

- (1) பக்கங்களின் எண்ணிக்கை 52
 (2) புதுக்கித் திருப்பிய நாள் October, 90
 (3) ஆதாரங்குறிப்பவர் சுருக்கொப்பம் W

தமிழ்நாடு ஆவணக் காப்பகம்.

தமிழ்நாடு அரசு

P. W. D. (R)
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GOVERNMENT OF MADRAS.

PUBLIC WORKS DEPARTMENT.

Railway.

Read the following paper:—

Endorsement of the Government of India, Public Works Department (Railway Traffic), dated Calcutta, 9th March 1891, No. 00104 R.T.

The undermentioned papers are forwarded to the Joint Secretary to the Government of Madras, Public Works Department, Railway Branch, for information.

(By Order.)

(Signed) F. B. HEBBERT,
Offg. Under-Secretary.

DESPATCH from the Right Honorable Her Majesty's Secretary of State for India, to His Excellency the Most Honorable the Governor-General of India in Council, dated India Office, London, 8th January 1891, Railway No. 2.

I forward, herewith, copy of the contract entered into on the 24th November 1890 with the South Indian Railway Company (Limited) for taking over and working from the 1st January 1891 the existing South Indian Railway and the Villupuram-Guntakal State Railway.

2. The present company having been advised that its statutory powers would not admit of its working the South Indian Railway after purchase by the Government, it has been necessary to form a new company, and this has been done with the title of the "South Indian Railway Company (Limited)," which was duly registered on the 21st November 1890. Though a new company is thus introduced and a distinct line must be drawn between the transactions of the concerns up to and inclusive of, and subsequent to, the 31st December 1890, there need be no practical break of continuity. There should be a formal receipt from the old company and transfer to the new company, and all engagements of servants under the old company will cease and new engagements must be entered into by the servants taken over by the new company.

3. You are aware from previous correspondence that the company's share capital under the new arrangement was to be £1,000,000. On the 24th November 1890 a prospectus, offering this capital to the stockholders in the old company, was issued by the new company, and the capital having been fully subscribed by them no appeal to the general public has been necessary.

4. Sections 40, 41, 42 and 95.—The share capital carries interest at the rate of 3 per cent. per annum, payable in sterling out of the revenues of India. Provision is also made for further capital. On the determination of the contract all capital raised by the company is repayable at par.

5. Sections 49 and 60.—Exchange is here provided for and section 60 also exhibits the financial working of the contract. Briefly, the company, in addition to the actual guarantee on its capital, is to receive a rateable share proportioned on capital of the residue of the net revenue receipts after deduction (1) of the amount of the said interest; (2) of the interest paid by Government on account of the irredeemable debenture stock of the old company; and (3) of the interest (at the rate of 3 per cent.) to be paid to the Government on the remainder of the capital subject to the proviso that during the three years ending 31st December 1893 the company's share of such residue shall not be less than £5,000, the equivalent of $\frac{1}{4}$ per cent. per annum on £1,000,000. This minimum payment, though to be made half yearly, is, it will be observed, to be adjusted on the accounts of each year.

6. Sections 2 and 90.—The term of the contract is 20 years, which the Government may extend by terms of 5 years. The period of 20 years has been conceded to allow of trust investments.

7. Section 4.—The transfer of serviceable stores only implies the withdrawal from the custody of the company, or disposal, of the unserviceable stores.

8. Section 5.—The cost of the purchased railway is to be as shown in the Indian rupee accounts and is about 500 lakhs. The proviso as to cost of land and loss by exchange in connection with the unfinished railway should be noted in connection with section 55 (d).

9. Section 8.—The provision for re-transfer to Government of parts of the undertaking meets the possible conversion of gauge on the present Nellore branch and gives a free hand in dealing with the future of the Dharmavaram-Guntakal section when extended to link in with the Mysore Railway. Any such re-transfer, you will, however, observe, involves an adjustment of the capital account, and, if the traffic of any section so retransferred be below the average, will diminish the share of the residue of net revenue receipts to be retained by the Government under section 60 (4).

10. Sections 9 and 10.—Branches and extensions are herein provided for. Conditions were necessary to satisfy the company that unremunerative branches should not be imposed on the undertaking. The first proviso, as to minimum gross receipts, will involve for three years after the opening of any branch the clearing of traffic between the main line and the branch. Section 10 will admit of the working by the company of such lines as that now under construction in Tanjore on behalf of the District Board, and, in conjunction with section 81, of the Pondicherry Railway. In this connection I should mention that I have authorized the new company to enter into an agreement to work the Pondicherry Railway for three years from the 1st January 1891.

11. Sections 23 and 28.—Allusions to the law and discrimination here and elsewhere between opening for the public carriage of passengers and of goods or animals have been made with reference to the Indian Railways Act of 1890.

12. Section 26.—I trust that the provisions for the employment by the company of Government servants will be found satisfactory.

13. Section 31.—The powers here reserved as to rates and fares will doubtless be found sufficient.

14. Section 32.—Undue preference has been provided against in the contract at the special request of your Government, notwithstanding the provision in that behalf in the new Railway Act.

15. Section 33.—In the services to be performed for the State, conveyance of "stores for State Railways" has now been specially mentioned.

16. Sections 58 (8), 59, 85 and 86.—Provident institutions for both the company's servants and the servants of Government lent to the company are arranged for. The rules now under consideration for company's servants on the Bengal-Nagpur and Indian Midland Railways may properly be extended to this new company's servants.

17. Section 80.—It will be observed that the words "of general applicability," by which Acts of the Indian Legislature were qualified in previous contracts, have been omitted.

18.—In other respects the contract differs but little from the more recent contracts entered into by me with railway companies.

CONTRACT entered into on the 24th November 1890 with the South Indian Railway Company (Limited), &c.

This Indenture, made the 24th day of November 1890, between THE SECRETARY OF STATE IN COUNCIL OF INDIA of the one part and THE SOUTH INDIAN RAILWAY COMPANY (LIMITED) of the other part.

WITNESSETH and it is hereby agreed and declared as follows:—

Interpretation of terms.

1. In this contract, unless there is something repugnant in the subject or context—

(a) "The Secretary of State" means the Secretary of State in Council of India.

(b) "The company" means the South Indian Railway Company (Limited).

(c) "The old company" means the South Indian Railway Company, incorporated by an Act of Parliament passed in the session of the 37th and 38th years of the reign of Her present Majesty, intituled "The South Indian Railway Act, 1874."

(d) "The purchased railway" means the railways and works of whatever description, together with the land, rolling stock, plant, and machinery, forming the undertaking of the old company on the 31st December 1890.

(e) "The unfinished railway" means the railways (together with the land, rolling stock, plant, and machinery belonging thereto) connecting Villupuram, a station of the purchased railway, and Guntakal *via* Pakal, with a branch to Nellore from Pakal, part of which has been opened for public traffic, and is now being worked on behalf of the Secretary of State by the old company, and part is in process of construction on behalf of the Secretary of State by the old company.

(f) "The undertaking" means the purchased railway and the unfinished railway, or such part or parts of those railways as for the purposes of this contract shall on the 1st January 1891 be handed over to, or may at any time after the aforesaid date, in accordance with the provisions of this contract, be left in the possession of the company, together with any improvements, alterations, and additions of whatever description that may from time to time be made therein or thereto, with the sanction of or by the Secretary of State, but with the exception of the telegraphs and telegraphic appliances used or to be used thereon.

(g) The undertaking or such part or parts thereof as may for the time being have been opened for the public carriage either of passengers or of goods or animals shall be deemed to be open for public traffic.

(h) "The open system" means and includes such part or parts of the undertaking as may for the time being be open for public traffic.

(j) "The gross earnings of the undertaking" means and includes all receipts from coaching and merchandise traffic over the open system and from the carriage of mails thereon, and the use of the telegraphs, and all other sums received in respect thereof as rents, tolls on bridges, and from all other sources the receipts from which are treated as revenue on Indian railways generally, and also any moneys payable by the Secretary of State, in respect of any branch or extension railway made part of the undertaking in accordance with the provisions of section 9 of this contract, under the obligation thereby undertaken by him to make up the average weekly gross earnings of any such branch or extension railway to the amount and for the period specified in the last-mentioned section.

(k) "Working expenses," when not qualified or limited, means and includes the expenses incurred with the sanction of or by the Secretary of State in or about or in connection with the management, maintenance, and working of the open system.

(l) "Net earnings" and "net revenue receipts" respectively have the meanings attributed to those expressions respectively in section 59 of this contract.

Duration of contract.

2. This contract shall continue in force for a term of 20 years, commencing on the first day of January 1891, subject to the provisions hereinafter contained for determining the same.

As to railways to be taken over by the company and matters connected therewith.

3. On the said first day of January 1891 the Secretary of State for the purposes of this contract shall hand over to the company, and the company shall accept, the purchased railway and the unfinished railway, together with all works connected therewith then made or in progress, and the rolling stock, machinery, and plant then used thereon or appropriated or in course of construction or under supply therefor, together with copies of all plans, specifications, and working drawings of the said works, rolling stock, and other equipments, but with the exception of the telegraphs and all telegraphic appliances appropriated to the said railways, and as from the aforesaid day and during the continuance of this contract the company shall maintain and work the open system.

4. On taking over the said railway, or so soon thereafter as may be, the Secretary of State shall deliver to the company, and the company shall accept for the purposes of the undertaking, all serviceable stores belonging to the said railways respectively that may be in hand or in course of delivery, except such, if any, as belong to the telegraphs or telegraphic appliances. An inventory of such stores shall be made and signed by or on behalf of the Secretary of State and the company, and their value shall be entered in the stores account as hereinafter provided. The value of the unserviceable stores belonging to the said railways shall be charged off as respects those of the purchased railway in the working expenses of the open system within the year 1891, and as respects those of the unfinished railway in the capital account as hereinafter provided. The values in each case herein mentioned shall be as shown in the accounts relating to the said respective railways of the old company and of the Secretary of State, including loss by exchange on all payments made in England in part of the prime cost of the stores, both serviceable and unserviceable.

5. On taking over the said railways, or so soon thereafter as may be, an inventory of the railways, rolling stock, plant, and machinery to be so taken over as aforesaid shall be made and signed by or on behalf of the Secretary of State and the company, and the value at cost price, as shown in the Indian accounts of the old company and the Government of the said railways respectively, and of the said rolling stock, plant, and machinery, and of the plans, specifications and working drawings, of which copies shall be so taken over as aforesaid, shall be entered in the capital account of the undertaking as hereinafter provided. Provided always that if the said accounts of the Government of the unfinished railway do not include the loss by exchange on all payments made in England in part of the cost of the unfinished railway and the cost

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price of the land occupied or used by the unfinished railway or for the purposes thereof, or either of such items, then there shall be further entered in the capital account aforesaid as the case may require the said loss by exchange and the said cost price of the land.

As to existing surveys for extensions, &c., and liabilities in connection with the railways transferred.

6. All surveys and plans which the Secretary of State has caused to be made with the view of facilitating and expediting the construction of branches or extensions of either the purchased railway or the unfinished railway shall be made over to the company, and the cost of the said surveys and plans as stated by the Secretary of State shall be debited to the capital account of the undertaking as hereinafter provided. Any now existing obligations or liabilities of the Secretary of State, under contracts for the supply of stores or materials for the execution of works for or in connection with either the purchased railway or the unfinished railway, shall be discharged by the company from the moneys to be supplied to the company pursuant to this contract.

As to the completion of the construction of the unfinished railway.

7. Subject to the requisite funds being provided according to the stipulations in that behalf hereinafter contained, the company shall with due diligence and expedition, and in accordance in all respects with the directions of the Secretary of State, complete the construction to the satisfaction of the Secretary of State, and make ready and fit for opening for the public carriage of passengers throughout on routes determined or to be determined by him, and on land provided or to be provided by him as hereinafter stipulated, the unfinished railway, together with all such stations, station-yards, offices, warehouses, houses for employes, conveniences, and works as in the opinion of the Secretary of State shall be necessary or proper for the purposes of the said railway, either as regards the due working of the same or as regards the permanence of the same, and the protection of the same from destruction or injury by inundation, tempest, or otherwise. Subject to the like conditions as to funds, diligence, and directions, the company shall equip the said railway with rolling stock, plant, and machinery to the satisfaction of the Secretary of State. The unfinished railway shall be of the metre gauge and shall in general structural character and equipment conform with the standard of the purchased railway. Surveys, designs, and estimates in relation to the construction of equipment of the unfinished railway shall if required be furnished by the company to the Secretary of State and be subjected to his approval, or the Secretary of State may furnish designs to the company, and the company shall in that case be bound to follow them.

As to the re-transfer to the Secretary of State of parts of the undertaking.

8. The Secretary of State may at any time, by giving six months' previous notice in writing, require the company to re-transfer to him any part or parts of the railways comprised in the undertaking, and particularly the line of railway between Nellore and the North-west line of the Madras Railway, and the line of railway between Guntakal and Dharmavaram and the Mysore frontier (if extended to the Mysore frontier from Dharmavaram), including any extensions or branches thereof or any part or parts of the said railways respectively, and the company shall re-transfer the same accordingly with (if so required) a reasonable proportion of the rolling stock, machinery, plant, and stores of the undertaking, and shall not claim or be entitled to any compensation in respect of such re-transfer other than the sums to be credited in the capital account and the stores account of the undertaking in respect of the value of the things re-transferred as herein provided. And as from the date or dates of such re-transfer the rights of the company with respect to any such part or parts of the undertaking, and the telegraphs and telegraphic appliances used therewith shall absolutely cease and determine. The things re-transferred shall be valued as respects the stores at the values shown in the stores account, as respects the rolling stock, machinery, and plant at their fair value as agreed upon between the Secretary of State and the company, and as respects the part or parts of the railways (including land) on the basis of the capital cost of such part or parts so far as ascertainable from the accounts of the undertaking and as may be agreed upon between the Secretary of State and the company.

As to the acquisition, construction, and working of branch and other railways.

9. The Secretary of State may require the company to construct as part of the undertaking, or acquire either absolutely or on lease for a term of years or otherwise on behalf of the undertaking, any such branch or extension railway of the same gauge in connection with the undertaking as the Secretary of State may in his discretion think fit, and to work as part of the undertaking any and every railway so constructed or acquired; and every railway so acquired and worked shall thenceforth be and form part of the undertaking and all the provisions of this contract shall be applicable thereto. Provided that if during the three years immediately after the opening for the public carriage of passengers of any such branch or extension railway the

average gross receipts per week per mile of such branch or extension do not in any half year amount to 50 rupees, the Secretary of State will make good the deficiency. Provided also that the moneys required for any such construction or absolute acquisition as aforesaid of any such branch or extension railway shall be supplied by the Secretary of State, and the expenditure incurred thereon, with the sanction of or as certified by the Secretary of State, shall be included in the capital account of the undertaking as hereinafter provided.

10. The Secretary of State may require the company to construct, on behalf of any local authority or any allied tributary or foreign State, any such branch or extension railway of the same gauge in connection with the undertaking, or any other railway in connection with the undertaking, as such authority or State may desire to have worked through the agency of the company, and the company shall, if and when required so to do by the Secretary of State, accept and work upon terms to be specially agreed upon in each case between the company and the said authority or State with the sanction of the Secretary of State any and every such railway whether existing or constructed through the agency of the company or otherwise, but no such railway shall form part of the undertaking. Provided that the moneys required for the construction through the agency of the company of any such railway shall be supplied to the company by the authority or State concerned through the Secretary of State.

