[Foll. 8]

506—15-4-98.

Political (189 ℔) Department.

ORDINARY MS.

G.O., No. 573

DATED 23-7-94

[Despatch Abstract.]

Conveys to the Resident in Travancore for information G.O. No. 781/A Rly Dept. dated 6-6-94 and Letter No. 2 Rly of the same date regarding the proposals for financing & working the Trivandrum-Quilon Railway as definitely accepted by the Agent S. I. Rly & the Travancore Durbar.

I
26-7-94

BACK PAPERS.

G.O.	No.	Department.	Date.	G.O.	No.	Department.	Date.

FURTHER PAPERS.

G.O.	No.	Department.	Date.	G.O.	No.	Department.	Date.
20	97/98						
102	[illegible]	519 / 8858					
1146	558 [illegible]						
1655	99						

Political

~~Judicial~~ (1898) Department.

CURRENT No. 968

From The P. W. Dept.
Railway Branch.

Order

No. 59 R. W. / C.

Dated the 18th July 1898

Received 19/7/98

Registered —do—

Enclosures (C. No. 920 and P.) 2.

Spare copies

SUBJECT.

Immediately - Dulon Railway.

Forwarding for communication to the Resident in Travancore & Cochin, two copies of a letter to London submitting proposals for financing & working the —

BACK PAPERS.

G.O.	No.	Department.	Date.

FURTHER PAPERS.

G.O.	No.	Department.	Date.

Current No. 1500

Travancore Residency Office.
Camp 3rd July 98.

To

The Chief Secretary to Government

CHIEF SECRETARY 9 JUL 1898 GOVERNMENT OF MADRAS

Report.

Sir,

I beg the favour of copies of orders, if any, passed on my letters
(page 14 S.No 108(a))
no x.y.c I. dt 29 March 98
Camp No A 19 dt 7-5-98 page 21 S.No 108(a))
and of subsequent date, the reference to which is not with me
at the moment.
Concerning the Travancore Railway.

I have the honour to be,

Sir,

Your most obedient servant

J. Caldecott
Resident.

Endt No. 1500 dt 9th July 1898.

Transferred to the Public Works Department,
Railway Branch, in continuation of endorsement
W. 967 Poll dated 22nd April 1898.

G. Walker
Chief Secretary.

Cwds 7.7.98

Pol. Current No. 968.

No. 59 R.M. / O dated 18th July 98

Pol. Current No. 920

295. 29.4.98 mis

To

Chief Secretary.

Political Dept.

Your Endorsement No. 1500 dated 9th July 98.

There is no objection in this Department to communicating to the Resident in Travancore and Cochin a copy of our letter to India No. 782. Ry. dated the 6th June 98, of which two copies are here put up. That letter was issued on the authority of G.O. No. 781/A. Ry. dated 6th June 98 "The Government of India will be addressed."

From

Resident in Travancore

To

The Chief Secy to Govt

X Dy 3-)-98

Recd 35 — do

Reg.

Chas. F. Spring

Jt. Secy. to Govt.

18/7/98 Bs.

Subject

Applying for copies of orders on letters No. X/CI

Ch / Madras Pol. Dept. dated 29th March 98

Ch / It is a printed proc. copy obtained & put up — X

18/7/98

Ch / Send if this is a printed proc.

Ch / 19/7/98

RAILWAY.

Government {1898} of Madras.

PUBLIC WORKS.

Recd. } 1898. Enclosures

Regd. } Spare copies

G.O., No. 781/A Ry., 6th June 1898.

JUNE.

Tinnevelly-Quilon Railway

Ordered that the proposals for financing and working the — as definitely accepted by the Agent, South Indian Railway, and the Travancore Durbar, be forwarded to the Government of India, together with an expression of the views of this Government.

GOVERNMENT OF MADRAS.

PUBLIC WORKS DEPARTMENT.

Railway.

Read the following papers :—

From—The Secretary to the Government of India, Public Works Department.
To—The Joint Secretary to the Government of Madras, P.W. Dept., Ry. Branch.
Dated—Simla, 22nd October 1897, No. 1746 R.C.

I am directed to acknowledge the receipt of your letters marginally quoted, on the subject of the proposals of the South Indian Railway Company, for the construction and working of the following proposed railways :—

No. 530 R., dated 5th August 1897.
„ 532 R. „ 5th „ „
„ 533 R. „ 5th „ „

(1) Madura-Paumban, 100 miles in length and estimated to cost Rs. 42 lakhs.
(2) Tinnevelly-Quilon—

British section, 45 miles, Rs. 24 to 25 lakhs.
Travancore section, 58 miles, Rs. 76 lakhs.

(3) Palghat-Dindigul, 115 miles in length and estimated to cost Rs. 85 lakhs.

2. The proposals of the Board of the South Indian Railway Company contemplate the undertaking *en bloc* of the three lines, Madura-Paumban, Palghat-Dindigul and the British portion of the Tinnevelly-Quilon as integral parts of that Company's system. The Board are also willing to construct the Travancore section of the Tinnevelly-Quilon Railway at actual cost and work it on behalf of the Travancore Durbar for 50 per cent. of the gross receipts, provided that the cost of maintenance for the first two years after opening is charged to capital.

3. In your letter No. 530 R., dated 5th August 1897, you say with regard to the Madura-Paumban line that His Excellency the Governor in Council does not lose sight of the disadvantages attaching to the proposal made by the South Indian Railway Company for financing this extension, viz., that if it is to form an integral part of the South Indian Railway it must wait for a place in the general programme for all India, but you urge that if it is possible to give it a very early place in that programme, it may be borne in mind that the Government of Madras would much prefer that it should be so constructed rather than be entrusted to a Branch Line Company.

4. As regards the British section of the Tinnevelly-Quilon Railway, the same preference is expressed in your letter No. 532 R., dated 5th August 1897, viz., that, unless the exigencies of the general programme make it impossible to allow the South Indian Railway Company to construct it until after the expiry of say another two years, it will for all reasons be far preferable to adopt this method of financing the scheme, but that if the general exigencies should cause considerable delay in the commencement of the work, the Government of Madras would then urge that the South Indian Railway Company be given every encouragement to form a Subsidiary Company for its construction and working under the rebate terms of Public Works Department Resolution No. 514 R.C., dated 17th April 1896.

As to the Travancore section, you suggest that there would presumably be no opposition on the part of the Travancore Durbar, who had already accepted the proposal of the Government of India to underwrite the proposed guarantee by the Government of India in so far as it applies to the Native State section, to similarly underwrite a corresponding British guarantee offered to a Branch Line Company owning the British section of the Railway.

5. Lastly, as regards the Palghat-Dindigul line, the Government of Madras recommend, for the reasons advanced in your letter No. 533 R., dated 5th August 1897, that the offer of the South Indian Railway Company in so far as it concerns this project should be refused for the present, but without prejudice to the re-opening of the question of its construction hereafter.

6. I am now to inform you that these proposals of the South Indian Railway Company and the views of the Government of Madras thereon, have been carefully considered by the Government of India together with the recommendations of the Railway Conference which has just concluded its sittings at Simla under the presidency of His Excellency the Viceroy.

7. I am to say that while the Government of India are fully aware of the advantages offered by the proposals of the South Indian Railway Company, which are supported by the Government of Madras, for constructing the branch lines connected with the South Indian Railway in British territory as integral parts of that Railway, His Excellency the Governor-General in Council desires to again impress on the Government of Madras and upon the South Indian Railway Company that, having regard to the existing engagements of the Government of India which have received the approval of Her Majesty's Secretary of State, there is no prospect whatever of all lines referred to in this correspondence being included in the ordinary programme of railway construction for the next two years.

