to the management of this department and the way in which the cost of stores is allocated to the different ports. They gather that stores purchased or brought out from England, and issued on receipt to particular ports, are charged off at once to those ports; but that the cost of stores kept in stock (of which the bulk is coal at Madras) is charged to Madras port. It is not clear whether, when stores are issued to out-ports, the value is debited to them and credited to Madras. There should clearly be separate store and stock accounts, of which the net receipt or charge should go against the ports generally, the value of issues being charged in full against the individual ports receiving the stores.

16. From what has been said above, it will be clear that the balances shown in the administration report as belonging to individual ports cannot be accepted as correct, and that before the Madras balance is transferred to the control of the Harbour Trust Board, the correct amount must be ascertained. For this purpose, the accounts of past years will have to be revised, the receipts and charges being distributed in accordance with the principles above laid down. It may turn out that no ports will, after this revision, show deficits either now, or in any former year; but if there are any, each case will have to be separately dealt with, a specific appropriation being made from the balance of some other port, and definite arrangements ordered for providing interest and sinking fund for liquidating the loan in subsequent years. If it appear that any port cannot pay its ordinary charges in future, either the charges must be reduced or the port must be amalgamated with some other under section 47, Act XII of 1875. The Government fear that the work of reviewing these balances will involve considerable labor and require skilled assistance of a kind which the Port Officer has not now at his command. The revision should, if possible, be carried back to the introduction of Act XII of 1875. Captain Street will report what he thinks should be done.

17. With regard to measures for securing agreement between the accounts kept by the Port Officer and the Finance accounts, the Government do not see any difficulty in the matter. If care be taken to reconcile differences month by month, and the figures of the Finance account for March are incorporated in the annual administration report, the figures will be sufficiently accurate for the purposes of that report. Appendix C need not be submitted until the Accountant-General's books for the year are finally closed.

18. His Excellency the Governor in Council now proceeds to state the conditions under which the transfer of the conservancy of the port of Madras and of the control of its funds to the Harbour Trust Board will be made; and requests that body, as well as the Port Officer, to favor him with remarks thereon:—

- (1) The accounts of the Port fund will be kept separate from those of Harbour funds, the surplus being annually transferred, if the Board propose such transfer, to the general funds of the Harbour Trust. The pilotage fees will, as required by the Act, be kept separate from the Port fund, but will be under control of the Board as conservator of the port.
- (2) The Board shall submit to Government annually a budget estimate of receipts and charges both of Port fund and Pilotage fees, and carry out any orders which the Governor in Council may pass thereon, including the acceptance of such share of the general Marine charges debitable to Port funds as a whole as the Government may declare to properly appertain to the port of Madras. These general charges will be of the nature dealt with above, and it may here be noted that the Madras port will have to bear its share of the cost of purchase and maintenance of the steamer for which indent has been made upon the Secretary of State. Special sanction of Government will have to be obtained for any expenditure which cannot be met from the budget provision of the year.
- (3) No changes in establishment shall be made without the sanction of Government.
- (4) The accounts of the Port fund shall be rendered to, and audited by, the Port Officer in his administrative capacity, as at present.
- (5) The Port Officer and his Assistant shall be the executive officers of the Board, their appointments being made as at present.

19. The Port Officer, and the Chairman, Harbour Trust Board, will report on the detailed arrangements to be made for transferring the work of collecting and administering the Port fund, supposing the conditions above stated to be accepted by the Board.

(True Extract.)

H. E. Stokes
Chief Secretary.

To the Chairman, Harbour Trust Board.
 „ Port Officer, Madras.
 „ Chairman, Chamber of Commerce.
 „ Public Works Department.
 „ Accountant-General.
 „ Collector of Madras.

Exd. A. Raiff.

B.S.C.

PWC No. 622

Govt. of (1888) Madras.

MARINE.

No. 284 w d / 24th Jan'y 1888

Communicated to
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The Marine Public
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No. 284 w d / 24th Jan'y 1888

JANUARY.

Port Funds.

Passing orders relative to the proposed transfer
of the conservancy of the Port of Madras and of the
control of its funds to the Harbour Trust Board.

Ex. P. W. A. Dec'd 24-1-88.

En. Phos.

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In the order