As to land.

11. Subject and without prejudice to the stipulations contained in the next succeeding section of this contract the Secretary of State shall from time to time provide the land which he shall consider requisite for the railways of the undertaking and for the stations, station-yards, sidings, crossing-places, bridges, viaducts, offices, warehouses, houses for employes, conveniences, and works necessary or proper for the purposes of the same railways, and shall allow the company during the continuance of this contract to have possession of the land so provided, as well as of the land occupied or used by or for the purposes of the railways to be taken over, by the company under the third section of this contract from the time of the same being so taken over. The company shall from time to time, with the sanction of the Secretary of State, as soon as practicable, relinquish to the Secretary of State, such of the land of which the company shall have been allowed possession under this contract as shall for the time being have become unnecessary to be retained possession of by the company for any of the purposes of this contract. And as often as in the opinion of the Secretary of State it shall appear to be unnecessary that the company shall retain possession of any particular land of which the company shall have been allowed possession under this contract, the Secretary of State shall certify such his opinion to the company. Upon receipt of such certificate, or so soon thereafter as may be, the company shall state in writing whether it acquiesces in the opinion of the Secretary of State or whether it objects thereto, and, if so, the grounds of its objection. If no objection is stated by the company, or if the grounds of its objection (if any) are not in the opinion of the Secretary of State sufficient, the company shall upon the requisition of the Secretary of State forthwith relinquish to him the land in question, and the Secretary of State shall be exclusively entitled to possession thereof.

12. The obligation of the Secretary of State under the last preceding section to provide land shall, as to any land therein mentioned which may be situate in territory not directly governed by Her Majesty or Her Majesty's Indian Government, not become absolute unless or until the Secretary of State shall himself acquire the land, which he shall not be under positive obligation to do, although he intends to acquire it if he can obtain it on reasonable terms by negotiation with any State or States concerned.

As to notification to company of route of railways.

13. The Secretary of State shall from time to time notify to the company the route of any railway forming or intended to form part of the undertaking so far as such route shall from time to time have been determined by him.

As to situation of stations, &c.

14. The Secretary of State shall have power to determine the situation and dimensions of and the particulars of all additions to and alterations and improvements in the stations, station-yards, offices, warehouses, houses for employes, conveniences, and works to be constructed or carried out from time to time in connection with or as part of the undertaking.

As to equipment of undertaking with rolling stock, &c.

15. The company shall with due diligence equip the undertaking with all such additional rolling stock, plant, and machinery as shall from time to time in the opinion of the Secretary of State be necessary for the purpose of working the undertaking, and shall make such alterations or improvements in the equipment as may in his opinion be required from time to time; and if the Secretary of State shall be of opinion that the company shall at any time have

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in accordance with the provisions of the law of India for the time being, the business of carriers of passengers, animals, and goods, or passengers, animals, or goods, according as the carriage of the same respectively shall have been sanctioned by the Secretary of State.

29. The company shall cause to be run on the open system so many trains, at such times, at such rates of speed, between such places, and with such conveniences and accommodations as the Secretary of State shall from time to time require.

30. The company shall from time to time, upon the requisition of the Secretary of State, effect any alteration or improvement in the working of the open system or any part thereof that may in his opinion be necessary for the safety of passengers or of the public, or for the safe and effectual working of the open system or any part thereof.

31. The company shall be entitled to charge the public for services rendered by way of conveyance on the open system or any part thereof of passengers and goods of different classes and descriptions at such rates only as shall for the time being be approved by the Secretary of State. The company may from time to time and at the request of the Secretary of State submit for the approval of the Secretary of State maximum and minimum rates within which the company is to be at liberty to charge for such services, and the Secretary of State may approve such rates with such modifications as he shall think fit, and may also from time to time require the company to make such modifications in the maximum and minimum rates for the time being in force as he shall think fit. The company shall not in making charges to the public for services mentioned in this section, calculate any such charge at a rate which shall be either above the maximum or below the minimum rate for the time being applicable under this section to the particular service in respect of which the same charge is made, or make any reduction by way of rebate or otherwise which shall have the effect of bringing any rate actually paid below such minimum. The term "goods" shall as regards this section include everything conveyed on the undertaking, passengers only excepted.

32. No undue or unreasonable preference or advantage to or in favor of any particular person, company, or railway administration, or any particular description of traffic in any respect whatsoever, shall be made or given by the company, nor shall any particular person, company, or railway administration be subjected by the company to any undue or unreasonable prejudice or disadvantage in any respect whatsoever. The Secretary of State shall have absolute power for the purposes of this section to decide whether any preference, advantage, prejudice, or disadvantage is undue or unreasonable.

As to services rendered to Secretary of State on the undertaking.

33. All services which the Secretary of State shall require the company to perform on the open system for any department of Her Majesty's Indian Government, whether Postal, Military, Police, or any other department of the State, or for high officials of such Government (including in such services the conveyance of mails as defined by the Post Office Act or Acts for the time being in force in British India, the conveyance of post office servants when on duty, the conveyance of troops and sailors, military and naval establishments, horses and other animals used for military purposes, guns, military stores and equipments, the conveyance of police, prisoners, and paupers, the conveyance of telegraph stores, instruments, officers, and workmen, and of any public stores whatever, including stores for State railways) shall be performed by the company on the same general conditions as may for the time being be in force on other metre-gauge State railways, and at such rates as may be approved by the Secretary of State, subject to the provision as to free passes contained in the sixteenth section of this contract.

34. The company shall convey on the open system gold and silver bullion and coin and copper coin, belonging to the Secretary of State, and the persons in charge thereof, at special rates to be from time to time approved by the Secretary of State.

35. The company shall from time to time, upon the requisition of the Secretary of State, give precedence over all other traffic to his demands for either passenger or freight accommodation on the open system.

36. All stores intended to be used for any purposes of the undertaking or any part thereof (including stores intended to be used in or about the construction of any part of the undertaking or of any works or adjuncts of or pertaining to the same) shall be conveyed by the company over the open system at rates to be approved by the Secretary of State.

As to tolls for use of bridges.

37. If the company shall with the approval of the Secretary of State provide on any of the bridges on the undertaking ways or roads for public use by persons on foot or on horseback, or in carriages, or for any other purposes of traffic for which ordinary highways are commonly used, the company shall during the continuance of this contract have the right to charge, according to tariffs to be arranged between the Secretary of State and the company, tolls for the user of such ways or roads by the public.

The company to comply with requirements of the Secretary of State.

38. The company shall with all reasonable speed comply with all such requirements as the Secretary of State shall from time to time make in accordance with this contract.

As to ownership of the undertaking, &c.

39. Subject to the provisions of this contract, all land of which the Secretary of State shall allow the company to have possession for any of the purposes of this contract, and everything constructed or to be constructed thereon, and all rails, plant, machinery, rolling stock, stores, fixtures, and implements of every description acquired by the company for the purpose of constructing, maintaining, equipping, keeping up the equipment of, or working the undertaking or any part thereof, or any stations, station-yards, offices, warehouses, houses for employes, or works upon any land of which the Secretary of State shall so allow the company to have possession as aforesaid, and generally all property, whether real or personal, and things, and whether in England, India, or elsewhere, which shall be or have been transferred to the company by the Secretary of State pursuant to these presents, or shall be or have been acquired, paid for or constructed by the company with money supplied to the company by the Secretary of State under the forty-seventh section of this contract, are hereby declared to be respectively the property of the Secretary of State, but subject to the user and enjoyment thereof by the company during the continuance of this contract.

As to capital of company and payment of interest thereon.

40. The company shall, within such period and by such instalments as the Secretary of State shall prescribe, pay into the Bank of England to the credit of the Secretary of State an aggregate sum of £1,000,000, to be raised in shares or stock.

41. The Secretary of State will during the continuance of this contract out of the revenues of India pay to the company in London in sterling money half-yearly on the first day of July and the first day of January in each year interest at the rate of 3 per cent. per annum, calculated to the last preceding 30th day of June and the 31st day of December respectively, on the amount which shall for the time being have been paid by the company on account of share capital in respect of the sum of £1,000,000 mentioned in the last preceding section of this contract.

42. Any further moneys which may from time to time be required for completing and equipping the unfinished railway, and for any other purposes sanctioned by the Secretary of State under this contract, shall at the option of the Secretary of State either be provided by him or be raised by the company in such manner (by the issue at the option of the Secretary of State of shares or of debentures or otherwise) and on such terms as shall be agreed upon between the Secretary of State and the company. All moneys so raised by the company shall be forthwith paid into the Bank of England to the credit of the Secretary of State.

43. The company shall not at any time during the continuance of this contract, without the sanction of the Secretary of State in writing first obtained, at any time increase its stock or share capital or borrow any moneys. The restrictions imposed by the preceding portion of this section shall not preclude the company from borrowing money for the *bona fide* purpose of discharging previously existing indebtedness of the company in respect of borrowed capital to an amount equal to the extent of the money so borrowed, provided the money borrowed be *bona fide* applied to the purpose last aforesaid, as to which, however, no person lending or advancing money to the company shall be concerned to see. No money shall without the previous sanction of the Secretary of State be borrowed by the company at a discount, or at a premium, or on terms of the company paying to the lender a larger capital sum than that actually borrowed from him by the company. The company shall not without the sanction of the Secretary of State pay interest at a rate higher than $3\frac{1}{2}$ per cent. per annum on any moneys borrowed by or owing from it, but this stipulation shall not necessitate the sanction of the Secretary of State to the payment of interest by the company at any reasonable rate on any sums which the company may borrow for *bona fide* temporary purposes.

44. Subject to the provisions of this contract, all moneys paid by the company under the fortieth and forty-second sections hereof shall, when and as paid, become the absolute property of the Secretary of State, and he shall not be a debtor to the company in respect of such moneys or any of them.

As to receipts and expenditure of company and supply of funds by Secretary of State.

45. All moneys whatsoever, from whatever source arising or derived, and whether attributable to account of capital or revenue, which shall during the continuance of this contract be received by the company, and whether on its own behalf or as agent of the Secretary of State or otherwise, shall (with the exception only of moneys payable to the Secretary of State under the

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fortieth and forty-second sections of this contract, and of moneys paid by the Secretary of State to the company or provided by him under the forty-first, forty-second, and forty-seventh sections of this contract, or which it shall receive by virtue of the fourth sub-section of the sixtieth section of this contract) be paid without deduction at such times and in such manner as the Secretary of State may from time to time direct in manner following (that is to say) as to moneys received elsewhere than in India by or on behalf of the company into the Bank of England to the credit of the Secretary of State, and as to moneys received in India by or on behalf of the company into some Government treasury in India to be from time to time approved for the purpose by the Secretary of State. All the moneys paid by the company under this section shall, when paid, become the absolute property of the Secretary of State, subject to the provisions of this contract and so in particular that such of the same moneys as are under this contract to be treated as received on account of revenue shall be subject to the provisions hereinafter contained as to the application thereof.

46. All moneys proposed to be expended by the company on account of the undertaking or in pursuance of this contract shall from time to time be stated and submitted to the Secretary of State for his sanction, and as between the company and the Secretary of State shall be allowed only so far as the same shall from time to time have been sanctioned by the Secretary of State.

47. All moneys which the company shall require to defray expenditure by the company under this contract sanctioned by the Secretary of State shall be supplied to the company by the Secretary of State in London or in India according to such arrangements as shall from time to time be made between the Secretary of State and the company.

As to accounts and exchange.

48. The company shall keep all such accounts in relation to the undertaking and to this contract, and all such accounts as between the company and the Secretary of State, as the Secretary of State shall from time to time require. Complete accounts shall be kept in India in rupee currency; nevertheless, account shall be kept in England in sterling money of the expenditure and receipts of the company elsewhere than in India, in relation to the undertaking and to this contract, but such accounts shall be incorporated in the Indian accounts of the company, and for that purpose shall be furnished to the Secretary of State for transmission to the Government of India.

49. For the purposes of the incorporation provided for in the last preceding section of this contract, sterling money entered in the accounts kept in England in such section mentioned shall (except in any cases where any particular amounts ought under special provisions of this contract to be treated as convertible at special rates, in which excepted cases the special rates shall be adopted) be converted into rupees at the average rate of exchange obtained by the Secretary of State for bills payable on demand drawn on India during the half-year ending either on the 30th day of June or the 31st day of December next preceding the time at which the incorporation is to be effected, and so that if the incorporation is to be effected in the first six calendar months of the then current calendar year the half-year shall end on the 31st day of December, and if it is to be effected in the last six calendar months of the then current calendar year the half-year shall end on the 30th day of June. Provided that if and as often as the Secretary of State shall not have drawn bills on India payable on demand for so much as three calendar months out of any particular half-year ending on a 30th day of June or 31st day of December, then any conversion of sterling money into rupees which would or might under this section, but for this provision, be effected at the average rate obtained by the Secretary of State for bills payable on demand drawn on India during that half-year shall be effected at the average rate obtained during that half-year for the best commercial bills payable on demand drawn in London on India, such average rate to be decided by the Comptroller-General at Calcutta.

50. Separate accounts shall, if required by the Secretary of State, be kept by the company in respect to different sections of the undertaking; and all accounts to be kept by the company under this contract shall be kept in such form and under such heads or divisions, and with such details, and shall be submitted to the Secretary of State at such times as he shall from time to time prescribe.

51. Unless and until otherwise directed by the Secretary of State, the company shall keep in relation to the undertaking and this contract the following accounts, that is to say:—

A capital advance account.
A stores account.

A capital account.
A revenue account.

52. In the said capital advance account shall be entered all moneys supplied by the Secretary of State to the company to defray expenditure by the company under this contract or received from the sale of stores, and the moneys so entered shall as expended by the company

in conformity with this contract, be transferred from the capital advance account to the stores account, the capital account, or the revenue account, as shall be proper. The capital advance account shall from time to time, as the Secretary of State shall require, be made up and submitted to him.

53. The company shall as from the 1st day of January 1891 open an account of all stores which shall have been delivered to the company pursuant to the fourth section of this contract and of the value of such stores as entered in the inventory mentioned in that section, and shall from time to time during the continuance of this contract with all reasonable expedition make up and deliver to the Secretary of State an account of all stores respectively in hand on every 30th day of June and 31st day of December, or on such other days as the Secretary of State may from time to time name for the purpose. In the account to be so made up from time to time shall be entered all stores which the company shall for the purposes of fulfilling this contract have used since, as regards the first occasion of making up the account, the day on which the same shall have been delivered to the company as aforesaid, and since, as regards each other occasion of making up the account, the date to which the account shall have been last previously made up, showing in the account the purposes to which the stores which shall have been used shall have been applied. As often as any of the stores in hand shall be used by the company for the purposes of fulfilling this contract, the value as entered in the books of the company of the stores so used shall be charged to account of capital or to account of revenue as shall be proper. The stores account shall, besides being made up periodically, as above mentioned, be made up and balanced from time to time upon the requisition of the Secretary of State. If any stores for the time being in use upon or in connection with the undertaking shall during the continuance of this contract be returned into store, the value thereof (to be agreed upon by the Secretary of State and the company) shall be debited in the stores account. If any stores shall be re-transferred to the Secretary of State under section 8 of this contract, the value thereof shall be credited to the stores account.

54. The valuations from time to time in the stores account of stores in hand shall, at such time or times as the Secretary of State shall direct, be revised in such manner as shall from time to time be agreed upon between the Secretary of State and the company, and the stores account shall from time to time be corrected so as to accord with the revised valuations, and thereupon corresponding adjustments shall be effected in the capital or revenue account by making entries therein either to debit or credit as requisite. Provided that such a revised valuation shall be made as soon as the whole of the unfinished railway shall have been opened for public traffic, and that in respect of any subsequent valuation all such adjustments shall be made in the revenue account alone.