8. It was after a full consideration of the proposals that had previously been made for the construction and working of the Tinnevelly-Quilon Railway, which are virtually identical with those now put forward by the South Indian Railway Company, and of the limitations of the ordinary railway programme, that the Government of India addressed the Government of Madras in their letter No. 1304 R.C., dated 2nd September 1896, on the subject of this railway, and explained the arrangements which appeared to His Excellency the Governor-General in Council to be best calculated to secure the early construction of the line under conditions which would be most equitable to all the parties interested.

I am now to say that after further consideration of the present views of the Government of Madras, the Government of India adhere to the opinion already formed that the proposals made in their letter of the 2nd September 1896, No. 1304 R.C., although not offering any direct advantages in respect of the division of surplus profits, were not inequitable to the South Indian Railway Company, and were such as His Excellency the Governor-General in Council had hoped that the Government of Madras would support in the reasonable interests of the Travancore Durbar, which interests would appear to have been overlooked in the proposals now made by the Board of the South Indian Railway Company and recommended by the Local Government.

9. As regards the Madura-Paumban Railway, with letter No. 1958 R.C., dated 22nd December 1896, the Government of Madras were furnished with a copy of a despatch (No. 95 R., dated 15th October 1896) from the Secretary of State intimating that the provisional concession granted to Messrs. Wallace Brothers for the construction of this railway had lapsed, and you were informed that the orders of the Secretary of State were not understood to restrict the undertaking of this line to the direct agency of the South Indian Railway Company with funds to be supplied by the State. These funds the Government of Madras were reminded were limited and it was indicated that there was little chance of any being available for this railway until after 1899, but that it might be carried out at an earlier date upon branch line terms by a Company subsidiary to the South Indian Railway Company.

With a subsequent letter, No. 552 R.C., dated 5th April 1897, the Government of Madras were furnished, from favour of opinion, with an application from Messrs. Best & Co., Madras, for a concession for the construction of this line upon branch line terms. The Government of Madras replied in your letter, No. 277 R., dated 22nd April 1897, that as there was no chance of funds being available before the end of 1898–99, nor

of the South Indian Railway Company being authorised to issue State guaranteed debentures, they were strongly of opinion that the best course would be for the South Indian Railway Company to promote the formation of a subsidiary branch company for the construction and working of the Madura-Paumban line on terms acceptable to both Companies and to Government, without the intervention of Messrs. Best & Co., or any particular firm of promoters.

You were informed in letter No. 837 R.C., dated 20th May 1897, that the Government of India had no objection to the Board of the South Indian Railway Company being invited to consider the above proposal of the Government of Madras, as alternative to Messrs. Best & Co.'s application, but you were at the same time reminded that if the proposed subsidiary company had any direct financial connection with the South Indian Railway Company, except through the rebate clause of the branch line terms, the scheme would have to wait for a place in the railway programme for all India.

Simultaneously with the receipt of your letter No. 530 R., dated 5th August 1897, conveying the offer of the Board of the South Indian Railway Company to undertake this and the other lines *en bloc* as integral parts of the South Indian Railway, intimation was received from Messrs. Best & Co. that they had been informed by the Board of the South Indian Railway Company of their willingness to join that firm in their scheme for the formation of an independent subsidiary company for the construction and working of the Madura-Paumban Railway on branch line terms, and that the Board had also communicated this information to the Secretary of State.

10. With the foregoing explanatory remarks, I am to communicate the decision of the Government of India upon the collective proposals submitted by the Board of the South Indian Railway Company in their telegram of July 1897 to their Agent (a copy of which was received with the latter's letter No. 753, dated 22nd July 1897), for dealing *en bloc* with the three lines—

Palghat-Dindigul.
Madura-Paumban.
Tinnevelly-Quilon.

11. *Palghat-Dindigul.*—The Government of India, while disposed to favour the construction of a metre gauge rather than a standard gauge railway through that district, are unable at present to pass any orders in regard to this scheme, which requires careful consideration in many aspects and in the light of information not yet available.

12. *Madura-Paumban.*—As already explained and reiterated in paragraph 9 above, unless the South Indian Railway Company definitely accept some such arrangement as that proposed by Messrs. Best & Co., the construction of this line in the immediate, or even near, future is entirely out of the question and it must therefore wait for a place in the general programme for all India, which so far as can be foreseen may not be found for many years to come, a result which the Government of India would view with much regret.

13. *Tinnevelly-Quilon.*—As also explained in the foregoing paragraph 8, the Government of India still prefer the arrangements previously proposed by them that the Tinnevelly-Quilon Railway should be constructed upon the branch line terms. As, however, those arrangements do not appear to meet with the approval of the Board of the South Indian Railway Company, and as their alternative proposal for the construction of the British portion of this line as an integral part of the South Indian Railway, even though that course may involve some delay in commencing the work, has the support of the Government of Madras, I am to say that, recognizing the necessity for meeting the legitimate wishes of the Travancore Durbar for the development of their country, and with the desire to meet so far as possible the views of the Government of Madras and of the South Indian Railway Company, the Government of India are willing to see this line undertaken on the following modified conditions, provided that the Travancore Durbar assent to them and that the South Indian Railway Company also accept them.

The Government of India are prepared to recommend to the Secretary of State that the South Indian Railway Company should raise the whole of the money requir for the construction of the entire line from Tinnevelly to Quilon at 2½ per cent. in sterling under the guarantee of the Government of India, the Travancore Durbar underwriting that guarantee to the extent of the cost of the line in their own territory, and that the South Indian Railway Company should construct the whole line including the rolling-stock at cost price and then work it on completion as a portion of their existing system at the same rate of working expenses as obtains on their whole line including the branch railway and other branches which may hereafter be added to it, the cost of maintenance for two years after opening being debited to capital.

Any surplus profits obtained by working the branch on the above conditions would, after deducting the share payable to the South Indian Railway Company, be divided as originally proposed between the Government of India and the Travancore Durbar in proportion to the lengths of the sections of the line in their respective territories. Under these arrangements, assuming that, including rolling-stock and maintenance for 2 years, the British section will cost Rs. 28½ lakhs for 45 miles, the Travancore section Rs. 83½ lakhs for 58½ miles, the capital will be raised by the South Indian Railway Company at 2½ per cent. and the working expenses of the South Indian Railway will remain nearly stationary, the results to the Government of India, the Travancore State and the South Indian Railway may be expected to show a loss in the third year after the opening of the line, as explained in Case I below, to be superseded a few years later according to the moderate estimate contained in Case II, by surplus profits divisible between all parties :—

	Case I. Per mile per week.	Case II. Per mile per week.
	RS.	RS.
Estimated gross earnings, Travancore State section ...	50	100
Do. do. British ...	115	175
Estimated gross receipts of the whole branch line ...	4,21,000	7,14,000
Do. net do. do. ...	1,85,000	3,14,000
Deduct interest charges	2,80,000	2,90,000
Estimated surplus profit of the whole branch line ...	—95,000	+ 24,000
Do. share, Travancore State	—71,000	+ 11,000
Do. share, Government of India	—20,000	+ 9,000
Do. share, South Indian Railway, about ⅛ surplus or deficit	— 4,000	+ 4,000

These results, which are worked out on the supposition, that Rs. 4 lakhs of extra capital for the rolling-stock will be required in Case II and that the South Indian Railway will share the net deficit as against Government and the total surplus profit in the usual proportions, show that the possibility of the South Indian Railway incurring serious loss will be very small indeed, whilst the liabilities incurred by the Travancore Durbar will not be unduly burdensome to that State which will still obtain a large share of the high traffic returns expected from the British section of line.

It will also be noticed that in the calculations no account is taken of the incremental traffic brought into the main line of the South Indian Railway the earnings from which it has not been found possible to estimate.

14. I am also to say that the Government of India in agreeing to the modified conditions proposed in the last paragraph for the Tinnevelly-Quilon Branch wish it to be clearly understood that the arrangements made for the construction of this and the Madura-Paumban Railway must stand or fall together; they are not disposed to consider any proposals for the construction of the latter which do not contemplate that the former should also be put in hand almost simultaneously.

