GOVERNMENT OF MADRAS.

FINANCIAL DEPARTMENT.

READ—the following paper :—

Endorsement of the Public Works Department, No. 841 D, dated 11th September 1889, transferring the following paper :—

From the Honorable J. A. BOYSON, Chairman, Chamber of Commerce, Madras, to the Secretary to Government, Public Works Department, dated Madras, 7th September 1889.

The Chamber has learnt with much regret, from the Proceedings of the Madras Government, dated 22nd July, No. 450, Financial, that the Government of India has declined to sanction the reduction of interest on expenditure on the Harbour Works from 4½ to 4 per cent., and I have the honor to express the hope of the Chamber that this Government will be pleased to invite the Government of India to reconsider the matter.

2. It is remarked by the Government of India that His Excellency in Council is not disposed to interfere with the present settlement "unless the clearest necessity is shown to exist, and that it is obvious that there is no such necessity." The Chamber would venture to point out that the budget estimates of the Harbour Trust Board for the current year, based on the actual results of previous years, afford evidence that necessity does exist for reducing the charges on the port, inasmuch as the estimated annual expenditure exceeds the estimated annual receipts by Rs. 39,423, as per the following details :—

Receipts.	—	Expenditure.	—
	RS.		RS.
Port dues	1,33,000	Conservancy establishment	34,684
Harbour and ground rents	2,69,700	Presidency Port Officer's establishment ..	19,146
Pilotage	23,500	Pilotage charge	16,800
Interest	20,000	Harbour Trust charge	2,09,343
Cash Balance	14,350	Interest to Government	1,20,000
		Instalment do.	1,00,000
	4,60,550	Total ..	4,99,973
Dr. Balance	39,423		

In addition to the revenue shown by these figures, the port, owing to the revision of Port Fund accounts, has received a windfall, G.O., Marine Nos. 171-172, dated 24th April, having placed at the disposal of the Harbour Trust Board the sum of Rs. 7,39,889 as a capital investment, which at 4 per cent. interest will give the port a further sum of Rs. 29,000 towards the deficiency above shown.

3. Any enhancement of dues on the export, import, and shipping trade would be a very unwise step, the present rates being regarded as a very heavy burden, and the closest scrutiny of the Board cannot effect any material reduction on the cost of the various establishments without running the risk of impairing their efficiency. The only charge, therefore, that appears to the Chamber to be capable of reduction is the interest on the construction loan, and it will be obvious to Government from the foregoing figures, that if the rate of interest be reduced from 4½ to 4 per cent., there may be some prospect of the revenue of the port balancing expenditure, and of opportunity occurring for lessening the already too burdensome dues on trade. It is the aim of the Chamber, as it is doubtless the wish of the Government, to render the port as attractive to trade as it can reasonably be made.

4. The Chamber has a grateful recollection of the liberal manner in which the Secretary of State considered the ability of the port to bear taxation, and it feels that it is not unreasonable in making the request that the demand for interest on the sum on which any interest is to be charged shall be made at a normal instead of at an abnormal rate, as otherwise the port is denied the full benefit of the Secretary of State's liberality. In his letter of the 18th October 1883, No. 300, Financial, to the Government of India, the Secretary of State acceded to the proposal of the Governor-General in Council that the Trust should accept as the first charge upon its revenues interest at the rate of 4 per cent. on a sum of 15 lakhs of rupees, and he suggested that the further sums required to complete the Harbour might be raised "on the security of Government, and advancing the money to the Trust, as was done in the case of the Bombay Port Trust, at 4 per cent. interest for a limited number of years, to be raised to $4\frac{1}{2}$ per cent. at the expiration of that period, unless the capital should be sooner repaid." He further said: "If the trade of the Harbour can easily bear the charge, it might be provided that the higher rate should be payable, after a fixed date, on the whole debt, including the 15 lakhs to be debited to the Trust on account of past outlay." The proviso in this sentence seems to show that, in the Secretary of State's opinion, a charge of $4\frac{1}{2}$ per cent. for money advanced by the Government should only be made if the trade of the port could easily bear it. The Chamber submits that the trade cannot easily bear the extra half per cent., and it begs, therefore, that the rate may be reduced to the minimum named by the Secretary of State.

ORDER—dated 2nd October 1889, No. 655, Financial.

His Excellency the Governor in Council is not prepared to address the Government of India again in the matter, which he regards as finally decided. He is unable to accept the views held by the Chamber of Commerce as to the financial position of the Harbour Trust Board, and considers that the necessity for improving that position, if it exists, should be met otherwise than in the way proposed. It is evident that, if the Trust is now in such straits as represented, it will find itself unable to provide for the increase of charge which must follow the further prosecution of the harbour works, and the investment of the Government money must be held to be so risky as to raise a question whether the advances should be continued, or the rate of interest raised.

(True Extract.)

J. F. PRICE,
Chief Secretary.

To the Chairman, Chamber of Commerce.
" Marine Department.
" Public Works Department.

Exd. A. Raitt.

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3. Any enhancement of dues on the export, import, and shipping trade would be a very unwise step, the present rates being regarded as a very heavy burden, and the closest scrutiny of the Board cannot effect any material reduction on the cost of the various establishments without running the risk of impairing their efficiency. The only charge, therefore, that appears to the Chamber to be capable of reduction is the interest on the construction loan, and it will be obvious to Government from the foregoing figures, that if the rate of interest be reduced from $4\frac{1}{2}$ to 4 per cent., there may be some prospect of the revenue of the port balancing expenditure, and of opportunity occurring for lessening the already too burdensome dues on trade. It is the aim of the Chamber, as it is doubtless the wish of the Government, to render the port as attractive to trade as it can reasonably be made.

4. The Chamber has a grateful recollection of the liberal manner in which the Secretary of State considered the ability of the port to bear taxation, and it feels that it is not unreasonable in making the request that the demand for interest on the sum on which any interest is to be charged shall be made at a normal instead of at an abnormal rate, as otherwise the port is denied the full benefit of the Secretary of State's liberality. In his letter of the 18th October 1883, No. 300, Financial, to the Government of India, the Secretary of State acceded to the proposal of the Governor-General in Council that the Trust should accept as the first charge upon its revenues interest at the rate of 4 per cent. on a sum of 15 lakhs of rupees, and he suggested that the further sums required to complete the Harbour might be raised "on the security of Government, and advancing the money to the Trust, as was done in the case of the Bombay Port Trust, at 4 per cent. interest for a limited number of years, to be raised to $4\frac{1}{2}$ per cent. at the expiration of that period, unless the capital should be sooner repaid." He further said: "If the trade of the Harbour can easily bear the charge, it might be provided that the higher rate should be payable, after a fixed date, on the whole debt, including the 15 lakhs to be debited to the Trust on account of past outlay." The proviso in this sentence seems to show that, in the Secretary of State's opinion, a charge of $4\frac{1}{2}$ per cent. for money advanced by the Government should only be made if the trade of the port could easily bear it. The Chamber submits that the trade cannot easily bear the extra half per cent., and it begs, therefore, that the rate may be reduced to the minimum named by the Secretary of State.

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Chief Secretary.

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Govt. of {1889} Madras.

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Issued

Recd. *Encl.*

G.O., 2nd October 1889, No. 655.

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Recorded in
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(2) W L C B

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