55. In the capital account shall be entered all such of the moneys to be received by or on behalf of the company as pursuant to this contract are to be treated as received on account of capital, also the value (to be determined by the Secretary of State) of such land (if any) as shall for the time being have been relinquished by the company to the Secretary of State under the previous provisions hereof, also the value of any part or parts of the railways, rolling stock, machinery, and plant of the undertaking re-transferred to the Secretary of State, under the provisions of section 8 of this contract, and also all such expenditure of the company under this contract as pursuant to this contract shall be chargeable to account of capital, including—

- (a) The value to be fixed as provided by the fifth section of this contract of the railways, rolling stock, plant, and machinery, plans, specifications, and working drawings mentioned in that section.
- (b) Such sum as the Secretary of State may allow to be charged in respect of the expenses of and incident to the formation and incorporation of the company and in connection therewith and such amount (if any) as the Secretary of State may allow, or require to be charged to account of capital, in respect of the cost of the management of the company and the conduct of its affairs prior to the time when the whole of the unfinished railway shall have been opened for the public carriage of passengers.
- (c) The cost to the Secretary of State as certified by him of the said several surveys, designs, estimates, and plans mentioned in the sixth and seventh sections, and the value of the unserviceable stores of the unfinished railway mentioned in the fourth section of this contract.
- (d) The value as certified by the Secretary of State of all land of which he shall allow the company to have possession for any purposes of this contract, except the land handed over to the company with the purchased railway pursuant to section 3 of this contract.
- (e) All moneys which shall be actually expended by the company, with the sanction of the Secretary of State, out of funds provided by him upon works, rolling stock, plant, and machinery of the unfinished railway pursuant to the seventh section of this contract, or upon any branch or extension railway under the ninth section of this contract, or for any other purposes of the undertaking, the cost of which is chargeable to account of capital.

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- (f) The cost of providing and maintaining a police force in relation to any such part or parts of the undertaking as for the time being shall be under construction or shall not have been opened for public traffic.
- (g) The charges of the telegraph department of Her Majesty's Indian Government for rent, maintenance, and inspection of such electric telegraphs and telegraphic appliances (if any) as the Secretary of State may allow the company to use in relation to the construction of the undertaking or any part thereof, or in relation to any part of the undertaking which shall not for the time being have been opened for public traffic.
- (A) So much as ought pursuant to the twenty-sixth, twenty-seventh, and sixty-fifth sections of this contract from time to time to be charged to account of capital.
- (C) Any amount which the Secretary of State may from time to time require to be charged to account of capital in respect of the cost to him of any of his legal expenses incurred in relation to this contract, or to any matters arising out of this contract.
- (K) The cost of the Secretary of State as certified by him of works, acts, and things which shall be executed or done by him under any of the provisions of this contract, provided that the cost thereof if executed or done by the company would have been expenditure chargeable to account of capital.

56. The capital account shall from time to time, as the Secretary of State shall require, be made up and submitted to him.

57. In the revenue account shall be entered working expenses and all such expenditure of the company under this contract and other items as pursuant to this contract shall be chargeable to account of revenue, and also all such of the moneys to be received by or on behalf of the company as under the provisions of this contract are to be treated as received on account of revenue. The revenue account shall be made up half-yearly to the 30th day of June and the 31st day of December in each year, or to such other days as the Secretary of State may from time to time prescribe, and shall be regularly submitted by the company to the Secretary of State, who may in case of error being discovered therein correct the same within three calendar months after the account containing such error shall have been submitted to him. Every revenue account shall be considered as settled at the expiration of three calendar months after the time when the same shall have been submitted to the Secretary of State; but nevertheless any error which may subsequently be discovered therein shall be corrected in the then next revenue account or in any subsequent revenue account or accounts, as the Secretary of State may determine.

58. In the working expenses of any half-yearly period there shall be admitted and included in so far as they are attributable to such period—

- (1) All expenditure incurred by the company with the sanction of the Secretary of State after the opening for the public carriage of passengers of the whole of the unfinished railway in the management of the company and the conduct of its affairs.
- (2) Such proportion of the expenditure last aforesaid incurred prior to the time when the whole of the unfinished railway shall have been so opened as the mileage of the undertaking for the time being opened for the public carriage of passengers shall bear to the aggregate mileage thereof under construction and opened for traffic.
- (3) All expenditure incurred by the company with the sanction of the Secretary of State in keeping the open system in good repair and in good working condition and fully supplied with rolling stock, plant, and machinery, except such part (if any) of such expenditure as may with the sanction of the Secretary of State be charged to account of capital.
- (4) All expenditure incurred by the company with the sanction of the Secretary of State in keeping the rolling stock, plant, and machinery belonging to the open system in good repair and in good working condition.
- (5) All expenditure incurred by the company with the sanction of the Secretary of State in the execution of any works of which the cost shall be chargeable to account of revenue.
- (6) The cost to the Secretary of State as certified by him of works, acts, and things which shall be executed or done by him under any of the provisions of this contract, provided that the cost thereof if executed or done by the company would have been expenditure chargeable to account of revenue.
- (7) The cost, so far as not under the terms of this contract to be borne by the Secretary of State, of providing and maintaining a police force for the purposes of the open system.
- (8) All moneys from time to time payable under the rules for the time being in force of the State Railway Provident Institution and the Company's Provident Institution respectively to or for the purposes of those institutions as hereinafter mentioned, without being dependent on the amount of the net earnings of the undertaking.

- (9) The charges of the Government Telegraph Department for rent, maintenance, and inspection of the telegraphs and telegraphic appliances of which the Secretary of State shall from time to time allow the company to have the exclusive use in relation to the open system.
- (10) The costs of and incidental to the preparation of the returns and statistics from time to time furnished to the Secretary of State under the provisions hereinafter contained.
- (11) So much as ought pursuant to the twenty-sixth and sixty-fifth sections of this contract from time to time to be charged to account of revenue.
- (12) All reasonable legal expenses, whether incurred by the Secretary of State or with his sanction by the company, in relation to the open system, and all such other expenses as the Secretary of State and the company shall agree to treat as working expenses.
- (13) All undischarged working expenses, so far as they are attributable to any previous period or periods or are exceptional.
- (14) The value of the unserviceable stores of the purchased railway mentioned in section 4, and the sums debitable to account of revenue in adjustment of the revised valuations of stores provided for in section 54 of this contract.

59. The sum remaining in each half-year, after deducting from the gross earnings of the undertaking working expenses and all other charges (if any) to revenue account properly chargeable to that half-year, shall be "net earnings," and from such sum shall be deducted such sums (if any) as according to the rules for the time being in force of either the State Railway Provident Institution or the Company's Provident Institution respectively shall from time to time be payable, with the sanction of the Secretary of State, to or for the purposes of either or both of those institutions, and being contingent on the amount of net earnings of the undertaking. The amount of earnings remaining after making this payment shall for the purposes of this contract be "net revenue receipts."

60. The "net revenue receipts" of each half-year shall be applied in the following manner and in the following order:—

- (1) In payment to the Secretary of State in rupees of the equivalent at the rate of 14 rupees to the pound sterling of the interest at the rate of 3 per cent per annum for the half-year paid by him to the company in respect of the capital (not exceeding £1,000,000) raised and paid into the Bank of England in pursuance of section 40 of this contract.
- (2) In payment to the Secretary of State of the equivalent in rupees at the rate of exchange mentioned in section 49 of this contract of interest for the half-year at the rate of 4½ per cent. per annum on the amount of £425,000—irredeemable debenture stock of the old company.
- (3) In payment to the Secretary of State in rupees of interest for the half-year at the rate of 3 per cent. per annum on the total net expenditure standing at the debit rate of 3 per cent. per annum on the total net expenditure standing at the debit rate of the capital advance account, the stores account, and the capital account of the undertaking at the close of the half-year, less the sums of Rs. 1,40,00,000 and Rs. 59,50,000 the respective equivalents (at the rate of 14 rupees to the pound sterling) of the capital undertaking to be raised by the company and of the irredeemable debenture stock of the old company.
- (4) And the residue (if any) shall be divided between the company and the Secretary of State in the ratio of Rs. 1,40,00,000 (the prescribed equivalent of the company's capital), and the net expenditure as stated in the last preceding sub-section, less the said sum of Rs. 1,40,00,000, and the proportion thereof which shall be found to belong to the company shall, as soon as ascertained, be paid over to the company in India.

Provided that if in any one or more of the first three years of this contract—that is to say, the three years ending the 31st December 1893—the company's share of the net revenue receipts under the fourth sub-section of this section shall be less than £5,000, the Secretary of State shall in each such year out of his share of the net revenue receipts under the same sub-section, or out of the interest payable to him under any or all of the first three sub-sections of this section, pay to the company in India so many rupees as may be necessary to make up the company's share for such year to the equivalent of £5,000, and this sum shall be paid in such manner and at such times that the company shall have funds in London to the amount of at least £2,500 on the 30th June and the 31st December in each of the said three years.

As to audit and settlement of certain possible questions.

61. The accounts of the company in relation to its expenditure and receipts in India, England, and elsewhere shall from time to time be audited on behalf of the Secretary of State by such person or persons as he shall from time to time appoint as well as on behalf of the

company, and the company shall produce to the auditor or auditors so appointed by the Secretary of State all vouchers, books, accounts, papers, and documents of the company necessary for the purpose of audit, and afford to him or them all facilities requisite for the performance of his or their duties. Amongst the functions of the auditor or auditors shall be included the duty of seeing that expenditure is charged and revenue applied in accordance with the provisions of this contract. Any correction made in the accounts by any person or persons who shall be acting as joint auditor or joint auditors on behalf of both the Secretary of State and the company shall be conclusive. If consequent on the audit of any auditor or auditors acting exclusively on behalf of the Secretary of State, the Secretary of State shall require any alterations to be made in the accounts, and the company shall object to the alterations, the matter in difference shall be referred for final decision to two persons, one to be named by the Secretary of State and the other to be named by the company, and in case such two persons shall be unable to agree, then to an umpire to be named by the referees. The costs of any such reference as last aforesaid shall be included in working expenses.

62. If any difference shall arise between the Secretary of State and the company as to the head of account to which any expenditure of the company is properly chargeable the matter in difference, unless under the terms of this contract to be solely decided or determined by the Secretary of State, shall be referred to the decision of the joint auditor or the joint auditors if the Secretary of State and the company shall have appointed such an officer or officers, but in case such joint auditor or joint auditors shall not have been appointed, then the matter in difference shall be referred to some person to be jointly appointed for the reference by the Secretary of State and the company, and if the Secretary of State and the company shall not appoint such a person, then to the decision of two persons, one to be named by the company and one by the Secretary of State, or failing the agreement of such two persons, then to the decision of an umpire to be named by such two persons. The costs of any reference under this section shall, unless the Secretary of State shall otherwise direct, be included in working expenses.

63. Of the moneys to be so paid as provided by the forty-fifth section of this contract, such as shall have accrued from the sale of any property not paid for out of revenue on any occasion other than one on which the property sold is replaced by other property of the same or a similar character, shall be treated as received on account of capital; and of all other moneys to be so paid as provided by the forty-fifth section of this contract, such portions shall respectively be attributed to account of capital and such portions to account of revenue as the Secretary of State shall from time to time determine, having regard in so doing to the principle that receipts from the working of the portion or portions of the undertaking for the time being open for public traffic are, subject to the provisions of this contract, to be deemed attributable to account of revenue.

64. In case any question shall arise whether any expenditure incurred for the purposes of the undertaking is to be treated in the whole or in part as a charge incurred on capital account, or how the same is to be dealt with, the question shall be determined on the general principle that capital is to bear the cost of new works, of additional rolling stock, plant, and machinery, and of substantial improvements of, and additions to, old works, rolling stock, plant, and machinery, including the cost of any temporary new work, the construction of which is requisite for the construction of a work properly chargeable to capital, and that the cost of repairs, restorations, renewals, replacements, and substitutions is to be borne by revenue. Provided, nevertheless, that any item of expenditure properly chargeable to capital, in accordance with this principle, on any part of the open system, shall from time to time, if not exceeding Rs. 1,000, be classed as a "minor work" and be charged to working expenses within a maximum amount in each half-year of Rs. 15 per open mile of railway. Provided also that no portion of the salaries or allowances of any of the company's permanent supervising staff, although for the time being employed, partly or wholly, in directing or superintending work chargeable to capital, shall, except with the express sanction of the Secretary of State, be charged to capital, and that no expenses connected with the engagement from England, or with the passage from or to England, of any person in the company's service shall be charged to capital, unless such person shall have been specially engaged to carry out work chargeable to capital, and actually employed upon such work.

As to the supervision, audit, and control of the Secretary of State and the appointment of a Government Director, &c.

65. In all matters not herein specially provided for relating to the fulfilment and performance by the company of this contract, so far as the same is to be fulfilled or performed by the company, the company and its affairs shall be subject to the supervision, audit, and control (as well in India as in England) of the Secretary of State. The Secretary of State shall be entitled to make a charge half-yearly for his supervision, audit, and control of the affairs of the company. The said half-yearly charge shall be a mileage rate not exceeding in any case 40 rupees for every mile of the undertaking so far as for the time being either constructed or under construction. The half-yearly charge to be made by the Secretary of State under this section shall

cover a moiety of the salary in respect of audit of such joint auditor or joint auditors (if any) as aforesaid, and shall, until the whole of the undertaking for the time being shall have been opened for public traffic, from time to time be apportioned between revenue and capital in such manner as that so much of the half-yearly charge as bears the same proportion to the entirety thereof as the length of railways opened for public traffic at the time when the half-yearly charge is made bears to the whole length of railways on which the same charge is to be calculated, shall be charged to account of revenue, and that the residue thereof shall be charged to account of capital. As from the time when the whole of the projected railways shall have been opened for public traffic the half-yearly charge to be made by the Secretary of State under this section shall be charged to account of revenue exclusively.

66. For the purpose of inspecting the undertaking and the works thereof, either whilst under construction or subsequently, and the stations, rolling stock, plant, machinery, and stores belonging thereto, and the electric telegraphs and telegraphic appliances for the time being provided under this contract for the use of the company, and for the purpose of auditing the accounts of the company, or otherwise exercising such supervision and control as are intended to be reserved to the Secretary of State by this contract, the Secretary of State may from time to time appoint such person or persons as he may think proper with such powers as he may consider necessary or expedient, and the company shall afford every person so appointed all reasonable facilities for the purpose of enabling him to perform the duties entrusted to him by the Secretary of State.

67. The company shall to the satisfaction of the Secretary of State record and keep in proper books full and particular accounts of all its transactions and proceedings, including full and true minutes of all its meetings, meetings of Directors, communications with India and correspondence, so as at all times to exhibit fully and truly the state of its affairs. The Secretary of State or any person or persons appointed by him in that behalf shall at all reasonable times have free access to all the books, accounts, papers, and documents of the company relating to the undertaking, with power to call for and make copies of or extracts from the same. The cost of making all such copies and extracts shall be defrayed by the company, and either charged to revenue or capital exclusively, or apportioned between revenue and capital, as the Secretary of State shall direct.