15. The Government of India regard themselves as pledged by the proposals made in their letter No. 1304 R.C., dated 2nd September 1896, and accepted by the Travancore Durbar, to use their best endeavours to carry the scheme for the construction of the Tinnevelly-Quilon Railway through at an early a date as possible, upon

terms that will not be inequitable either to the South Indian Railway Company or to the Durbar, and they are therefore prepared, with a view to ensure this, to admit the cost of the British portion of the scheme within their general programme of railway construction, and will endeavour to find the funds for it within the next two years. It must, however, be understood that the concessions now made are final and the largest that the Government of India are prepared to make, and I am to express the hope of His Excellency the Governor-General in Council that they will meet with the support of His Excellency the Governor of Madras in Council, and will also be acceptable to the Travancore Durbar and to the South Indian Railway Company.

16. In conclusion, I am to request that the further views of the Government of Madras, the Travancore Durbar and the South Indian Railway Company may be communicated to the Government of India as soon as possible.

Order—No. 1033 R., dated 25th November 1897.

The Government of India will be addressed with regard to the Tinnevelly-Quilon Railway.

From—The Joint Secretary to the Govt. of Madras, P.W. Dept., Railway Branch.
To—The Secretary to the Government of India, Public Works Department.
Dated—25th November 1897, No. 1034 R.

I am directed to acknowledge the receipt of your letter No. 1746-R.C., dated the 22nd October 1897, and with reference to those paragraphs of it which deal with the Tinnevelly-Quilon Railway, to communicate the following remarks.

2. His Excellency the Governor of Madras in Council is gratified at learning, from paragraph 15 of your letter under reply, that the Government of India regard themselves as pledged to use their best endeavours to carry the scheme for the construction of the Tinnevelly-Quilon Railway through at as early a date as possible, upon terms not inequitable either to the South Indian Railway Company or to the Travancore Durbar. Recognizing as he does the difficult financial position in which the Government of India are for the moment situated, His Excellency in Council fully appreciates the offer now made to enable the South Indian Railway Company to raise the capital for the railway at $2\frac{1}{2}$ per cent. in sterling, under a State guarantee, and that within the next two years.

3. Had His Excellency the Governor in Council been quite satisfied that the best alignment for access to Travancore had been selected, and that the line so selected was also the most favourable for the future development of that State, he would have had no hesitation in accepting the Government of India's offer, and in using his influence to induce the South Indian Railway Company and the Travancore Durbar to accept the conditions contained in paragraph 13 of your letter under reply.

4. The Government of India is doubtless aware—indeed the full history will be found in Mr. Shadbolt's report—that there have been years of discussion as to the relative advantages and disadvantages of the route through Shenakotta surveyed by Mr. Shadbolt, and the alternative route round the southern end of the hills through Aramboli. This Government has always believed and still believes that the latter would be the better route of the two, and in this view it is strongly supported by the officers of the South Indian Railway Company. The advantages of the southern route lie not only in the fact that it seems probable that the same capital which would be required to build the line on the northern route through the hills to Quilon, would suffice, if expended on the southern route, to build the considerably greater mileage by that route to Quilon, and to open up a very much greater extent of Travancore territory, but also in the very much more favourable prospects of the southern route from a traffic point of view.

5. The opposition to the southern route has arisen from a certain section of the people of Travancore who, for one reason or another, which it is unnecessary here to specify, are averse from having the country opened up by railways in the neighbourhood of Trivandrum the capital of the State. During his recent tour through Travancore, however, His Excellency the Governor took the opportunity of talking things over with His Highness the Maharajah, and with the Dewan of the State. The matter is just now in the hands of the Resident in Travancore and Cochin, and there is reason to hope that proposals in favour of the southern route may before long be forthcoming. It seems probable that for the present, and for several years to come, there will be no necessity for extending railway communication beyond the southern end of the complete and extensive system of backwater communication between that place and Quilon through Trivandrum.

6. Should this expected proposal be made, the Government of India shall again be addressed on the subject, and I am directed to express a hope that terms similar to those contained in paragraph 13 of your letter under reply may still be open for acceptance, as they seem fair and reasonable terms for all concerned.

7. I am instructed to add that the prospects of traffic on the southern route, if agreed to by the Durbar, are so superior to those on the northern route that there seems good reason to believe that the South Indian Railway Company may find themselves able to arrange with a Branch Line Company for the necessary capital without recourse to a State guarantee.

Note by the Consulting Engineer for Railways, dated Madras, 8th September 1897, No. 113/O.

(Subsequently cancelled).

Order—No. 757 R., dated 1st October 1897.

Forwarded to the Resident in Travancore and Cochin, through the Political Department, for the consideration of the Travancore Durbar.

Endorsement from the Political Department, No. 122, dated 17th January 1898.

Revised Note by the Consg. Engr. for Rys., Madras, dated 25th Jany. 1898, No. 237.

On a recent visit to Trivandrum and Monopoly I went carefully into the plan and sections of the projected Tinnevelly-Quilon Railway, in company with Mr. Spalding who knows the country thoroughly and who is the Chief Engineer of the South Indian Railway by whom the line would have to be constructed. I was very much impressed with the magnitude of the work to be done on the 30 miles of actual ghât. It is of an extraordinarily heavy character and will have to be carried out under exceptionally difficult and expensive conditions.

2. I have made a careful analysis of Mr. Shadbolt's estimate, and his figures, in round numbers, stand thus:—

British section, easy country,	46 miles, at Rs.	57,000 = Rs.	26,22,000
Travancore section, ghât work,	30 „	„ 1,82,000 = „	54,60,000
„ „ easy country,	27 „	„ 78,000 = „	21,06,000
		Total „	1,01,88,000
of which the total British portion comes to Rs.			26,22,000
and „ „ Travancore portion comes to Rs.			75,66,000

3. Mr. Spalding and I agree in thinking the estimate too low, and I would be disposed to give the following revised figures as the very lowest at which it could be done under the most favourable conditions:—

British section, easy country, 46 miles, at Rs.	60,000	= Rs.	27,60,000
Travancore section, ghât work, 30 „	2,25,000	= „	67,50,000
„ „ easy country, 27 „	80,000	= „	21,60,000
Total		„	1,16,70,000
Total for British section		Rs.	27,60,000
„ Travancore section		„	89,10,000

4. During the last three years I have had close experience of 113 miles of the Assam-Bengal metre gauge railway estimated to cost Rs. 2,87,000 per mile, in a ghât country of a character very similar to that of the 30-mile section between Shenakotta and Ponalur, and I fear that even after the most careful detailed re-alignment fully $2\frac{1}{4}$ lakhs per mile will be required to cover the cost of the latter. I see no provision under *formation* for retaining walls, of which there will undoubtedly be a very large quantity, and I fear that *tunnels* will run to nearer Rs. 200 per foot than Rs. 150. Mr. Shadbolt has estimated for 7,350 lineal feet of tunnels at Rs. 150. But on the Assam-Bengal Railway similar tunnels will probably cost Rs. 500, and in Mr. J. Ramsay's paper, in the last Volume CXXVIII of the Institution of Civil Engineers, 10,545 lineal feet of double tunnel on the Mushkaf-Bolan Railway are shown to have cost (for true tunnel, not cut and cover) from Rs. 244 to Rs. 425, or on the average Rs. 325 per foot run. Mr. Shadbolt estimates the 30 miles of metre gauge ghât line at Rs. 1,82,000 per mile, whereas the 113 miles of very similar line in, so far as I can learn, very similar country, on the Assam-Bengal Railway seem likely, as above remarked to cost Rs. 2,87,000 per mile. Mr. Shadbolt's mean rate for banks works out to Rs. 7 per 1,000 cubic feet, which is the mean rate of work actually done in the very much easier Nellore country on the Bezwada-Madras Railway. His cuttings run to Rs. 36 which, considering the character of the country, seems too low a figure. For these reasons I am inclined to think that the 46 miles of British section will cost 28 lakhs, and that the 57 miles of Travancore section will cost 89 lakhs.