68. The Secretary of State may from time to time appoint any one person to be a Director of the company. Such Government Director shall be *ex officio* a member of all committees appointed by the Board of Directors of the company or by the company in relation to the undertaking or any matter connected therewith, and shall have power to exercise at his discretion an absolute veto in all proceedings whatever at the Board of Directors. The said Government Director shall not be removable except by the Secretary of State, and may act by a deputy appointed by the Secretary of State.

As to assisting the company to make junctions with and to obtain running powers over other railways.

69. The Secretary of State will, so far as he may from time to time consider it desirable with a view to public convenience that any junction should be formed between any railway forming part of the undertaking and any other railway, and that such junction should be effected by the company, endeavour from time to time to obtain, for the company on reasonable terms powers to form such junction, and will, so far as he may from time to time consider it desirable, with a view to the public convenience, that the company should in continuation of the service of trains on any railway forming part of the undertaking run trains on any other railway, and as often as the company intend to form between any railway forming part of the undertaking and any other railway any junction which the Secretary of State shall have sanctioned to be made by the company, the company shall signify to the Secretary of State its intention to form the junction, and this contract shall thenceforth be read and take effect as if such junction were a part of the undertaking.

As to running powers and other facilities and accommodation for other railways.

70. The company shall from time to time, upon the requisition of the Secretary of State, allow the use of the undertaking or any part or parts thereof for the passage of engines and trains from or to other railways of the same gauge upon the payment of reasonable tolls and under reasonable conditions and restrictions.

71. The company shall from time to time, upon the requisition of the Secretary of State, allow upon reasonable terms and conditions the use for other railways of any such rolling stock appropriated or belonging to the undertaking as shall not for the time being be required for the purposes of any part of the undertaking, or for any other operations of the company under this contract.

72. The company shall from time to time, upon the requisition of the Secretary of State, execute work in its workshops at reasonable prices and on reasonable terms in respect of rolling

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stock and machinery belonging to State Railways, but so nevertheless as not to impede or unduly interfere with the ordinary operations of the company in respect of the undertaking.

73. The company shall from time to time, upon the requisition of the Secretary of State, make reasonable arrangements for the interchange of traffic and rolling stock and for through booking between the undertaking or any part thereof and other railways, and the Secretary of State shall to the extent of his powers require the managers of such other railways to co-operate in making similar arrangements on the requisition of the company.

74. The company shall from time to time, upon the requisition of the Secretary of State, allow the use of any of the stations belonging to the undertaking for the accommodation of the traffic of any other railway upon the payment of reasonable tolls and under reasonable conditions and restrictions, and also upon reasonable terms make such alterations and additions as may in the opinion of the Secretary of State be necessary or convenient for the purposes of such accommodation.

75. The company shall from time to time, upon the requisition of the Secretary of State, allow any junction to be formed between any railway forming part of the undertaking and any other railway on reasonable terms and conditions.

76. The company shall comply with all regulations from time to time prescribed by the Secretary of State for clearing through traffic with other railways.

Miscellaneous provisions.

77. The company shall not alter, vary, or add to its memorandum or articles of association during the continuance of this contract in such a way as to affect or prejudice the operation thereof without the sanction of the Secretary of State.

78. The company shall not during the continuance of this contract without the sanction of the Secretary of State in writing first obtained engage in or carry on any business other than the business provided by this contract to be carried on by the company.

79. The Secretary of State shall promote the passing by Her Majesty's legislature in India of any Act or Acts which may be required to enable the company to carry into effect this contract.

80. No claim shall be made upon the Secretary of State by the company for compensation in respect of the prejudicial effect upon the undertaking or the profits thereof of any Act of Her Majesty's Indian legislature for the time being in force, and the company and the undertaking and its equipment shall be subject to the provisions of every such Act, and no claim shall be made upon the Secretary of State by the company for compensation in respect of the prejudicial effect upon the undertaking or the profits thereof of any treaty, convention, or agreement for the time being in force between the Secretary of State and the Government of any allied tributary or foreign State and the company, and the undertaking and its equipment shall be subject to the provisions of every such treaty, convention, or agreement as mentioned in this section.

81. The company shall not, without the consent of the Secretary of State, acquire, either absolutely or for any limited estate, any land situated in the dominions of any allied tributary or foreign State, or any rights or easements in, over, or in respect of any land so situated. The expression "land" as regards the operation of this section includes mines, minerals, buildings, easements in or over lands, and generally all hereditaments of every description and of whatever nature or tenure, whether corporeal or incorporeal. This section shall not apply to any land of which possession may be given to the company by the Secretary of State.

82. No communication or negotiation of any description or in respect to any matter shall, unless with the sanction and under the supervision of the Secretary of State, be made or conducted by or on behalf of the company to or with the Government of any allied tributary or foreign State, or with any officials of any such Government.

83. The company shall from time to time prepare and furnish to the Secretary of State such returns and statistics as to traffic and otherwise as the Secretary of State may from time to time require and such returns and statistics shall be prepared in such form and under such heads and divisions and with such details as the Secretary of State shall from time to time prescribe. The cost of preparing such returns and statistics and incidental thereto shall be included in working expenses.

84. The company shall at any time, upon the requisition of the Secretary of State, establish and thenceforth maintain out of contributions from revenue and on terms to be agreed upon between the Secretary of State and the company, reserve funds for the purposes of insuring property, whether appropriated to the undertaking or in the custody of the company as carriers of passengers and goods, or in any other capacity against damage by fire, and of making good deterioration of permanent-way and rolling stock. No part of any such reserve funds for the time being subsisting shall be applied to any purpose without the sanction of the Secretary of State.

85. The company may and, if required by the Secretary of State so to do, shall establish on terms to be approved by the Secretary of State a provident institution for the benefit of servants of the company, and thenceforth maintain and manage the institution so established under rules and regulations to be approved by the Secretary of State, and which rules and regulations shall be subject to be varied from time to time as he shall approve.

86. The company shall, if required by the Secretary of State, maintain and manage the State Railway provident institution for the benefit of the Government servants, members thereof, employed upon the undertaking, upon such terms and under such rules and regulations as shall from time to time be approved by the Secretary of State.

87. Any notice, determination, decision, direction, requirement, requisition, appointment, certificate, or expression of opinion, approval, or sanction to be given or signified on the part of the Secretary of State for any of the purposes of or in relation to this contract or any of the powers or provisions herein contained shall be sufficient and binding if in writing signed by the Secretary of State or one of his Under-Secretaries or his Assistant Under-Secretary, or by a Secretary of Her Majesty's Indian Government, or by any other officer or servant authorised to act on behalf of the Secretary of State in respect of the matters to which the same shall relate, and the Secretary of State shall not in any case be bound in respect of any of the matters aforesaid unless by some writing signed in the manner before-mentioned in this section.

88. The company shall at all times during the continuance of this contract keep an office established at some place in India to be determined from time to time by the Secretary of State, and shall keep at the said office an authorised agent or committee of agency with whom the Secretary of State and Her Majesty's Indian Government or any officer or officers deputed on behalf of the Secretary of State or Her Majesty's Indian Government may communicate on affairs concerning this contract, and the duties and liabilities of the parties hereto under this contract, and to whom the Secretary of State and Her Majesty's Indian Government and such officer or officers as last aforesaid may respectively pay moneys for the use or on behalf of the company, and all drafts drawn and receipts given by the said agent or committee of agency or under his or their authority on behalf of the company in relation to this contract, or to any payment made or matter arising under or out of or by virtue of this contract, shall be binding on the company, and every notice to be given to the company (save any notice with respect to the termination of this contract under the subsequent provisions hereof) shall be sufficiently given if left at the said office or personally served on the said agent or any member of the said committee of agency.

89. The company shall not in respect of the performance or fulfilment by it of its duties and obligations under this contract be entitled by any implication of law to remuneration as for services rendered by it to the Secretary of State.

As to termination of the contract and provisions to come into effect thereon.

90. The Secretary of State may, if this contract shall not have been previously terminated, terminate the same either on the 31st day of December 1910, or on the 31st day of December of any succeeding fifth year by giving to the company in England not less than 12 calendar months' previous notice in writing of the termination of this contract. The Secretary of State may also if default be made by the company in duly paying any sum or sums payable by the company under the fortieth or the forty-second section of this contract, or in the construction and completion in conformity with this contract of any part of the undertaking or any of the stations or other works thereof, or in the due equipment pursuant to this contract of the undertaking or any part thereof with rolling stock, plant, and machinery, or in case there shall be any breach on the part of the company (whether by act, omission, or default) of any of the stipulations or provisions of this contract, or in case the undertaking or any part thereof shall at any time in the opinion of the Secretary of State be in course of gross mismanagement by the company, or be worked at a loss as shown by the revenue account, and have been so worked for not less than three half-years continuously down to the time at which the Secretary of State shall give to the company the stipulated notice of termination under this present power, terminate this contract by giving to the company in England six calendar months' previous notice in writing of the termination of this contract.

91. Upon the day on which this contract shall expire under the second or be terminated under the ninetieth section hereof the company shall relinquish to the Secretary of State all land of which he shall have allowed the company possession under or for the purposes of this contract (except such land as may previously have been relinquished to him or sold with his sanction), together (by way of inclusion, not of exception) with the station, station-yards, offices, warehouses, houses for employes, conveniences, rails, machinery, fixtures, and plant, then erected, or being on the land to be relinquished under this section or in anywise belonging to the undertaking or any part thereof, and also deliver to the Secretary of State possession of any office in England of

the company, and also relinquish or deliver to the Secretary of State all rolling stock, movable machinery, plant, and articles belonging or appropriated either as regale purposes, of construction or working or otherwise to the undertaking or any part thereof, or any of the works or adjuncts thereof, and the then existing stock of stores appropriated, whether for purposes of construction, working, or otherwise to the undertaking, or to any of the works or adjuncts thereof, or to the equipment thereof, and all plans, books, surveys, sections, printings, writings, and documents whatsoever in anywise connected with or with the construction or maintenance of the undertaking or any part thereof, or any of the works or adjuncts thereof, and any electric telegraphs, telegraphic appliances, and other property belonging to the Secretary of State and then in the possession of the company in reference to this contract, including all furniture and tenants' fixtures appropriated to the office in England of the company, and generally all property, whether real or personal and whether in England or India or elsewhere, then in the possession or power of the company which shall be or have been acquired or paid for by or with money supplied to the company by the Secretary of State. The company shall also on the day on which this contract shall expire or be terminated refund to the Secretary of State all such of the moneys previously supplied by him to the company under the forty-seventh section of this contract as shall then remain unexpended with the sanction of the Secretary of State, and shall make over to the Secretary of State any such reserve funds as aforesaid then existing under this contract, subject to any terms which may have been agreed upon under the eighty-fourth section hereof. The company shall at the cost of the Secretary of State execute or procure to be executed any such assurances as he shall reasonably require to be executed for the purpose of giving full effect to the previous provisions of this section.

92. The Secretary of State shall be entitled to the benefit of and shall indemnify the company against all such contracts entered into with his sanction by the company as shall be subsisting at the time of the expiration or termination of this contract.

93. The termination of this contract shall not prejudice the rights of either of the parties hereto as against the other of the parties hereto in respect of any covenant herein contained which may be broken prior to the termination hereof or which may continue or be in force after such termination.

94. Upon the relinquishment, delivery of possession, delivery, payment, or making over to the Secretary of State by the company in conformity with the ninety-first section of this contract of all the particulars and property therein, respectively provided to be relinquished, delivered possession of, delivered, refunded, or made over by the company, the Secretary of State shall become bound to indemnify the company, its property and effects, against all such debts and liabilities (if any), including liabilities on debentures as it may have incurred with the sanction of the Secretary of State and as shall be then subsisting.

95. Upon the expiration or determination of this contract under any of the provisions herein contained the Secretary of State shall, out of the revenue of India, pay to the company in London an amount in sterling equal to the amount which shall have been paid by the company conformably with this contract in respect of the said sum of £1,000,000 and also an amount also in sterling equal to the aggregate of such further sum or sums of money (if any other than and beyond any sums paid in respect of the said sum of £1,000,000) as shall have been paid by the company into the Bank of England to the credit of the Secretary of State pursuant to this contract and shall be represented by share capital or stock. Provided nevertheless that the company shall not be entitled under this section to receive any money unless or until it shall in substance have performed and discharged its duties and obligations under the ninety-first section of this contract.

Arbitration.

96. If the Secretary of State and the company shall fail to agree touching any matter with respect to which their agreement is required by this contract, or if in any case not herein specially provided for any dispute, question, or controversy shall at any time arise between the Secretary of State and the company touching these presents or any section or thing herein contained, or the construction hereof, or any matter connected with these presents or the operation hereof, or the rights, duties, or liabilities of either party in relation to the company then and in every such case the matter as to which the Secretary of State and the company shall fail to agree, or the matter in difference, as the case may be, shall be referred to two arbitrators, one to be appointed by each party, pursuant to and so as with regard to the mode and consequences of the reference, and in all other respects to conform to the provisions in that behalf contained in the Arbitration Act, 1889, or any subsisting statutory modification thereof.

In witness, &c.

ORDER—dated 24th March 1891, No. 731 R., Public Works.

Communicated to the Consulting Engineer for Railways for information.

(True Extract.)

Major, R.E.,
Under-Secy. to Govt., P.W.D.,
Railway Branch.

To the Consulting Engineer for Railways.
" Examiner, Guaranteed Railway Accounts.

Exd. A. D. Xavier.
Spare Copies

RAILWAY.

Govt. of {1891} Madras.

PUBLIC WORKS.

Dated March, 24th.

Recd.

Encl.

G.O., 24th Mar. 1891, No. 731 R.

MARCH.

Contract

Endorsement of the Government of India forwarding copy of despatch from the Secretary of State forwarding copy of — with the South Indian Railway Company for taking over and working from the 1st January 1891 the existing South Indian Railway and the Villupuram-Guntakal State Railway, communicated to the Consulting Engineer for Railways.

Railway,
No. 2.

INDIA OFFICE,

London, 8th January 1891.

To

His Excellency the Most Honourable the Governor General
of India in Council.

MY LORD MARQUIS,

I forward herewith copy of the Contract entered into on the 24th November 1890 with the South Indian Railway Company (Limited), for taking over and working from the 1st January 1891 the existing South Indian Railway and the Villupuram-Guntakal State Railway.

2. The present Company having been advised that its statutory powers would not admit of its working the South Indian Railway after purchase by the Government, it has been necessary to form a new Company, and this has been done with the title of the "South Indian Railway Company (Limited)," which was duly registered on the 21st November 1890. Though a new Company is thus introduced, and a distinct line must be drawn between the transactions of the concerns up to and inclusive of, and subsequent to, the 31st December 1890, there need be no practical break of continuity. There should be a formal receipt from the old Company and transfer to the new Company; and all engagements of servants under the old Company will cease, and new engagements must be entered into by the servants taken over by the new Company.

3. You are aware from previous correspondence that the Company's share capital under the new arrangement was to be 1,000,000L. On the 24th November 1890 a prospectus, offering this capital to the stockholders in the old Company, was issued by the new Company, and the capital having been fully subscribed by them no appeal to the general public has been necessary.

4. Sections 40, 41, 42 and 95.—The share capital carries interest at the rate of 3 per cent. per annum, payable in sterling out of the revenues of India. Provision is also made for further capital. On the determination of the Contract all capital raised by the Company is repayable at par.