5. I doubt whether the Travancore Durbar can have realized what the true position of affairs would be. I think it probable that in offering their guarantee they took Mr. Shadbolt's estimate of about one lakh per mile all through, and so took it for granted that their own section would probably cost about 60 lakhs instead of the 90 lakhs which seems the more probable figure. The difference is enough to build 50 miles of ordinary railway.

6. I desire now to point out that if the same money, Rs. 1,16,70,000, be spent on the southern route through Aramboli, it ought, at a mean rate of Rs. 75,000 per mile, to suffice to make 156 miles of railway: or at the very worst it would fully suffice to take the railway right round through Aramboli, past Trivandrum and on to Quilon itself, a distance of 133 miles.

7. Of these 133 miles about 35 miles would be British and 98 miles Travancore. Passing through so very much better country those 98 miles might reasonably be expected to earn fully Rs. 100 per mile per week, 50 per cent. of which, the Travancore portion, would just about cover the interest on its capital cost.

8. To sum up, so far as it is possible to judge without further detailed surveys, the adoption of the Southern route would secure the opening up of Travancore from Quilon to its southern extremity, and would also secure connection with the railway system of Southern India, with a very reasonable prospect of this end being attained with no recurring annual loss to the State, and of a return for its investment of Rs. 90 lakhs equal, if it sees fit to itself invest its treasure in the undertaking, to at least what may be derived from Government paper.

9. I am disposed to think that if these figures are laid before the Travancore Durbar they may see their way to modifying their views, and to enquiring further about the southern route. So far as it is possible to judge there seems to be but a poor prospect of the northern route being taken in hand at an early date, because

there is no chance of a survey party being available for the coming working season so that it will be at least two years before it can be got ready for work to be started on its hill section. I strongly recommend that the southern route be properly surveyed as soon as may be.

Tinnevelly-Quilon Railway.

Partition of Mr. Shadbolt's estimate between the British and Travancore sections and of the latter between ghât work and easy work.

Heads of Account.	How divided.	British, 46 miles.	Ghât, 30 miles.	Travancore plain, 27 miles.	Total, 103 miles.
		Rs.	Rs.	Rs.	Rs.
Preliminary ..	Half to ghât, rest by mileage	22,816	36,256	13,440	72,512
Land	Special and irrigated British, remainder Travancore	3,00,800	10,000	48,660	3,59,460
Earthwork ..	At Rs. 50,000 per mile for ghât, rest guess.	5,00,000	15,00,000	9,41,894	29,41,894
Tunnels ..	Actual	..	10,83,000	..	10,83,000
Major bridges ..	Do.	3,01,988	10,47,101	41,644	13,90,733
Minor do. ..	Do.	1,80,482	6,48,790	1,81,446	10,10,718
Fencing, &c. ..	By mileage	42,348	27,600	24,840	94,788
Ballast	Do.	1,52,930	1,00,000	90,000	3,42,930
Permanent-way ..	Do.	7,57,790	5,00,000	4,50,000	17,07,790
Stations and Offices ..	Actual	46,951	6,130	38,175	91,256
Staff-quarters ..	Do.	36,959	19,644	68,478	1,25,081
Station Machinery ..	Do.	43,570	15,356	66,140	1,25,066
Plant ..	About equal	11,000	11,990	11,000	33,990
General Charges ..	Ghât double per mile of what rest costs	2,06,540	4,56,000	1,20,260	7,82,800
	Total ..	26,04,174	54,61,867	20,95,977	1,01,62,018
	or per mile ..	56,600	1,82,000	77,600	..

Round figures, British portions, 46 miles, at Rs. 57,000 = Rs. 26,22,000
„ Travancore „ 30 „ „ 1,82,000 = „ 54,60,000 } 75,66,000
„ „ „ 27 „ „ 78,000 = „ 21,06,000 }
Total „ 1,01,88,000 round figures.

Order—No. 137 R., dated 25th January 1898.

The letter from the Dewan of Travancore, No. 4777/P.W., dated 11th December 1897, received with the above endorsement will be returned to the Resident in Travancore and Cochin with the request that the revised note by the Consulting Engineer for Railways read above may be substituted in lieu of that forwarded with G.O., No. 757 R., dated 1st October 1897, which should be considered as cancelled.

From—The Secretary to the Govt. of India, Public Works Department.
To—The Joint Secretary to the Govt. of Madras, P.W. Dept., Ry. Branch.
Dated—Calcutta, 17th January 1898, No. 90 R.C.

I am directed to acknowledge the receipt of your letter No. 1118 R., dated 10th December 1897, on the subject of the financing by a Branch Line Company, under the auspices of the South Indian Railway Company, upon the rebate terms of Government of India Resolution No. 514 R.C., dated 17th April 1896, of the proposed Madura-Paumban Railway independently of the scheme for the construction of the proposed Tinnevelly-Quilon Railway.

2. In reply I am to say that the Government of India will await the views of the Board of the South Indian Railway Company on the proposed financing of the Madura-Paumban Railway by a Branch Line Company, but that they are of opinion that before work is commenced on this line the South Indian Railway Company should give an undertaking to construct a railway from Tinnevelly to the neighbourhood of either Quilon or Trivandrum, or other suitable terminus either by the northern or southern route as may be decided by the Government of India whenever called upon to do so upon the terms and conditions stated in paragraph 13 of Public Works Department letter No. 1746 R.C., dated 22nd October 1897.

Order thereon—No. 167 R., dated 31st January 1898.

The terms for the construction and working of the Tinnevelly-Travancore Railway have long formed the subject of correspondence by this Government with the Travancore Durbar through the Resident and with the South Indian Railway Company through their Agent. The correspondence with the Travancore Durbar culminated in the acceptance by the Durbar, as communicated in letter from the Resident, No. 3105 of the 12th October 1896, of the terms offered in Government of India letter, No. 1304 R.C., dated the 2nd September 1896. To validate this acceptance, however, it was essential that the concurrence of the third party, *viz.*, of the South Indian Railway Company, should be secured; but this concurrence it has not so far been found possible to obtain. Negotiations have, however, progressed and in connection with the Company's desire to obtain a concession for another branch railway in which they are interested, certain new terms have been put forward by the Government of India and these are now communicated *verbatim* (as per margin) to the Resident.

Extract from Government of India letter, No. 1746 R.C., dated 22nd October 1897. Copy attached.

2. The Resident will understand that the acceptance by the Durbar of these new terms which are very much more favourable than those already accepted by them, and which are only rendered possible by the greater facility with which at the present time money can be raised by Railway Companies on the security of a State Guarantee, can lead to practical action only in the event of their acceptance also by the South Indian Railway Company whose Agent has been asked to communicate his Board's decision if possible by telegraph.

3. The Resident is also informed that in offering the above conditions for the acceptance of the Railway Company, the Government of India define the Travancore line as "a railway from Tinnevelly to the neighbourhood of either Quilon or Trivandrum or other suitable terminus either by the northern or southern route as may be decided by the Government of India." As regards this question of choice of routes, this Government will be glad to receive an early expression of the wishes of the Travancore Durbar.

4. The Government of India will also be addressed.

From—The Joint Secy. to the Govt. of Madras, P.W. Dept., Railway Branch.
To—The Secretary to the Government of India, Public Works Department.
Dated—31st January 1898, No. 168 R.

I am directed to acknowledge the receipt of your letter, No. 90 R.C., dated the 17th January 1898, in which you communicate the opinion of the Government of India that, before work is commenced on the Madura-Paumban line, an undertaking should be obtained from the South Indian Railway Company to construct and to work a railway from Tinnevelly to a suitable terminus in Travancore to be later selected, whenever called upon to do so, upon the terms and conditions stated in paragraph 13 of your letter, No. 1746 R.C. of the 22nd October 1897.