5. Sections 49 and 60.—Exchange is here provided for, and Section 60 also exhibits the financial working of the Contract. Briefly, the Company, in addition to the actual guarantee on its capital, is to receive a rateable share, proportioned on capital, of the residue of the net revenue receipts after deduction,—(1) of the amount of the said interest; (2) of the interest paid by Government on account of the irredeemable debenture stock of the

old Company; and (3) of the interest (at the rate of 3 per cent.) to be paid to the Government on the remainder of the capital, subject to the proviso that during the three years ending 31st December 1893 the Company's share of such residue shall not be less than 5,000L., the equivalent of $\frac{1}{4}$ per cent. per annum on 1,000,000L. This minimum payment, though to be made half yearly, is, it will be observed, to be adjusted on the accounts of each year.

6. Sections 2 and 90.—The term of the Contract is 20 years, which the Government may extend by terms of 5 years. The period of 20 years has been conceded to allow of trust investments.

7. Section 4.—The transfer of serviceable stores only implies the withdrawal from the custody of the Company, or disposal, of the unserviceable stores.

8. Section 5.—The cost of the purchased railway is to be as shown in the Indian rupee accounts, and is about 500 lakhs. The proviso as to cost of land and loss by exchange in connection with the unfinished railway should be noted in connection with Section 55 (d).

9. Section 8.—The provision for re-transfer to Government of parts of the undertaking meets the possible conversion of gauge on the present Nellore branch, and gives a free hand in dealing with the future of the Dharmavaram-Guntakul section when extended to link in with the Mysore Railway. Any such re-transfer, you will, however, observe, involves an adjustment of the capital account, and, if the traffic of any section so retransferred be below the average, will diminish the share of the residue of net revenue receipts to be retained by the Government under Section 60 (4).

10. Sections 9 and 10.—Branches and extensions are herein provided for. Conditions were necessary to satisfy the Company that unremunerative branches should not be imposed on the undertaking. The first proviso, as to minimum gross receipts, will involve for three years after the opening of any branch the clearing of traffic between the main line and the branch. Section 10 will admit of the working by the Company of such lines as that now under construction in Tanjore on behalf of the District Board, and, in conjunction with Section 81, of the Pondicherry Railway. In this connection, I should mention that I have authorized the new Company to enter into an agreement to work the Pondicherry Railway for three years from the 1st January 1891.

11. Sections 23 and 28.—Allusions to the law and discrimination, here and elsewhere, between opening for the public carriage of passengers and of goods or animals, have been made with reference to the Indian Railways Act of 1890.

12. Section 26.—I trust that the provisions for the employment by the Company of Government servants will be found satisfactory.

13. Section 31.—The powers here reserved as to rates and fares will doubtless be found sufficient.

14. Section 32.—Undue preference has been provided against in the Contract, at the special request of your Government, notwithstanding the provision in that behalf in the new Railway Act.

15. Section 33.—In the services to be performed for the State, conveyance of "stores for State Railways" has now been specially mentioned.

16. Sections 58 (8), 59, 85 and 86.—Provident Institutions for both the Company's servants and the servants of Government lent to the Company are arranged for. The rules now under consideration for Company's servants on the Bengal-Nagpur and Indian Midland Railways may properly be extended to this new Company's servants.

17. Section 80.—It will be observed that the words "of general applicability," by which Acts of the Indian Legislature were qualified in previous Contracts, have been omitted.

18. In other respects the Contract differs but little from the more recent Contracts entered into by me with Railway Companies.

I have the honour to be,

MY LORD MARQUIS,

Your Lordship's most obedient humble Servant,
CROSS.

[COPY.]

This Indenture, made the 24th day of November, 1890, BETWEEN THE SECRETARY OF STATE IN COUNCIL OF INDIA of the one part, and THE SOUTH INDIAN RAILWAY COMPANY, LIMITED, of the other part. WITNESSETH and it is hereby agreed and declared as follows :—

Interpretation of Terms.

1. In this Contract, unless there is something repugnant in the subject or context—

- (a.) "The Secretary of State" means the Secretary of State in Council of India.
- (b.) "The Company" means the South Indian Railway Company, Limited.
- (c.) "The old Company" means the South Indian Railway Company, incorporated by an Act of Parliament passed in the session of the 37th and 38th years of the reign of Her present Majesty, intituled "The South Indian Railway Act, 1874."
- (d.) "The purchased railway" means the railways and works of whatever description, together with the land, rolling-stock, plant, and machinery, forming the undertaking of the old Company on the 31st December 1890.
- (e.) "The unfinished railway" means the railways (together with the land, rolling-stock, plant, and machinery belonging thereto) connecting Villupuram, a station of the purchased railway, and Guntakal *via* Pakal, with a branch to Nellore from Pakal, part of which has been opened for public traffic, and is now being worked on behalf of the Secretary of State by the old Company, and part is in process of construction on behalf of the Secretary of State by the old Company.
- (f.) "The undertaking" means the purchased railway and the unfinished railway, or such part or parts of those railways as for the purposes of this Contract shall on the 1st January 1891 be handed over to, or may at any time after the aforesaid date, in accordance with the provisions of this Contract, be left in the possession of the Company, together with any improvements, alterations, and additions of whatever description that may from time to time be made therein or thereto, with the sanction of or by the Secretary of State, but with the exception of the telegraphs and telegraphic appliances used or to be used thereon.
- (g.) The undertaking or such part or parts thereof as may for the time being have been opened for the public carriage either of passengers or of goods or animals shall be deemed to be open for public traffic.
- (h.) "The open system" means and includes such part or parts of the undertaking as may for the time being be open for public traffic.
- (j.) "The gross earnings of the undertaking" means and includes all receipts from coaching and merchandise traffic over the open system and from the carriage of mails thereon, and the use of the telegraphs, and all other sums received in respect thereof as rents, tolls on bridges, and from all other sources the receipts from which are treated as revenue on Indian railways generally, and also any moneys payable by the Secretary of State, in respect of any branch or extension railway made part of the undertaking in accordance with the provisions of section 9 of this Contract, under the obligation thereby undertaken by him to make up the average weekly gross earnings of any such branch or extension railway to the amount and for the period specified in the last-mentioned section.

- (k) "Working expenses," when not qualified or limited, means and includes the expenses incurred with the sanction of or by the Secretary of State in or about or in connection with the management, maintenance, and working of the open system.
- (l) "Net earnings" and "net revenue receipts" respectively have the meanings attributed to those expressions respectively in section 59 of this Contract.

Duration of Contract.

2. This Contract shall continue in force for a term of 20 years, commencing on the first day of January 1891, subject to the provisions hereinafter contained for determining the same.

As to Railways to be taken over by the Company and matters connected therewith.

3. On the said first day of January 1891 the Secretary of State for the purposes of this Contract shall hand over to the Company, and the Company shall accept, the purchased railway and the unfinished railway, together with all works connected therewith then made or in progress, and the rolling-stock, machinery, and plant then used thereon or appropriated or in course of construction or under supply therefor, together with copies of all plans, specifications, and working drawings of the said works, rolling-stock, and other equipments, but with the exception of the telegraphs and all telegraphic appliances appropriated to the said railways, and as from the aforesaid day and during the continuance of this Contract the Company shall maintain and work the open system.

4. On taking over the said railway, or so soon thereafter as may be, the Secretary of State shall deliver to the Company, and the Company shall accept for the purposes of the undertaking, all serviceable stores belonging to the said railways respectively that may be in hand or in course of delivery, except such, if any, as belong to the telegraphs or telegraphic appliances. An inventory of such stores shall be made and signed by or on behalf of the Secretary of State and the Company, and their value shall be entered in the Stores Account as hereinafter provided. The value of the unserviceable stores belonging to the said railways shall be charged off as respects those of the purchased railway in the working expenses of the open system within the year 1891, and as respects those of the unfinished railway in the Capital Account as hereinafter provided. The values in each case herein mentioned shall be as shown in the accounts relating to the said respective railways of the old Company and of the Secretary of State, including loss by exchange on all payments made in England in part of the prime cost of the stores, both serviceable and unserviceable.

5. On taking over the said railways, or so soon thereafter as may be, an inventory of the railways, rolling-stock, plant, and machinery to be so taken over as aforesaid shall be made and signed by or on behalf of the Secretary of State and the Company, and the value at cost price, as shown in the Indian accounts of the old Company and the Government of the said railways respectively, and of the said rolling-stock, plant, and machinery, and of the plant, specifications, and working drawings, of which copies shall be so taken over as aforesaid, shall be entered in the Capital Account of the undertaking as hereinafter provided. Provided always that if the said accounts of the Government of the unfinished railway do not include the loss by exchange on all payments made in England in part of the cost of the unfinished railway and the cost price of the land occupied or used by the unfinished railway or for the purposes thereof, or either of such items, then there shall be further entered in the Capital Account aforesaid as the case may require the said loss by exchange and the said cost price of the land.

As to existing surveys for extensions, &c., and liabilities in connection with the Railways transferred.

6. All surveys and plans which the Secretary of State has caused to be made with the view of facilitating and expediting the construction of branches or extensions of either the purchased railway or the unfinished railway shall be made over to the Company, and the cost of the said surveys and plans as stated by the Secretary of State shall be debited to the Capital Account of the undertaking as hereinafter provided. Any now existing obligations or liabilities of the Secretary of State, under contracts for the supply of stores or materials or the execution of works for or in connection with either the purchased railway or the unfinished railway, shall be discharged by the Company from the moneys to be supplied to the Company pursuant to this Contract.

As to the completion of the construction of the unfinished Railway.

7. Subject to the requisite funds being provided according to the stipulations in that behalf hereinafter contained, the Company shall with due diligence and expedition, and in accordance in all respects with the directions of the Secretary of State, complete the construction to the satisfaction of the Secretary of State, and make ready and fit for opening for the public carriage of passengers throughout on routes determined or to be determined by him, and on land provided or to be provided by him as hereinafter stipulated, the unfinished railway, together with all such stations, station-yards, offices, warehouses, houses for employes, conveniences, and works as in the opinion of the Secretary of State shall be necessary or proper for the purposes of the said railway, either as regards the due working of the same or as regards the permanence of the same, and the protection of the same from destruction or injury by inundation, tempest, or otherwise. Subject to the like conditions as to funds, diligence, and directions, the Company shall equip the said railway with rolling-stock, plant, and machinery to the satisfaction of the Secretary of State. The unfinished railway shall be of the metre gauge, and shall in general structural character and equipment conform with the standard of the purchased railway. Surveys, designs, and estimates in relation to the construction or equipment of the unfinished railway shall if required be furnished by the Company to the Secretary of State, and be subjected to his approval, or the Secretary of State may furnish designs to the Company, and the Company shall in that case be bound to follow them.

As to the re-transfer to the Secretary of State of parts of the Undertaking.

8. The Secretary of State may at any time, by giving six months' previous notice in writing, require the Company to re-transfer to him any part or parts of the railways comprised in the undertaking, and particularly the line of the railway between Nellore and the North-West line of the Madras Railway, and the line of railway between Guntakal and Dharmavaram and the Mysore frontier (if extended to the Mysore frontier from Dharmavaram), including any extensions or branches thereof or any part or parts of the said railways respectively, and the Company shall re-transfer the same accordingly with (if so required) a reasonable proportion of the rolling-stock, machinery, plant, and stores of the undertaking, and shall not claim or be entitled to any compensation in respect of such re-transfer other than the sums to be credited in the Capital Account and the Stores Account of the undertaking in respect of the value of the things re-transferred as herein provided. And as from the date or dates of such re-transfer the rights of the Company with respect to any such part or parts of the undertaking, and the telegraphs and telegraphic appliances used therewith shall absolutely cease and determine. The things re-transferred shall be valued as respects the stores at the values shown in the Stores Account, as respects the rolling-stock, machinery, and plant at their fair value as agreed upon between the Secretary of State and the Company, and as respects the part or parts of the railways (including land) on the basis of the capital cost of such part or parts so far as ascertainable from the accounts of the undertaking and as may be agreed upon between the Secretary of State and the Company.

for the purpose of safely or efficiently working the undertaking or any part or parts thereof. The Secretary of State shall maintain and keep in good repair and in good working condition the electric telegraphs and telegraphic appliances of which the Company shall for the time being be allowed to have the use.

18. The Company shall from time to time, upon demand by or on behalf of the Secretary of State, pay into such Government Treasury in India as shall from time to time be appointed for the purpose by the Secretary of State, the amount which the Secretary of State shall from time to time require the Company to pay in respect of the charges made from time to time by the Telegraph Department of Her Majesty's Indian Government for rent, maintenance, and inspection of the electric telegraphs and telegraphic appliances of which the Secretary of State shall from time to time under the last preceding section have allowed to the Company the exclusive use, such charges not to be in excess of similar charges for the time being in force in the case of State Railway Telegraphs.

19. The Company, if so directed by the Secretary of State, shall in relation to any electric telegraphs or telegraphic appliances of which under the 17th section of this Contract it shall for the time being be allowed to have the use, observe the rules applicable to telegraphs and telegraphic appliances which shall for the time being be in force in the case of State Railway Telegraphs, or such of the said rules as the Secretary of State may from time to time prescribe to be observed by the Company; and the Company, if so directed by the Secretary of State, shall account in such manner as shall be prescribed by the rules which shall for the time being be in force in relation to State Railway Telegraphs, or as the Secretary of State shall require, for the receipts derived from the working of telegraphs and telegraphic appliances.

As to Police.

20. The Secretary of State shall provide and maintain for the purposes of the open system such a force of police as the Company, with the approval of the Secretary of State, shall from time to time require; and if the Secretary of State shall consider that any addition to the force is required for the preservation of law and order for the purposes of the undertaking his determination on that point shall be final, and such addition shall be made accordingly. The cost of providing and maintaining the force of police required for the purposes aforesaid shall be defrayed in the following manner; that is to say, three-tenths shall be borne by the Secretary of State and the remaining seven-tenths shall be included in working expenses.

21. If the Company shall so desire, the Secretary of State will provide at the sole cost of the undertaking such a force of police as, with the approval of the Secretary of State, the Company shall from time to time require for the protection of so much of the undertaking as shall for the time being be under construction, or shall not have been opened for public traffic.

22. The cost of providing and maintaining any force of police from time to time provided and maintained by the Secretary of State under either of the two last preceding sections in relation to the undertaking or any part or parts thereof shall be taken to be as from time to time stated by the Secretary of State.

As to opening for public Traffic.

23. The Company shall from time to time, when and as often as any part of the undertaking not previously opened for the public carriage of passengers is in a fit state and properly equipped with rolling-stock, plant, and machinery for such carriage, give the notice prescribed by law of its intention to open such part, and on the opening thereof being sanctioned shall forthwith open the same part for the public carriage of passengers, and, if the Secretary of State shall so sanction, of animals and goods. Nothing in

this section shall operate to prevent the public carriage of animals or goods on any part of the undertaking, the opening of which for the public carriage of passengers shall not have been sanctioned, provided that the Secretary of State shall have sanctioned the public carriage of animals or goods over such part.

As to the Maintenance and Management of the Undertaking.

24. The Company shall keep the undertaking and the stations and works belonging thereto in good repair, and shall also keep the open system and the stations and works belonging thereto in good working condition, and fully supplied with rolling-stock, plant, machinery, and stores to the satisfaction of the Secretary of State; and whenever the Secretary of State shall be of opinion that the Company is in any default as to any of the matters before mentioned in this section he may in writing notify the fact to the Company, specifying in such writing the general nature of the defect, and unless the defect be remedied by the Company within one calendar month after the notification thereof by him to the Company may himself remedy it, and charge the cost of the same as if done by the Company.

25. The Company shall keep the rolling-stock, plant, and machinery for the time being belonging to the undertaking and to every part thereof in good repair and in good working condition to the satisfaction of the Secretary of State; and whenever the Secretary of State shall be of opinion that the Company is in default as to any matter before provided for in this section he may himself remedy the defect, and charge the cost of the same as if done by the Company.

26. The Company shall maintain a sufficient staff for the purposes of the undertaking to the satisfaction of the Secretary of State, and shall, if required so to do by the Secretary of State, continue all or any of the Government staff now engaged for the purposes of the undertaking or any part thereof in their present employments, and fill up vacancies occurring from time to time in the staff, and for filling which there shall be no suitable persons or person available among those for the time being employed by the Company from the Government service; and no member of the Government service so engaged, unless the incumbent of any such or similar office on any State Railway be then liable to be discharged by the manager thereof on his own responsibility, shall be discharged from his employment by the Company, if after notice of the intention of the Company so to discharge him the Secretary of State shall object to such discharge. The rates of remuneration to be paid by the Company to all members of the Government service employed on the undertaking shall not be in excess of the rates at which the Company can obtain similarly qualified servants. The debit of any contributions on account of pensions and furlough allowances which the Secretary of State may require to be paid to him on behalf of such persons shall follow the incidence of the debit of the salaries of such persons severally.

27. The Secretary of State may from time to time, by notice in writing, require the Company to carry out any alteration or improvement in or any addition to the undertaking, that may in his opinion be necessary for the safety of passengers or for the safety of the public, or for the effectual working of the undertaking. Such notice shall specify the alteration, improvement, or addition required, and shall also in general terms describe the works to be executed for the purpose of carrying out such alteration, improvement, or addition. On receiving any such notice the Company shall with all reasonable speed commence and proceed to execute the works described therein. The Secretary of State shall provide any land that may be required for the purposes aforesaid, and shall supply the funds necessary for the purchase of such land and for the execution of such works, and the cost of such of the said works as shall be properly chargeable to capital shall be charged against the Capital Account as hereinafter provided, and the cost of all other such works shall be charged as working expenses. If in any case the Company shall neglect to proceed with the proposed works, or fail to complete the same to the satisfaction of the Secretary of State, the Secretary of State may enter on the undertaking and execute the said works, and charge the cost of the same as if done by the Company.

As to working the Undertaking, Fares, &c.

28. The Company shall, until this Contract shall be terminated under any provision herein contained, keep the open system opened for public traffic, and work the same and carry on thereon, in accordance with the provisions of the law of India for the time being, the business of carriers of passengers, animals, and goods, or passengers, animals, or goods, according as the carriage of the same respectively shall have been sanctioned by the Secretary of State.

29. The Company shall cause to be run on the open system so many trains, at such times, at such rates of speed, between such places, and with such conveniences and accommodations as the Secretary of State shall from time to time require.

30. The Company shall from time to time, upon the requisition of the Secretary of State, effect any alteration or improvement in the working of the open system or any part thereof that may in his opinion be necessary for the safety of passengers or of the public, or for the safe and effectual working of the open system or any part thereof.

31. The Company shall be entitled to charge the public for services rendered by way of conveyance on the open system or any part thereof of passengers and goods of different classes and descriptions at such rates only as shall from time to time and at the request of the Secretary of State shall submit for the approval of the Secretary of State maximum and minimum rates within which the Company is to be at liberty to charge for such services, and the Secretary of State may approve such rates with such modifications as he shall think fit, and may also from time to time require the Company to make such modifications in the maximum and minimum rates for the time being in force as he shall think fit. The Company shall not, in making charges to the public for services mentioned in this section, calculate any such charge at a rate which shall be either above the maximum or below the minimum rate for the time being applicable under this section to the particular service in respect of which the same charge is made, or make any reduction by way of rebate or otherwise which shall have the effect of bringing any rate actually paid below such minimum. The term "goods" shall as regards this section include everything conveyed on the undertaking, passengers only excepted.

32. No undue or unreasonable preference or advantage to or in favour of any particular person, company, or railway administration, or any particular description of traffic in any respect whatsoever, shall be made or given by the Company, nor shall any particular person, company, or railway administration be subjected by the Company to any undue or unreasonable prejudice or disadvantage in any respect whatsoever. The Secretary of State shall have absolute power for the purposes of this section to decide whether any preference, advantage, prejudice, or disadvantage is undue or unreasonable.

As to Services rendered to Secretary of State on the Undertaking.

33. All services which the Secretary of State shall require the Company to perform on the open system for any department of Her Majesty's Indian Government, whether Postal, Military, Police, or any other department of the State, or for high officials of such Government (including in such services the conveyance of mails as defined by the Post Office Act or Acts for the time being in force in British India, the conveyance of Post Office servants when on duty, the conveyance of troops and sailors, military and naval establishments, horses and other animals used for military purposes, guns, military stores and equipments, the conveyance of police, prisoners, and paupers, the conveyance of telegraph stores, instruments, officers, and workmen, and of any public stores whatever, including stores for State railways) shall be performed by the Company on the same general conditions as may for the time being be in force on other metre-gauge State railways, and at such rates as may be approved by the Secretary of State, subject to the provision as to free passes contained in the 16th section of this Contract.

34. The Company shall convey on the open system gold and silver bullion and coin, and copper coin, belonging to the Secretary of State, and the persons in charge thereof, at special rates to be from time to time approved by the Secretary of State.

35. The Company shall from time to time, upon the requisition of the Secretary of State, give precedence over all other traffic to his demands for either passenger or freight accommodation on the open system.

36. All stores intended to be used for any purposes of the undertaking or any part thereof (including stores intended to be used in or about the construction of any part of the undertaking or of any works or adjuncts of or pertaining to the same) shall be conveyed by the Company over the open system at rates to be approved by the Secretary of State.

As to Tolls for use of Bridges.

37. If the Company shall with the approval of the Secretary of State provide on any of the bridges on the undertaking ways or roads for public use by persons on foot or on horseback, or in carriages, or for any other purposes of traffic for which ordinary highways are commonly used, the Company shall during the continuance of this Contract have the right to charge, according to tariffs to be arranged between the Secretary of State and the Company, tolls for the user of such ways or roads by the public.

The Company to comply with requirements of the Secretary of State.

38. The Company shall with all reasonable speed comply with all such requirements as the Secretary of State shall from time to time make in accordance with this Contract.

As to Ownership of the Undertaking, &c.

39. Subject to the provisions of this Contract, all land of which the Secretary of State shall allow the Company to have possession for any of the purposes of this Contract, and everything constructed or to be constructed thereon, and all rails, plant, machinery, rolling-stock, stores, fixtures, and implements of every description acquired by the Company for the purpose of constructing, maintaining, equipping, keeping up the equipment of, or working the undertaking or any part thereof, or any stations, station-yards, offices, warehouses, houses for employes, or works upon any land of which the Secretary of State shall so allow the Company to have possession as aforesaid, and generally all property, whether real or personal, and things, and whether in England, India, or elsewhere, which shall be or have been transferred to the Company by the Secretary of State pursuant to these presents, or shall be or have been acquired, paid for or constructed by the Company with money supplied to the Company by the Secretary of State under the 47th section of this Contract, are hereby declared to be respectively the property of the Secretary of State, but subject to the user and enjoyment thereof by the Company during the continuance of this Contract.

As to Capital of Company and payment of Interest thereon.

40. The Company shall, within such period and by such instalments as the Secretary of State shall prescribe, pay into the Bank of England to the credit of the Secretary of State an aggregate sum of 1,000,000, to be raised in shares or stock.

41. The Secretary of State will during the continuance of this Contract out of the revenues of India pay to the Company in London in sterling money half-yearly on the first day of July and the first day of January in each year interest at the rate of 3 per cent. per annum, calculated to the last preceding 30th day of June and the 31st day of December respectively, on the amount which shall for the time being have been paid by the Company on account of share capital in respect of the sum of 1,000,000, mentioned in the last preceding section of this Contract.

42. Any further moneys which may from time to time be required for completing and equipping the unfinished railway, and for any other purposes sanctioned by the Secretary of State under this Contract, shall at the option of the Secretary of State either be provided by him or be raised by the Company in such manner (by the issue at the option of the Secretary of State of shares or of debentures or otherwise) and on such terms as shall be agreed upon between the Secretary of State and the Company. All moneys so raised by the Company shall be forthwith paid into the Bank of England to the credit of the Secretary of State.

43. The Company shall not at any time during the continuance of this Contract, without the sanction of the Secretary of State in writing first obtained, at any time increase its stock or share capital or borrow any moneys. The restrictions imposed by the preceding portion of this section shall not preclude the Company from borrowing money for the *bona fide* purpose of discharging previously existing indebtedness of the Company in respect of borrowed capital to an amount equal to the extent of the money so borrowed, provided the money borrowed be *bona fide* applied to the purpose last aforesaid, as to which, however, no person lending or advancing money to the Company shall be concerned to see. No money shall without the previous sanction of the Secretary of State be borrowed by the Company at a discount, or at a premium, or on terms of the Company paying to the lender a larger capital sum than that actually borrowed from him by the Company. The Company shall not without the sanction of the Secretary of State pay interest at a rate higher than 3½ per cent. per annum on any moneys borrowed by or owing from it, but this stipulation shall not necessitate the sanction of the Secretary of State to the payment of interest by the Company at any reasonable rate on any sums which the Company may borrow for *bona fide* temporary purposes.

44. Subject to the provisions of this Contract, all moneys paid by the Company under the 40th and 42nd sections hereof shall, when and as paid, become the absolute property of the Secretary of State, and he shall not be a debtor to the Company in respect of such moneys or any of them.

As to Receipts and expenditure of Company and supply of Funds by Secretary of State.

45. All moneys whatsoever, from whatever source arising or derived, and whether attributable to account of capital or revenue, which shall during the continuance of this Contract be received by the Company, and whether on its own behalf or as agent of the Secretary of State or otherwise, shall (with the exception only of moneys payable to the Secretary of State under the 40th and 42nd sections of this Contract, and of moneys paid by the Secretary of State to the Company or provided by him under the 41st, 42nd, and 47th sections of this Contract, or which it shall receive by virtue of the 4th sub-section of the 8th section of this Contract) be paid without deduction at such times and in such manner as the Secretary of State may from time to time direct in manner following (that is to say) as to moneys received elsewhere than in India by or on behalf of the Company into the Bank of England to the credit of the Secretary of State, and as to moneys received in India by or on behalf of the Company into some Government Treasury in India to be from time to time approved for the purpose by the Secretary of State. All the moneys paid by the Company under this section shall, when paid, become the absolute property of the Secretary of State, subject to the provisions of this Contract and so in particular that such of the same moneys as are under this contract to be treated as received on account of revenue shall be subject to the provisions hereinafter contained as to the application thereof.

46. All moneys proposed to be expended by the Company on account of the undertaking or in pursuance of this Contract shall from time to time be stated and submitted to the Secretary of State for his sanction, and as between the Company and the Secretary of State shall be allowed only so far as the same shall from time to time have been sanctioned by the Secretary of State.

47. All moneys which the Company shall require to defray expenditure by the Company under this Contract sanctioned by the Secretary of State shall be supplied to the Company by the Secretary of State in London or in India according to such arrangements as shall from time to time be made between the Secretary of State and the Company.

As to Accounts and Exchange.

48. The Company shall keep all such accounts in relation to the undertaking and to this Contract, and all such accounts as between the Company and the Secretary of State, as the Secretary of State shall from time to time require. Complete accounts shall be kept in India in rupee currency; nevertheless, account shall be kept in England in sterling money of the expenditure and receipts of the Company elsewhere than in India, in relation to the undertaking and to this Contract, but such accounts shall be incorporated in the Indian accounts of the Company, and for that purpose shall be furnished to the Secretary of State for transmission to the Government of India.

49. For the purposes of the incorporation provided for in the last preceding section of this Contract, sterling money entered in the accounts kept in England in such section mentioned shall (except in any cases where any particular amounts ought under special provisions of this Contract to be treated as convertible at special rates, in which excepted cases the special rates shall be adopted) be converted into rupees at the average rate of exchange obtained by the Secretary of State for bills payable on demand drawn on India during the half-year ending either on the 30th day of June or the 31st day of December next preceding the time at which the incorporation is to be effected, and so that if the incorporation is to be effected in the first six calendar months of the then current calendar year the half-year shall end on the 31st day of December, and if it is to be effected in the last six calendar months of the then current calendar year the half-year shall end on the 30th day of June. Provided that if and as often as the Secretary of State shall not have drawn bills on India payable on demand for so much as three calendar months out of any particular half-year ending on a 30th day of June or 31st day of December, then any conversion of sterling money into rupees which would or might under this section, but for this provision, be effected at the average rate obtained by the Secretary of State for bills payable on demand drawn on India during that half-year shall be effected at the average rate obtained during that half-year for the best commercial bills payable on demand drawn in London on India, such average rate to be decided by the Comptroller General at Calcutta.

50. Separate accounts shall, if required by the Secretary of State, be kept by the Company in respect to different sections of the undertaking; and all accounts to be kept by the Company under this Contract shall be kept in such form and under such heads or divisions, and with such details, and shall be submitted to the Secretary of State at such times as he shall from time to time prescribe.

51. Unless and until otherwise directed by the Secretary of State, the Company shall keep in relation to the undertaking and this Contract the following accounts that is to say:—

- A Capital advance Account.
- A Stores Account.
- A Capital Account.
- A Revenue Account.

52. In the said Capital Advance Account shall be entered all moneys supplied by the Secretary of State to the Company to defray expenditure by the Company under this Contract or received from the sale of stores, and the moneys so entered shall as expended by the Company in conformity with this Contract, be transferred from the Capital Advance

Account to the Stores Account, the Capital Account, or the Revenue Account, as shall be proper. The Capital Advance Account shall from time to time, as the Secretary of State shall require, be made up and submitted to him.

53. The Company shall as from the 1st day of January 1891 open an account of all stores which shall have been delivered to the Company pursuant to the 4th section of this Contract, and of the value of such stores as entered in the inventory mentioned in that section, and shall from time to time during the continuance of this Contract with all reasonable expedition make up and deliver to the Secretary of State an account of all stores respectively in hand on every 30th day of June and 31st day of December, or on such other days as the Secretary of State may from time to time name for the purpose. In the account to be so made up from time to time shall be entered all stores which the Company shall for the purposes of fulfilling this Contract have used since, as regards the first occasion of making up the account, the day on which the same shall have been delivered to the Company as aforesaid; and since, as regards each other occasion of making up the account, the date to which the account shall have been last previously made up, showing in the account the purposes to which the stores which shall have been used shall have been applied. As often as any of the stores in hand shall be used by the Company for the purposes of fulfilling this Contract, the value as entered in the books of the Company of the stores so used shall be charged to account of capital or to account of revenue as shall be proper. The Stores Account shall, besides being made up periodically as above mentioned, be made up and balanced from time to time upon the requisition of the Secretary of State. If any stores for the continuance of this Contract be returned into store, the value thereof (to be agreed upon by the Secretary of State and the Company) shall be debited in the Stores Account. If any stores shall be re-transferred to the Secretary of State under section 8 of this Contract, the value thereof shall be credited to the Stores Account.

54. The valuations from time to time in the Stores Account of stores in hand shall, at such time or times as the Secretary of State shall direct, be revised in such manner as shall from time to time be agreed upon between the Secretary of State and the Company; and the Stores Account shall from time to time be corrected so as to accord with the revised valuations, and thereupon corresponding adjustments shall be effected in the Capital or Revenue Account by making entries therein either to debit or credit as requisite. Provided that such a revised valuation shall be made as soon as the whole of the unfinished railway shall have been opened for public traffic, and that in respect of any subsequent valuation all such adjustments shall be made in the Revenue Account alone.