2. In reply I am desired to inform you that the conditions have been laid before the Travancore Durbar and the South Indian Railway Company for consideration and acceptance, and that the result shall in due course be communicated to the Government of India.

3. I am instructed to say that the Government of India's suggestion that the opportunity of the South Indian Railway Company's desire to obtain the working of the Madura-Paumban line should be availed of in order to secure their acceptance of fair terms for the working of the less promising Tinnevelly-Quilon line has the entire approval and concurrence of His Excellency the Governor in Council.

4. The question of route for access to Travancore is still under the Durbar's consideration and when a decision has been arrived at the Government of India shall be duly informed.

Extract from a letter from—The Agent, South Indian Railway.
To—The Board of Directors, South Indian Railway Company.
Dated—15th December 1897, No. 564.

Railway Extensions.

With reference to the paragraph under this heading in my letter No. 545, dated 3rd August 1897, I have placed in the packet copies of letter No. 3777, dated 10th December 1897, from the Consulting Engineer for Railways, and of letter No. 1746 R.C., dated 22nd October 1897, from the Government of India. Reading these two letters together it will be seen that, pending settlement of the route to be adopted for the Tinnevelly-Quilon Railway, the Board is not asked to decide on the modified propositions formulated by the Government of India in paragraph 13 of its letter above referred to. In the meantime, however, the Government of Madras is desirous of receiving the Board's views on its proposals for so financing the Madura-Paumban Railway as to prevent the working agency being unduly interfered with by the subsidiary company. The situation of this line as a link in the through connection between India and Ceylon renders it very necessary that it should be controlled by the same authorities as control the South Indian Railway. As pointed out by the Consulting Engineer the insertion of the following clause extracted from the contract, dated 13th March 1896, between the Secretary of State and the Ahmedabad-Parantej Railway Company should efficiently guard the interests of the through route:—

"21. All the business connected with the management and maintenance of the said railway and conducting traffic thereon, including police and telegraphs and telegraphic appliances, shall, in all respects as far as practicable, be carried on in the same manner and subject to the same regulations and control by the Secretary of State as the like business on the Rajputana-Malwa Railway, and the Company shall not interfere or be concerned with such business."

Non-interference would be further assured by a close connection between the working and subsidiary companies, a policy which, I hope, may commend itself to the Board.

From—The Consulting Engineer for Railways, Madras.
To—The Agent, South Indian Railway.
Dated—Madras, 31st January 1898, No. 302.

In continuation of my letter, No. 3777, dated the 10th December 1897, and with reference to the paragraph headed "Railway extensions" in your letter to your Board of Directors, No. 564, dated the 15th December 1897, I have the honour to inform you that Government has decided that, before work can be allowed to begin on the Madura-Paumban Railway, your Company must give an undertaking to construct a railway, whenever called upon to do so, from Tinnevelly to the neighbourhood of either Quilon or Trivandrum or other suitable terminus either by the Northern or the Southern route, as Government may decide, upon the following terms and conditions as expressed by the Government of India.

2. (Here quote from Government of India's letter, No. 1746 R.C., dated the 22nd October 1897, paragraph 13, beginning at "The Government of India are prepared," &c., and ending at end of paragraph 13.)

3. I have the honour to request that I may be favoured with a very early expression of your Board's views in regard to this proposal. It would be very desirable that, if they accept it, they should telegraph to that effect, in order that by the time of the receipt of their reply to your No. 564 of the 15th December 1897, I may be in a position to acquaint Government with the conclusions arrived at.

Extract from a letter from—The Agent, South Indian Railway.
To—The Board of Directors, South Indian Railway Company.
Dated—2nd February 1898, No. 571.

Madura-Paumban and Tinnevelly-Quilon Railways.

Adverting to the paragraph under this heading in my letter No. 564 of 15th December 1897, I forward among the enclosures to this letter a copy of letter, No. 302, dated 31st January 1898, from the Consulting Engineer for Railways to the Government of Madras, in which he asks to be favoured with an early expression (by telegram if possible) of the Board's views in regard to the proposals of the Government of India as expressed in paragraph 13 of their letter, No. 1746 R.C., dated 22nd October 1897, of which a copy was sent to you with my letter above quoted.

Extract from a letter from—The Board of Directors, South Indian Railway Company.
To—The Agent, South Indian Railway.
Dated—London, 11th February 1898, No. 204.

Railway Extensions.

Your letters 545 of 3rd August 1897 and 564 of 15th December 1897, together with the letter dated 10th December, from the Consulting Engineer for Railways, and Government of India letter, 1746 R.C. of 22nd October 1897, have been considered by the Board.

It is observed that the Board are requested not to decide on the modified propositions formulated by the Government of India in paragraph 13 of their letter above quoted, pending the settlement of the route to be adopted for the proposed extension into Travancore territory. In the anticipation that some decision has already been, or may soon be, arrived at with regard to this route, and, with the view of placing the Board in a position to deal with the matter without delay, you are desired to give your own views fully upon the whole subject.

In reply to the question of the Madras Government, and assuming the Madura-Paumban line to be constructed by a subsidiary company, it is not thought that there will be any difficulty in financing the company upon such lines as will prevent the working agency being unduly interfered with by the subsidiary company, and a clause similar to that (No. 21) in the Ahmedabad-Prantej contract will probably be sufficient to meet the object in view.

Proceedings of the Madras Government, Public Works Department, Nos. 167–68 R., dated 31st January 1898.

Order—No. 278 Ry., dated 18th February 1898.

The following remarks are now communicated to the Resident in Travancore and Cochin in continuation of G.O., No. 167 R., P.W., dated 31st January 1898.

2. It is desirable that before the Travancore Durbar express the opinion asked for at the end of paragraph 3 of the above quoted Government Order as to their preference for the southern or northern route for railway access to Travancore from Tinnevelly, they should be placed in possession of all the *pros* and *cons* of both routes. As regards their engineering aspect, these have been expressed in the Consulting Engineer's note, No. 237, dated the 25th January 1898, which may be briefly summarised as follows. There is every reason to believe that Mr. Shadbolt's estimate is insufficient, and that the Travancore portion of the northern route will cost nearer to 89 lakhs than to Mr. Shadbolt's figure of 76 lakhs. The ghât estimate was based, as stated in Mr. Shadbolt's report, on a traverse survey, which was all that he was able to accomplish at the time and with the staff at his disposal in the difficult country.

The actual centre line section is conjectured only, and before work can be begun, or an accurate estimate made, an actual staking out along the centre line will have to be done. This will take a working season and will cost money. Then again to make the line through the hills will take time, probably not less than five years. Whereas, even with the delay of a season to survey the southern route, the difference in the character of the country will probably make it as easy to finish this route in four years, including a fresh survey, as the other one in five. The Consulting Engineer for Railways says that the construction of a metre-gauge line through 100 miles of very similar country in Assam has already taken several years, and will probably take two more before trains run through.

3. In favour, from a Government point of view, of the northern route, is the fact that the British portion of it will undoubtedly be far more remunerative than the British portion of the southern route. But so far as is understood, the Travancore portion of the southern route will be far more remunerative than the corresponding portion of the northern route.

4. The Resident should explain to the Durbar that it is usual once a railway company is formed and the money raised, that the cost of survey should be recouped by debit to the capital account of the company. It does not therefore seem to be a matter of much moment, now that it is practically settled that a railway shall be made, if additional Durbar money is temporarily spent upon further surveys.

5. The Resident should now lay the above consideration before the Durbar, and should leave it to them to decide which route they desire to adopt, or whether they desire that the southern route should be properly surveyed and, if so, whether they are prepared to advance the money on the understanding that the cost of all surveys shall be recouped as soon as capital is forthcoming for the construction of the line.

6. In view of the fact that Quilon is but a little known place outside of Southern India, and of the possibility of the Durbar desiring hereafter to promote further extensions of railways within their territory, the Resident should ascertain whether the Durbar would be willing that the title of the proposed railway should in future be written: "The Tinnevelly-Travancore Railway," or better the "*Travancore Railway.*"

From—The Secretary to the Government of India, Public Works Department.
To—The Joint Secretary to the Govt. of Madras, P. W. Dept., Ry. Branch.
Dated—Simla, 1st April 1898, No. 17 R.P.

With reference to your letter No. 168 R., dated the 31st January 1898, I am directed to inquire what progress has been made in the negotiations for the construction of the proposed Madura-Paumban and Tinnevelly-Quilon Railways.

Telegram from—The Joint Secretary to the Govt. of Madras, P. W. Dept., Ry. Branch.
To—The Secretary to the Government of India, Public Works Department.
Dated—2nd April 1898, No. 19 B.

Please see final sentence paragraph 2, your 1304 R.C., September 2nd, 1896; also please see surplus profits clause in paragraph 13, your 1746 R.C., October 22nd, 1897. In latter you propose dividing profits proportionately to length and use the expression "as originally proposed," but in your 1304 the proposal was to divide proportionately to capital cost. Travancore Durbar and this Government anxious to know what year intention actually was, viz., division proportionately to capital or division by mileage.

Telegram from—The Secretary to the Government of India, P.W. Dept.
To—The Joint Secretary to the Govt. of Madras, P.W. Dept., Railway Branch.
Dated—Simla, 7th April 1898, No. 20 R.P.

Your 19 B., 2nd instant. India's intention is Durbar and Government to bear loss in proportion to capital, while as regards surplus profits, working company to retain about one-sixth and balance to be divided between Government and Durbar in proportion to mileage—*vide* results tabulated in paragraph 13, my letter numbered and dated as follows, No. 1746 R.C., of 22nd October last.

Telegram from—The Joint Secy. to the Govt. of Madras, P.W. Dept., Ry. Branch.
To—The Resident in Travancore and Cochin.
Dated—13th April 1898.

India wires as follows, begins: India's intention is Durbar and Government to bear loss in proportion to capital, while as regards surplus profits, working company to retain about one-sixth and balance to be divided between Government and Durbar in proportion to mileage. Message ends. Hope this will enable Durbar to come to decision. I told you verbally that South Indian have agreed to make railway on either route on India's conditions.

Telegram from—The Joint Secy. to the Govt. of Madras, P.W. Dept., Ry. Branch.
To—The Secretary to the Government of India, P.W. Dept.
Dated—11th April 1898, No. 1 A.

Your 17 R.P., April 1st. Agent, South Indian, has received wire from Board, begins: Accept Government proposals but hope Paumban may be integral part of undertaking. Message ends. Negotiations with Travancore Durbar now nearly completed. Will reply fully when copy received of Board's letter to Agent and when Travancore's official proposals made.

From—The Resident in Travancore.
To—The Chief Secretary to Government.
Dated—Camp, Bodinayakkanur, 29th March 1898, Camp No. X.Y.C.I.

In regard to the Travancore Railway scheme, I have the honour to reply to G.Os., No. 131, Political, dated 21st February 1898; No. 88, Political, dated 2nd February 1898; and endorsement, No. 198, dated 25th January 1898.

2. A history of this project up to 1895 will be found in Mr. Shadbolt's report of September in that year. It may suffice to repeat here that in 1883 the Durbar expressed a decided preference for the northern route to Quilon; the Dewan, Hon'ble V. Ramiengar, pointing out that the commerce of the country would best be served by the adoption of that route; that Quilon, and not the official capital, Trivandrum, was the proper objective, a point perhaps naturally lost sight of by the South Indian Railway. The Government of Madras accepted these views, and asked the South Indian Railway if it was prepared to undertake the construction of the proposed extension. In 1886 the opinion in favour of the northern route was reiterated with emphasis by the same Dewan. The Madras Government then said that "whichever route His Highness the Maharaja might select, it would recommend to Government of India that the portion in British territory should be constructed concurrently with the portion lying in Travancore." In 1887 the Dewan again urged that the northern route should be adopted, but the Secretary of State having expressed a preference for the southern route, the South Indian Railway again opened the question, whereupon the Dewan (Mr. Rama Rau) again expressed the Durbar's preference for the north. After various abortive proposals in 1894, the survey of the northern route was undertaken by the British authorities.

3. On its completion the Consulting Engineer for Railways approved the conclusions at which the survey party arrived, and, with reference to the prospects of traffic, quoted the opinion of the Dewan, Hon'ble V. Ramiengar, dated 13th August 1883. With reference to this opinion, and to this branch of the subject under discussion, I have to add that, since the Dewan wrote, the extension of tea and coffee in North Travancore has been enormous, and is still proceeding by leaps and bounds; one Company alone is operating with a capital of $1\frac{1}{2}$ millions sterling and there are many of less account; that there is not, as is supposed in some of the records, any canal communication south of Trivandrum; and that the Durbar has never objected to the capital being approached by railway, or being made a station on, or a terminus of,

any line that may be constructed. Its preference for the northern route has been based on general commercial grounds, and it may be added that Quilon is in the centre of the coast line, while Trivandrum is near the southern extremity of the State.

4. The contribution made by the Durbar to the survey of the northern route was upwards of Rs. 73,000, and subsequently to the completion of the survey the Durbar repeatedly addressed the Resident in 1895–96 asking whether negotiations for construction were proceeding, and expressing its anxiety for an early commencement.

5. In September 1896 the Government of India arrived at the conclusions set out below, viz.—

That the best and simplest plan to ensure the early construction of this railway upon suitable conditions would be to permit a Company to provide the funds under the terms recently offered for branch lines, the Government of India guaranteeing to the shareholders of the branch line Company the interest at 3 per cent. on the actual capital expenditure on the whole length of 103 miles, and the Travancore State underwriting the guarantee so far as it relates to the cost of the section of the railway in that State.

That with the concurrence of the South Indian Railway administration, the Travancore branch railway should be constructed by, and worked as part of, the undertaking of the South Indian Railway to which it would act as a feeder. In the event of there being any surplus profits in excess of the guaranteed 3 per cent. interest out of the net earnings, such share of the surplus profits as may be retained by the Government of India as guarantor should be divided between the Government of India and the Travancore State, *in proportion to the capital cost of the sections of the line in British territory and the Travancore State, respectively.*

That the Government of India proposed to reserve to themselves the option of purchasing the entire branch at the end of 21 years, and thereafter at intervals of 10 years.

That in the event of its being decided to exercise this right of purchase, the Government of India would be prepared to offer to the Travancore State the option of purchasing the section of the line within its territory, the Government of India and the Travancore State each bearing a share of the total purchase price of the whole line, proportionate to the capital cost of its own section.

Should the Durbar effect this purchase, a choice between the following two courses would be given to it:—

(*a*) The Durbar might work its own portion as an independent line, or have it worked for it by the parent line, on the responsibility and at the risk of the Durbar.

(*b*) The two sections might be worked by the Government of India as a single line, the net earnings thereof being divided in equal shares, but the Government of India (the proprietor of the best-paying section of the branch railway) guaranteeing to the Durbar out of the Government share of the net earnings of the branch railway such an amount as would make up the Durbar's share to 3 per cent. upon its outlay on the purchase of its section.

6. The Durbar immediately accepted these proposals considering them "quite satisfactory and viewing with great pleasure the prospect of the early accomplishment of this long-desired project which His Highness the Maharaja felt would greatly promote the further development of his country, and would materially contribute to the increased prosperity and well-being of his people" (G.O., No. 377, Political, dated 24th October 1896).

7. It is evident, therefore, that the Durbar has been consistently and continuously anxious that a railway should be constructed, and that it should enter Travancore by the northern route, and end for the present at Quilon. From a perusal of some of the papers in the file it appears to me that the recital of the above facts is not superfluous.