55. In the Capital Account shall be entered all such of the moneys to be received by or on behalf of the Company as pursuant to this Contract are to be treated as received on account of capital, also the value (to be determined by the Secretary of State) of such land (if any) as shall for the time being have been relinquished by the Company to the Secretary of State under the provisions hereof, also the value of any part or parts of the railways, rolling-stock, machinery, and plant of the undertaking re-transferred to the Secretary of State, under the provisions of section 8 of this Contract, and also all such expenditure of the Company under this Contract as pursuant to this Contract shall be chargeable to account of capital, including:—

- (a.) The value to be fixed as provided by the 5th section of this Contract of the railways, rolling-stock, plant, and machinery, plans, specifications, and working drawings mentioned in that section.
- (b.) Such sum as the Secretary of State may allow to be charged in respect of the expenses of and incident to the formation and incorporation of the Company and in connection therewith and such amount (if any) as the Secretary of State may allow, or require to be charged to account of Capital, in respect of the cost of the management of the Company and the conduct of its affairs prior to the time when the whole of the unfinished railway shall have been opened for the public carriage of passengers.

(c.) The cost to the Secretary of State as certified by him of the said several surveys, designs, estimates, and plans mentioned in the 6th and 7th sections, and the value of the unserviceable stores of the unfinished railway mentioned in the 4th section of this Contract.

(d.) The value as certified by the Secretary of State of all land of which he shall allow the Company to have possession for any purposes of this Contract, except the land handed over to the Company with the purchased railway pursuant to section 3 of this Contract.

(e.) All moneys which shall be actually expended by the Company, with the sanction of the Secretary of State, out of funds provided by him upon works, rolling-stock, plant, and machinery of the unfinished railway pursuant to the 7th section of this Contract, or upon any branch or extension railway under the 9th section of this Contract, or for any other purposes of the undertaking, the cost of which is chargeable to account of capital.

(f.) The cost of providing and maintaining a police force in relation to any such part or parts of the undertaking as for the time being shall be under construction or shall not have been opened for public traffic.

(g.) The charges of the telegraph department of Her Majesty's Indian Government for rent, maintenance, and inspection of such electric telegraphs and telegraphic appliances (if any) as the Secretary of State may allow the Company to use in relation to the construction of the undertaking or any part thereof, or in relation to any part of the undertaking which shall not for the time being have been opened for public traffic.

(h.) So much as ought pursuant to the 26th, 27th, and 65th sections of this Contract from time to time to be charged to account of capital.

(i.) Any amount which the Secretary of State may from time to time require to be charged to account of capital in respect of the cost to him of any of his legal expenses incurred in relation to this Contract, or to any matters arising out of this Contract.

(k.) The cost of the Secretary of State as certified by him of works, acts, and things which shall be executed or done by him under any of the provisions of this Contract, provided that the cost thereof if executed or done by the Company would have been expenditure chargeable to account of capital.

56. The Capital Account shall from time to time, as the Secretary of State shall require, be made up and submitted to him.

57. In the Revenue Account shall be entered working expenses and all such expenditure of the Company under this Contract and other items as pursuant to this Contract shall be chargeable to account of revenue, and also all such of the moneys to be received by or on behalf of the Company as under the provisions of this Contract are to be treated as received on account of revenue. The Revenue Account shall be made up half-yearly to the 30th day of June and the 31st day of December in each year, or to such other days as the Secretary of State may from time to time prescribe, and shall be regularly submitted by the Company to the Secretary of State, who may in case of error being discovered therein correct the same within three calendar months after the account containing such error shall have been submitted to him. Every Revenue Account shall be considered as settled at the expiration of three calendar months after the time when the same shall have been submitted to the Secretary of State; but nevertheless any error which may subsequently be discovered therein shall be corrected in the then next Revenue Account or in any subsequent Revenue Account or Accounts, as the Secretary of State may determine.

58. In the working expenses of any half-yearly period there shall be admitted and included in so far as they are attributable to such period—

- (1.) All expenditure incurred by the Company with the sanction of the Secretary of State after the opening for the public carriage of passengers of the whole of the unfinished railway in the management of the Company and the conduct of its affairs.
- (2.) Such proportion of the expenditure last aforesaid incurred prior to the time when the whole of the unfinished railway shall have been so opened as the mileage of the undertaking for the time being opened for the public carriage of passengers shall bear to the aggregate mileage thereof under construction and opened for traffic.
- (3.) All expenditure incurred by the Company with the sanction of the Secretary of State in keeping the open system in good repair and in good working condition and fully supplied with rolling-stock, plant, and machinery, except such part (if any) of such expenditure as may with the sanction of the Secretary of State be charged to account of capital.
- (4.) All expenditure incurred by the Company with the sanction of the Secretary of State in keeping the rolling-stock, plant, and machinery belonging to the open system in good repair and in good working condition.
- (5.) All expenditure incurred by the Company with the sanction of the Secretary of State in the execution of any works of which the cost shall be chargeable to account of revenue.
- (6.) The cost to the Secretary of State as certified by him of works, acts, and things which shall be executed or done by him under any of the provisions of this Contract, provided that the cost thereof if executed or done by the Company would have been expenditure chargeable to account of revenue.
- (7.) The costs, so far as not under the terms of this Contract to be borne by the Secretary of State, of providing and maintaining a police force for the purposes of the open system.
- (8.) All moneys from time to time payable under the rules for the time being in force of the State Railway Provident Institution and the Company's Provident Institution respectively to or for the purposes of those Institutions as hereinafter mentioned, without being dependent on the amount of the net earnings of the undertaking.
- (9.) The charges of the Government Telegraph Department for rent, maintenance, and inspection of the telegraphs and telegraphic appliances of which the Secretary of State shall from time to time allow the Company to have the exclusive use in relation to the open system.
- (10.) The costs of and incidental to the preparation of the returns and statistics from time to time furnished to the Secretary of State under the provisions hereinafter contained.
- (11.) So much as ought pursuant to the 26th and 65th sections of this Contract from time to time to be charged to account of revenue.
- (12.) All reasonable legal expenses, whether incurred by the Secretary of State or with his sanction by the Company, in relation to the open system, and all such other expenses as the Secretary of State and the Company shall agree to treat as working expenses.
- (13.) All undischarged working expenses, so far as they are attributable to any previous period or periods or are exceptional.

(14.) The value of the unserviceable stores of the purchased railway mentioned in section 4, and the sums debitable to account of revenue in adjustment of the revised valuations of stores provided for in section 54 of this Contract.

59. The sum remaining in each half-year, after deducting from the gross earnings of the undertaking working expenses and all other charges (if any) to revenue account properly chargeable to that half-year, shall be "net earnings," and from such sum shall be deducted such sums (if any) as according to the rules for the time being in force of either the State Railway Provident Institution or the Company's Provident Institution respectively shall from time to time be payable, with the sanction of the Secretary of State, to or for the purposes of either or both of those Institutions, and being contingent on the amount of net earnings of the undertaking. The amount of earnings remaining after making this payment shall for the purposes of this Contract be "net revenue receipts."

60. The "net revenue receipts" of each half-year shall be applied in the following manner and in the following order:—

- (1.) In payment to the Secretary of State in rupees of the equivalent at the rate of 14 rupees to the pound sterling of the interest at the rate of 3 per cent. per annum for the half-year paid by him to the Company in respect of the capital (not exceeding 1,000,000L.) raised and paid into the Bank of England in pursuance of section 40 of this Contract.
- (2.) In payment to the Secretary of State of the equivalent in rupees at the rate of exchange mentioned in section 49 of this Contract of interest for the half-year at the rate of $4\frac{1}{2}$ per cent. per annum on the amount of 425,000L. Irredeemable Debenture Stock of the old Company.
- (3.) In payment to the Secretary of State in rupees of interest for the half-year at the rate of 3 per cent. per annum on the total net expenditure standing at the debit of the Capital Advance Account, the Stores Account, and the Capital Account of the undertaking at the close of the half-year, less the sums of Rs. 1,40,00,000 and Rs. 59,50,000 the respective equivalents (at the rate of 14 rupees to the pound sterling) of the capital undertaking to be raised by the Company and of the Irredeemable Debenture Stock of the old Company.
- (4.) And the residue (if any) shall be divided between the Company and the Secretary of State in the ratio of Rs. 1,40,00,000 (the prescribed equivalent of the Company's capital), and the net expenditure as stated in the last preceding sub-section, less the said sum of Rs. 1,40,00,000, and the proportion thereof which shall be found to belong to the Company shall, as soon as ascertained, be paid over to the Company in India.

Provided that if in any one or more of the first three years of this Contract—that is to say, the three years ending the 31st December 1893—the Company's share of the net revenue receipts under the 4th sub-section of this section shall be less than 5,000L., the Secretary of State shall in each such year out of his share of the net revenue receipts under the same sub-section, or out of the interest payable to him under any or all of the first three sub-sections of this section, pay to the Company in India so many rupees as may be necessary to make up the Company's share for such year to the equivalent of 5,000L., and this sum shall be paid in such manner and at such times that the Company shall have funds in London to the amount of at least 2,500L. on the 30th June and the 31st December in each of the said three years.

As to audit and settlement of certain possible questions.

61. The accounts of the Company in relation to its expenditure and receipts in India, England, and elsewhere shall from time to time be audited on behalf of the Secretary of State by such person or persons as he shall from

time to time appoint as well as on behalf of the Company, and the Company shall produce to the auditor or auditors so appointed by the Secretary of State all vouchers, books, accounts, papers, and documents of the Company necessary for the purpose of audit, and afford to him or them all facilities requisite for the performance of his or their duties. Amongst the functions of the auditor or auditors shall be included the duty of seeing that expenditure is charged and revenue applied in accordance with the provisions of this Contract. Any correction made in the accounts by any person or persons who shall be acting as joint auditor or joint auditors on behalf of both the Secretary of State and the Company shall be conclusive. If consequent on the audit of any auditor or auditors acting exclusively on behalf of the Secretary of State the Secretary of State shall require any alterations to be made in the accounts, and the Company shall object to the alterations, the matter in difference shall be referred for final decision to two persons, one to be named by the Secretary of State and the other to be named by the Company, and in case such two persons shall be unable to agree, then to an umpire to be named by the referees. The costs of any such reference as last aforesaid shall be included in working expenses.

62. If any difference shall arise between the Secretary of State and the Company as to the head of account to which any expenditure of the Company is properly chargeable the matter in difference, unless under the terms of this Contract to be solely decided or determined by the Secretary of State, shall be referred to the decision of the joint auditor or the joint auditors if the Secretary of State and the Company shall have appointed such an officer or officers, but in case such joint auditor or joint auditors shall not have been appointed, then the matter in difference shall be referred to some person to be jointly appointed for the reference by the Secretary of State and the Company, and if the Secretary of State and the Company shall not appoint such a person, then to the decision of two persons, one to be named by the Company and one by the Secretary of State, or failing the agreement of such two persons, then to the decision of an umpire to be named by such two persons. The costs of any reference under this section shall, unless the Secretary of State shall otherwise direct, be included in working expenses.

63. Of the moneys to be so paid as provided by the 45th section of this Contract, such as shall have accrued from the sale of any property not paid for out of revenue on any occasion other than one on which the property sold is replaced by other property of the same or a similar character, shall be treated as received on account of capital; and of all other moneys to be so paid as provided by the 45th section of this Contract, such portions shall respectively be attributed to account of capital and such portions to account of revenue as the Secretary of State shall from time to time determine, having regard to the principle that receipts from the working of the undertaking or portions of the undertaking for the time being open for public traffic are, subject to the provisions of this Contract, to be deemed attributable to account of revenue.

64. In case any question shall arise whether any expenditure incurred for the purposes of the undertaking is to be treated in the whole or in part as a charge incurred on Capital Account, or how the same is to be dealt with, the question shall be determined on the general principle that capital is to bear the cost of new works, of additional rolling-stock, plant, and machinery, and of substantial improvements of, and additions to, old works, rolling-stock, plant, and machinery, including the cost of any temporary new work, the construction of which is requisite for the construction of a work properly chargeable to capital, and that the cost of repairs, restorations, renewals, replacements, and substitutions is to be borne by revenue. Provided, nevertheless, that any item of expenditure properly chargeable to capital, in accordance with this principle, on any part of the open system, shall from time to time, if not exceeding Rs. 1,000, be classed as a "minor work" and be charged to working expenses within a maximum amount in each half-year of Rs. 15 per open mile of railway. Provided also that no portion of the salaries or allowances of any of the Company's permanent supervising staff, although for the time being em-

ployed, partly or wholly, in directing or superintending work chargeable to capital, shall, except with the express sanction of the Secretary of State, be charged to capital, and that no expenses connected with the engagement from England, or with the passage from or to England, of any person in the Company's service shall be charged to capital, unless such person shall have been specially engaged to carry out work chargeable to capital, and actually employed upon such work.

As to the supervision, audit, and control of the Secretary of State and the appointment of a Government Director, &c.

65. In all matters not herein specially provided for relating to the fulfilment and performance by the Company of this Contract, so far as the same is to be fulfilled or performed by the Company, the Company and its affairs shall be subject to the supervision, audit, and control (as well in India as in England) of the Secretary of State. The Secretary of State shall be entitled to make a charge half-yearly for his supervision, audit, and control of the affairs of the Company. The said half-yearly charge shall be a mileage rate not exceeding in any case 40 rupees for every mile of the undertaking so far as for the time being either constructed or under construction. The half-yearly charge to be made by the Secretary of State under this section shall cover a moiety of the salary in respect of audit of such joint auditor or joint auditors (if any) as aforesaid, and shall, until the whole of the undertaking for the time being shall have been opened for public traffic, from time to time be apportioned between revenue and capital in such manner as that so much of the half-yearly charge as bears the same proportion to the entirety thereof as the length of railways opened for public traffic at the time when the half-yearly charge is made bears to the whole length of railways on which the same charge is to be calculated, shall be charged to account of revenue, and that the residue thereof shall be charged to account of capital. As from the time when the whole of the projected railways shall have been opened for public traffic the half-yearly charge to be made by the Secretary of State under this section shall be charged to account of revenue exclusively.

66. For the purpose of inspecting the undertaking and the works thereof, either whilst under construction or subsequently, and the stations, rolling-stock, plant, machinery, and stores belonging thereto, and the electric telegraphs and telegraphic appliances for the time being provided under this Contract for the use of the Company, and for the purpose of auditing the accounts of the Company, or otherwise exercising such supervision and control as are intended to be reserved to the Secretary of State by this Contract, the Secretary of State may from time to time appoint such person or persons as he may think proper with such powers as he may consider necessary or expedient, and the Company shall afford every person so appointed all reasonable facilities for the purpose of enabling him to perform the duties entrusted to him by the Secretary of State.

67. The Company shall to the satisfaction of the Secretary of State record and keep in proper books full and particular accounts of all its transactions and proceedings, including full and true minutes of all its meetings, meetings of Directors, communications with India and correspondence, so as at all times to exhibit fully and truly the state of its affairs. The Secretary of State or any person or persons appointed by him in that behalf shall at all reasonable times have free access to all the books, accounts, papers, and documents of the Company relating to the undertaking, with power to call for and make copies of or extracts from the same. The cost of making all such copies and extracts shall be defrayed by the Company, and either charged to revenue or capital exclusively, or apportioned between revenue and capital, as the Secretary of State shall direct.

68. The Secretary of State may from time to time appoint any one person to be a Director of the Company. Such Government Director shall be *ex officio* a member of all committees appointed by the Board of Directors of the Company or by the Company in relation to the undertaking or any matter con-

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nected therewith, and shall have power to exercise at his discretion an absolute veto in all proceedings whatever at the Board of Directors. The said Government Director shall not be removable except by the Secretary of State, and may act by a deputy appointed by the Secretary of State.

As to assisting the Company to make Junctions with and to obtain running Powers over other Railways.

69. The Secretary of State will, so far as he may from time to time consider it desirable with a view to public convenience that any junction should be formed between any railway forming part of the undertaking and any other railway, and that such junction should be effected by the Company, endeavour from time to time to obtain for the Company on reasonable terms powers to form such junction, and will, so far as he may from time to time consider it desirable, with a view to the public convenience, that the Company should in continuation of the service of trains on any railway forming part of the undertaking run trains on any other railway, endeavour to obtain for the Company on reasonable terms and conditions power to do so. If and as often as the Company intend to form between any railway forming part of the undertaking and any other railway any junction which the Secretary of State shall have sanctioned to be made by the Company, the Company shall signify to the Secretary of State its intention to form the junction, and this Contract shall thenceforth be read and take effect as if such junction were a part of the undertaking.

As to running Powers and other facilities and Accommodation for other Railways.

70. The Company shall from time to time, upon the requisition of the Secretary of State, allow the use of the undertaking or any part or parts thereof for the passage of engines and trains from or to other railways of the same gauge upon the payment of reasonable tolls and under reasonable conditions and restrictions.

71. The Company shall from time to time, upon the requisition of the Secretary of State, allow upon reasonable terms and conditions the use for other railways of any such rolling-stock appropriated or belonging to the undertaking as shall not for the time being be required for the purposes of any part of the undertaking, or for any other operations of the Company under this Contract.

72. The Company shall from time to time, upon the requisition of the Secretary of State, execute work in its workshops at reasonable prices and on reasonable terms in respect of rolling-stock and machinery belonging to State Railways, but so nevertheless as not to impede or unduly interfere with the ordinary operations of the Company in respect of the undertaking.

73. The Company shall from time to time upon the requisition of the Secretary of State make reasonable arrangements for the interchange of traffic and rolling-stock and for through booking between the undertaking or any part thereof and other railways, and the Secretary of State shall to the extent of his powers require the managers of such other railways to co-operate in making similar arrangements on the requisition of the Company.

74. The Company shall from time to time, upon the requisition of the Secretary of State, allow the use of any of the stations belonging to the undertaking for the accommodation of the traffic of any other railway upon the payment of reasonable tolls and under reasonable conditions and restrictions, and also upon reasonable terms make such alterations and additions as may in the opinion of the Secretary of State be necessary or convenient for the purposes of such accommodation.

75. The Company shall from time to time, upon the requisition of the Secretary of State, allow any junction to be formed between any railway forming part of the undertaking and any other railway on reasonable terms and conditions.

76. The Company shall comply with all regulations from time to time prescribed by the Secretary of State for clearing through traffic with other railways.

Miscellaneous Provisions.

77. The Company shall not alter, vary, or add to its Memorandum or Articles of Association during the continuance of this Contract in such a way as to affect or prejudice the operation thereof without the sanction of the Secretary of State.

78. The Company shall not during the continuance of this Contract, without the sanction of the Secretary of State in writing first obtained, engage in or carry on any business other than the business provided by this Contract to be carried on by the Company.

79. The Secretary of State shall promote the passing by Her Majesty's Legislature in India of any Act or Acts which may be required to enable the Company to carry into effect this Contract.

80. No claim shall be made upon the Secretary of State by the Company for compensation in respect of the prejudicial effect upon the undertaking or the profits thereof of any Act of Her Majesty's Indian Legislature for the time being in force, and the Company and the undertaking and its equipment shall be subject to the provisions of every such Act, and no claim shall be made upon the Secretary of State by the Company for compensation in respect of the prejudicial effect upon the undertaking or the profits thereof of any treaty, convention, or agreement for the time being in force between the Secretary of State and the Government of any allied tributary or foreign State and the Company, and the undertaking and its equipment shall be subject to the provisions of every such treaty, convention, or agreement as mentioned in this section.

81. The Company shall not, without the consent of the Secretary of State, acquire, either absolutely or for any limited estate, any land situated in the dominions of any allied tributary or foreign State, or any rights or easements in, over, or in respect of any land so situate. The expression "Land" as regards the operation of this section includes mines, minerals, buildings, easements in or over lands, and generally all hereditaments of every description and of whatever nature or tenure, whether corporeal or incorporeal. This section shall not apply to any land of which possession may be given to the Company by the Secretary of State.

82. No communication or negotiation of any description or in respect to any matter shall, unless with the sanction and under the supervision of the Secretary of State, be made or conducted by or on behalf of the Company or with the Government of any allied tributary or foreign State, or with any officials of any such Government.

83. The Company shall from time to time prepare and furnish to the Secretary of State such returns and statistics as to traffic and otherwise as the Secretary of State may from time to time require and such returns and statistics shall be prepared in such form and under such heads and divisions and with such details as the Secretary of State shall from time to time prescribe. The cost of preparing such returns and statistics and incidental thereto shall be included in working expenses.

84. The Company shall at any time, upon the requisition of the Secretary of State, establish and thenceforth maintain out of contributions from revenue and on terms to be agreed upon between the Secretary of State and the Company, reserve funds for the purposes of insuring property, whether appropriated to the undertaking or in the custody of the Company as carriers of passengers and goods, or in any other capacity, against damage by fire, and of making good deterioration of permanent-way and rolling-stock. No part of any such reserve funds for the time being subsisting shall be applied to any purpose without the sanction of the Secretary of State.

85. The Company may and, if required by the Secretary of State so to do, shall establish on terms to be approved by the Secretary of State a Provident Institution for the benefit of servants of the Company, and thenceforth maintain and manage the institution so established under rules and regulations to be approved by the Secretary of State, and which rules and regulations shall be subject to be varied from time to time as he shall approve.

86. The Company shall, if required by the Secretary of State, maintain and manage the State Railway Provident Institution for the benefit of the Government servants, members thereof, employed upon the undertaking, upon such terms and under such rules and regulations as shall from time to time be approved by the Secretary of State.

87. Any notice, determination, decision, direction, requirement, requisition, appointment, certificate, or expression of opinion, approval, or sanction to be given or signified on the part of the Secretary of State for any of the purposes of or in relation to this Contract or any of the powers or provisions herein contained shall be sufficient and binding if in writing signed by the Secretary of State or one of his Under Secretaries or his Assistant Under Secretary, or by a Secretary of Her Majesty's Indian Government, or by any other officer or servant authorised to act on behalf of the Secretary of State in respect of the matters to which the same shall relate, and the Secretary of State shall not in any case be bound in respect of any of the matters aforesaid unless by some writing signed in the manner before-mentioned in this section.

88. The Company shall at all times during the continuance of this Contract keep an office established at some place in India to be determined from time to time by the Secretary of State, and shall keep at the said office an authorised agent or committee of agency with whom the Secretary of State and Her Majesty's Indian Government or any officer or officers deputed on behalf of the Secretary of State or Her Majesty's Indian Government may communicate on affairs concerning this Contract, and the duties and liabilities of the parties hereto under this Contract, and to whom the Secretary of State and Her Majesty's Indian Government and such officer or officers as last aforesaid may respectively pay moneys for the use or on behalf of the Company, and all drafts drawn and receipts given by the said agent or committee of agency or under his or their authority on behalf of the Company in relation to this Contract, or to any payment made or matter arising under or out of or by virtue of this Contract, shall be binding on the Company, and every notice to be given to the Company (save any notice with respect to the termination of this Contract under the subsequent provisions hereof) shall be sufficiently given if left at the said office or personally served on the said agent or any member of the said committee of agency.

89. The Company shall not in respect of the performance or fulfilment by it of its duties and obligations under this Contract be entitled by any implication of law to remuneration as for services rendered by it to the Secretary of State.

As to termination of the Contract and Provisions to come into effect thereon.

90. The Secretary of State may, if this Contract shall not have been previously terminated, terminate the same either on the 31st day of December 1910, or on the 31st day of December of any succeeding fifth year by giving to the Company in England not less than 12 calendar months' previous notice in writing of the termination of this Contract. The Secretary of State may also if default be made by the Company in duly paying any sum or sums payable by the Company under the 40th or the 42nd section of this Contract, or in the construction and completion in conformity with this Contract of any part of the undertaking or any of the stations or other works thereof, or in the due equipment pursuant to this Contract of the undertaking or any part thereof with rolling-stock, plant, and machinery, or in case there shall be any breach on the part of the Company (whether by act, omission, or default) of any of the

stipulations or provisions of this Contract, or in case the undertaking or any part thereof shall at any time in the opinion of the Secretary of State be in course of gross mismanagement by the Company, or be worked at a loss as shown by the revenue account, and have been so worked for not less than three half-years continuously down to the time at which the Secretary of State shall give to the Company the stipulated notice of termination under this present power, terminate this Contract by giving to the Company in England six calendar months' previous notice in writing of the termination of this Contract.

91. Upon the day on which this Contract shall expire under the 2nd or be terminated under the 90th section hereof the Company shall relinquish to the Secretary of State all land of which he shall have allowed the Company possession under or for the purposes of this Contract (except such land as may previously have been relinquished to him or sold with his sanction), together (by way of inclusion, not of exception) with the station, station-yards, offices, warehouses, houses for employes, conveniences, rails, machinery, fixtures, and plant, then erected, or being on the land to be relinquished under this section or in anywise belonging to the undertaking or any part thereof, and also deliver to the Secretary of State possession of any office in England of the Company, and also relinquish or deliver to the Secretary of State all rolling-stock, moveable machinery, plant, and articles belonging or appropriated either as regards purposes of construction or working or otherwise to the undertaking or any part thereof, or any of the works or adjuncts thereof, and the then existing stock of stores appropriated to the undertaking, and the then existing stock of stores appropriated to the undertaking, or to any of the works or adjuncts thereof, or to the equipment thereof, and all plans, books, surveys, sections, printings, writings, and documents whatsoever in anywise connected with or with the construction or maintenance of the undertaking or any part thereof, or any of the works or adjuncts thereof, and any electric telegraphs, telegraphic appliances, and other property belonging to the Secretary of State and then in the possession of the Company in reference to this Contract, including all furniture and tenant's fixtures appropriated to the office in England of the Company, and generally all property, whether real or personal and whether in England or India or elsewhere, then in the possession or power of the Company which shall be or have been acquired or paid for by or with money supplied to the Company by the Secretary of State. The Company shall also on the day on which this Contract shall expire or be terminated refund to the Secretary of State all such of the moneys previously supplied by him to the Company under the 47th section of this Contract as shall then remain unexpended with the sanction of the Secretary of State, and shall make over to the Secretary of State any such reserve funds as aforesaid then existing under this Contract, subject to any terms which may have been agreed upon under the 84th section hereof. The Company shall at the cost of the Secretary of State execute or procure to be executed any such assurances as he shall reasonably require to be executed for the purpose of giving full effect to the previous provisions of this section.

92. The Secretary of State shall be entitled to the benefit of and shall indemnify the Company against all such Contracts entered into with his sanction by the Company as shall be subsisting at the time of the expiration or termination of this Contract.

93. The termination of this Contract shall not prejudice the rights of either of the parties hereto as against the other of the parties hereto in respect of any covenant herein contained which may be broken prior to the termination hereof or which may continue or be in force after such termination.

94. Upon the relinquishment, delivery of possession, delivery, payment, or making over to the Secretary of State by the Company in conformity with the 91st section of this Contract of all the particulars and property therein, respectively provided to be relinquished, delivered possession of, delivered, refunded, or made over by the Company, the Secretary of State shall become bound to indemnify the Company, its property and effects, against all such debts and

liabilities (if any), including liabilities on debentures as it may have incurred with the sanction of the Secretary of State and as shall be then subsisting.

95. Upon the expiration or determination of this Contract under any of the provisions herein contained the Secretary of State shall, out of the revenue of India, pay to the Company in London an amount in sterling equal to the amount which shall have been paid by the Company conformably with this Contract in respect of the said sum of 1,000,000*l.*, and also an amount also in sterling equal to the aggregate of such further sum or sums of money (if any other than and beyond any sums paid in respect of the said sum of 1,000,000*l.*) as shall have been paid by the Company into the Bank of England to the credit of the Secretary of State pursuant to this Contract and shall be represented by share capital or stock. Provided nevertheless that the Company shall not be entitled under this section to receive any money unless or until it shall in substance have performed and discharged its duties and obligations under the 91st section of this Contract.

Arbitration.

96. If the Secretary of State and the Company shall fail to agree touching any matter with respect to which their agreement is required by this Contract, or if in any case not herein specially provided for any dispute, question, or controversy shall at any time arise between the Secretary of State and the Company touching these presents or any section or thing herein contained, or the construction hereof, or any matter connected with these presents or the operation hereof, or the rights, duties, or liabilities of either party in relation to the premises, then and in every such case the matter as to which the Secretary of State and the Company shall fail to agree, or the matter in difference, as the case may be, shall be referred to two arbitrators, one to be appointed by each party, pursuant to and so as with regard to the mode and consequences of the reference, and in all other respects to conform to the provisions in that behalf contained in the Arbitration Act, 1889, or any subsisting statutory modification thereof.

In witness, &c.

Dated November 24, 1890. /

THE SECRETARY OF STATE IN
COUNCIL OF INDIA

AND

THE SOUTH INDIAN RAILWAY
COMPANY, LIMITED.

CONTRACT.

Taking over certain State Railways, and
as to the construction of other Rail-
ways, and the maintenance, manage-
ment, and working of the said
Railways, and as to the application
of profits thereon.

All communications
should be addressed to
the Secretary.

No. 00104 R. S.

GOVERNMENT OF INDIA.

PUBLIC WORKS DEPARTMENT.

RAILWAY

Traffic

Calcutta
FORT WILLIAM,

the 9 March 1891.

The undermentioned paper *is* forwarded

to the Joint Secretary to the Government of Madras Public Works
for Department, Railway Branch, for information.

By order,

J. B. Herbert

Offg: Under-Secretary.

Document referred to.

Copy of Despatch from Her Majesty's Secretary of State
for India & Ceylon dated 8 January 1891 and enclosure.
Contract entered into on the 24 November 1890 with
the South Indian Railway Company Limited
for taking over and working from the 1st January
1891 the existing South Indian Railway and the Villupuram
Guntakul State Railway). - 3 copies.

Letter No. 145 to Mr. [unclear]

A 16 D

No. 731 R of 24th March/91.

Delivered 16/3

Communicated
to the Consulting Engineer
for Railways for information.

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No. 731 R of 24th March/91.

To
The Consulting Engineer
for Railways, Aceto.

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24/3/91

PMC No. 2975

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Govt. of Madras.

PUBLIC WORKS.

Dated

Recd.

Encl.

G.O. 24 March 1891. No 731R.

Contract.

Order of the Govt. for copy
of despatch from the Secretary
of Public Works copy of
the contract with the S. I. Ry. Company
for taking over and working
from the 1st Jan 1891 the
existing S. I. Ry. and the
T. G. S. Railway, Cuddalore to the
Cape of Hope.

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CC 25/13

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