8. In October 1897 the officers of the South Indian Railway, however, again impressed on the Consulting Engineer for Railways their conviction that the southern route should be adopted, and the notes of the Consulting Engineer, who was inclined to accept these views, were communicated to the Resident, who elicited from the Durbar thereon the following expressions of opinion, viz.—

(*a*) That after the long discussion as to the relative importance of the two routes, and the opinions so decisively and repeatedly expressed by the Durbar, and accepted by the British Government, it would manifestly be undesirable to re-open the question, except on grounds materially affecting the main issues.

(*b*) That the Government of India's proposal was that the British Government should guarantee interest on capital expenditure on the whole line and pay such interest out of net earnings on the whole line, the Travancore Government being only bound to make up the deficiency proportionate to the outlay on the Travancore section, and that this arrangement would not result in any burden greater than the Durbar had anticipated. Indeed the Durbar would profit by the fact that the British portion of the northern route passes through a very rich irrigated country—a great contrast, it may be remarked, in passing, to the British portion of the southern route.

(*c*) That a detailed survey and definite location of the southern route must necessarily precede its serious consideration as an alternative route, that His Highness' Government had looked on Mr. Shadbolt's survey as a sufficient basis upon which to start work, and was surprised to learn that further delay must ensue even if financial preliminaries were settled before operations could be commenced.

9. At this stage other proposals than those accepted by the Durbar and set out in paragraph 5 of this letter were received from the Government of India, viz., that the South Indian Railway Company should raise the whole of the money required for the construction of the entire line from Tinnevelly to Quilon at 2½ per cent. in sterling under the guarantee of the Government of India, the Travancore Durbar underwriting that guarantee to the extent of the cost of the line in their own territory, and that the South Indian Railway Company should construct the whole line, including the rolling-stock, at cost price, and then work it on completion as a portion of their existing system at the same rate of working expenses as obtains on their whole line including the branch railway and other branches which may hereafter be added to it, the cost of maintenance for two years after opening being debited to capital.

Any surplus profits obtained by working the branch on the above conditions would, after deducting the share payable to the South Indian Railway Company, *be divided as originally proposed between the Government of India and the Travancore Durbar in proportion to the lengths of the sections of the line in their respective territories.* Under these arrangements assuming that, including rolling-stock and maintenance for two years, the British section would cost Rs. 28½ lakhs for 45 miles and the Travancore section Rs. 83½ lakhs for 58½ miles, the capital would be raised by the South Indian Railway Company at 2½ per cent., and the working expenses of the South Indian Railway would remain nearly stationary, and the results to the Government of India, the Travancore State and the South Indian Railway might be expected to show a loss in the third year after the opening of the line, as explained in Case I below, to be superseded a few years later according to the moderate estimate contained in Case II by surplus profits divisible between all parties.

	Case I, per mile per week.	Case II, per mile per week.
	Rs.	Rs.
Estimated gross earnings, Travancore State section ...	50	100
Do. do. British section	115	175
Estimated gross receipts of the whole branch line ...	4,21,000	7,14,000
Do. net do. do. ...	1,85,000	3,14,000
Deduct interest charges	2,80,000	2,90,000
Estimated surplus profits of the whole branch line ...	—95,000	+ 24,000
Do. share, Travancore State	—71,000	+ 11,000
Do. share, Government of India	— 20,000	+ 9,000
Do. share, South Indian Railway about ⅛ surplus or deficit	— 4,000	+ 4,000

These results, which are worked out on the supposition that Rs. 4 lakhs of extra capital for the rolling-stock would be required in Case II, and that the South Indian Railway would share the net deficit, as against Government, and the total surplus profit in the usual proportions, show that the possibility of the South Indian Railway incurring serious loss will be very small indeed, whilst the liabilities incurred by the Travancore Durbar would not be unduly burdensome to that State, which would still obtain a large share of the high traffic returns expected from the British section of the line.

The Government of India says: "The working expenses of South Indian Railway will remain nearly stationary." I presume it is meant that the percentage of working expenses to gross earnings would remain stationary, and that no account was taken in these calculations of the percentage falling, in the future, as it has in the last few years.

In communicating these proposals to the Durbar, I pointed out that they depended on the concurrence of the South Indian Railway and that, so far as the terms went, they were equally applicable to the line whether it took the northern or southern route (see paragraph 2, letter, Government of India, Public Works Department, No. 90 R.C., dated 17th January 1898).

10. In regard to the latter question, the Madras Government now laid before the Durbar the relative advantages of the northern and southern route, dwelling on the probable insufficiency of Mr. Shadbolt's estimate, the length of time a line with so much ghât work would occupy in construction, the more remunerative character of the Travancore portion of the southern route, the greater speed with which that line could be constructed, and the fact that the cost of all surveys would be debitable to the capital, so that the extra expense of surveying the southern route was of little consequence. The Government also suggested that the "Tinnevelly-Travancore" or the "Travancore" railway was a preferable title to that of "Tinnevelly-Quilon" which had been hitherto adopted for the line.

11. To the last suggestion the Durbar "raised no objection" and indicated no preference between the two alternatives. As Tinnevelly is only a station on the South Indian Railway, and Travancore is in wealth and population one of the six greatest Native States in India, it would appear that the "Travancore" railway would be the more suitable appellation. The greater length too will be within the State, which will also contribute the larger share of the cost of construction.

12. As regards the more important questions, viz., (i) the route to be finally adopted, and (ii) the new terms offered, the Government of His Highness the Maharaja has returned the following replies, viz.:—

(i) The Durbar practically reiterates the opinion expressed in paragraph 8, (*a*), (*b*) and (*c*) of this letter, and "still prefers the northern route, and will be glad if it can be adopted and work started at once." . . . . He makes his points, I think, in holding that the Durbar must look upon Mr. Shadbolt's as a responsible survey, giving an approximate cost of the northern route, that the cost of construction and the probable receipts of the southern route must, pending survey and inquiry, be regarded as merely conjectural and can afford no safe basis for argument and comparison, that the Durbar very well understands its liabilities under the proposals previously made by the Government of India and accepted by it. I should add that there is also no question of its financial ability to discharge such liabilities.

His Highness' Government has no objection to the southern line being properly investigated, but must defer its opinion upon the adoption of that route till the result of a scientific survey and accurate traffic registration.

(ii) With regard to the new terms offered in my letter to the Durbar, I quoted the words of paragraph 3 of G.O., (Ry.), No. 167, dated 31st January 1898, which reproduced the words of the Government of India, and described the railway as "a railway from Tinnevelly to the neighbourhood of either Quilon or Trivandrum or other suitable terminus, either by the northern or southern route, as may be decided by the Government of India." I did not understand that the Government of India had assumed any attitude as regards the route other than it had formerly taken. Neither, I believe, does the Dewan, but I note the point . . . .

The Durbar naturally approves the reduction of rate of interest from 3 to $2\frac{1}{2}$ per cent., but entertains misgivings as to the expediency of undertaking a sterling guarantee with the consequent liability to fluctuations in exchange; accepts of course the proposal to underwrite the guarantee, but raises a point with regard to the figures of Case I and Case II of letter No. 1746 R.C. from the Government of India, dated 22nd October 1897 (paragraph 9 of this letter) from which working expenses appear to be about 56 per cent. Those figures relate to the half-year ending 30th June 1896, I gather, while in that ending 30th June 1897, the proportion fell to 51·83. If this is correct, 50 per cent. would not be far out, and that it will probably be shortly reached may be inferred from letters from the Agent and Manager, which I have seen . . . .

The condition as regards the surplus profits, viz., that they should "be divided between the Government of India and the Travancore Durbar in proportion to the length of the sections of the line in their respective territories" is not, I think, as stated "that originally proposed," for under paragraph 5 of letter No. 1304 R.C., dated 2nd September 1896, from Government of India (see paragraph 5 of this letter) the division was to be made in proportion to the capital cost of the sections of the line in British and Travancore territory, respectively. The figures given by the Government of India show that the Travancore Government will lose by this change, for the proportions of capital cost concerned are 83 to 28 and of length 58 to 45, in favour in either case, but less in the latter case, of Travancore. The figures vary according to the estimates of cost and length. The Durbar hopes the Government of India will see its way to allowing that division of surplus profits to stand, which has already been accepted. It is not stated that any set-off is intended against the lower rate of interest now offered, and the use of the words "originally proposed" leaves me in some doubt, whether the Government of India regards the division in proportion to capital cost, as an essential feature of the new terms.

The Dewan infers from the absence of any reference, in Government of India letter containing the new terms, to the terms of purchase, that those of para. 7 of Government of India letter, dated 2nd September 1896, No. 1304 R.C. (see para. 5 of this letter) remain unchanged. So far as I am aware this is the case.

13. Having brought the history of the project up to date, I would venture to express the opinion that the Durbar need not be pressed further to adopt the southern line. It should be remembered that South Travancore is a tract which probably has reached the high water mark of prosperity, and that the future development of the State will probably be in its northern districts.

But the offer of the new terms to the Durbar depends upon their acceptance by the South Indian Railway Company, which may give its concurrence only on condition that the southern route be adopted. In that case, and if construction by other agency of the northern route be out of the question—and there are to this plan many objections—the Durbar's evidently reluctant offer to proceed with the survey of the southern route will, I presume, be accepted. I do not believe that its superiority from the Durbar's point of view is by any means yet established.

I do not understand the Durbar's objections to a sterling guarantee to be insuperable. They may none the less be thought worthy of attention, the little point raised as regards working expenses can be cleared up by the Railway Secretariat, and the more important matter relating to division of surplus profits is perhaps deserving of a reference to the Government of India, which may also, if in this case too the information is not available with Government, be asked whether the old terms of purchase apply alike to those now offered.

Memo. No. 967, Political, dated 22nd April 1898.

Transferred to the Public Works Department, with reference to G.Os., No. 137 R., dated 25th January, No. 167 R., dated 31st January and No. 278 Ry., dated 15th February 1898.

Telegram from—The Consulting Engineer for Railways, Madras.
To—The Resident in Travancore and Cochin.
Dated—23rd April 1898, No. 16 C.

Just received from Political yours dated March 29. Following points require reply from me: *firstly*—India has assumed no new attitude about route; *secondly*—my wire five, dated thirteenth April, removes doubts about India's intentions regarding surplus profits and informs you that South Indian accepts India's terms for either route; *thirdly*—Dewan's inference about purchase terms remaining unaltered may be considered correct; *fourthly*—working percentages for seven full years ending 1897 have been 66, 63, 61, 59, 56, 55, 53, respectively, showing that further economy may be confidently anticipated. I have again taken His Excellency's instructions and this Government will support Durbar's decision about route. Hope you can now obtain Durbar's definite proposals in time for Simla fifteenth.

From—The Agent, South Indian Railway.
To—The Consulting Engineer for Railways, Madras.
Dated—Trichinopoly, 26th April 1898, No. 371.

With reference to your telegram, No. 15 C. of the 21st April 1898, I have the honour to forward, herewith, two copies of the Managing Director's letter, No. 209, dated 7th April 1898, containing the acceptance by the Board of Directors of the South Indian Railway Company of the modified proposals of Government regarding the Madura-Paumban and Tinnevelly-Quilon extensions, and beg to invite attention to the concluding paragraph thereof.

Enclosure.

From—The Managing Director, South Indian Railway.
To—The Agent, South Indian Railway.
Dated—55. Gracechurch Street, London, 7th April 1898, No. 209.

Railway Extensions.

In reply to Board's letter, No. 204, 11th February 1898, and to their telegram of 3rd March 1898—"Board's 204. Send without delay. Report extensions"—the Board have now had before them your views, as expressed in your No. 576 of 9th March 1898, upon the proposals of the Government of India contained in their letter, No. 1746 R.C. of 22nd October 1897.

2. After full consideration of the whole subject, the Board have decided to accept the modified proposals of the Government, formulated in that letter, as regards the Madura-Paumban and Tinnevelly-Quilon extensions. These are shortly—

(*a*) That the Company should construct the Tinnevelly-Quilon Railway, including rolling-stock, at cost price, the money required being raised under a sterling guarantee of the Government of India at the rate of $2\frac{1}{2}$ per cent. per annum.

(*b*) That the Company should work the line as a portion of their existing system at the same rate of working expenses as obtains on their whole line, including the branch railway and other branches which may hereafter be added to it.

The Board consider that the contract should contain a clause to the effect that in the event of its hereafter being proved by the officers of the South Indian Railway Company, to the satisfaction of the Government, that there is an actual loss on working the branch at that rate, the rate shall be raised to such a point as may be calculated to cover working expenses.

(*c*) That the cost of maintenance of the line for two years after opening shall be debited to Capital.

(*d*) The net deficit as against Government and the total surplus profit to be divided between the Government and the Company in the usual proportions as stated—excluding, for the purposes of such division, the capital provided for this branch. The proposal as to the Travancore Government underwriting a proportion of the guarantee affects the Government of India and the Travancore State only, and, therefore, need not be imported into any agreement between the Government and the Company.

(*e*) That the Company should assist the formation of an independent subsidiary Company for providing funds for the construction of the Madura-Paumban Extension, which would be worked by the South Indian Railway Company upon branch line terms.

3. While accepting, as stated, the proposals of the Government of India, the Board think it desirable to place on record that the southern route into Travancore would be looked upon by them with more favour than the northern route *viâ* Shencotta. They are still of opinion that, whether looked upon in the light of comparative cost of construction, or of probable revenue, or of advantage to the State of Travancore, the suggested route *viâ* Nagercoil to Trivandrum is the superior of the two. The Board's acceptance of the proposals as regards the northern route may be taken to apply to the southern route, if adopted.

4. With reference to the Madura-Paumban branch, there can be no doubt, as a glance at the map will show, that a considerable portion of its revenue will be derived from traffic diverted from the South Indian Company's existing Madura-Tuticorin line, upon which a reduction in earning power must be looked for after the Paumban line is opened. It would appear, therefore, to be only equitable that any compensating advantage which may accrue from the construction of the branch should belong to the South Indian Company, and not become the property of the separate company, as will be the case under the proposals of the Government.

The extension will, as it seems to the Board, be a portion of the Company's main line, and will, in effect, be the neck of the bottle to which the system in general will contribute traffic, and more especially will this be the case should the Indo-Ceylon Railway be constructed, when the Madura-Paumban section would form an important link in the line of through communication between the two countries.

The necessity for the line is admitted on all sides, and it would be with regret that the Directors would see it pass into the hands of another Company, however intimately that Company might be connected with the South Indian Railway. They would greatly prefer that it should be constructed as an integral part of the undertaking, with money raised in a way similar to that proposed for the Travancore Railway, and they still hope that the Government, on further consideration, may be able to agree to the adoption of this course.

While expressing these views, and fully assured that the branch would be more cheaply financed and constructed by the direct agency of the South Indian Company, the Board accept the proposals of the Government for the construction of the line now by a Branch Line Company as preferable to an indefinite postponement of the work.

5. With regard to both branches, the Board agree with your suggestion, but they do not propose it as a condition, that a clause should be inserted in the agreement to secure for the Provident Institution the calculation of its additional contribution on the net earnings. It is also desirable, as you further suggest, that, if the Government of India see fit, each line should bear some share of the interest upon stores, of which, of necessity, larger quantities would be kept in stock and so the stores balances increased.

6. You will be good enough to lose no time in placing before Government this acceptance of their proposals, with the expression of the Board's earnest hope that the matter will, without delay, be brought before the Secretary of State in Council, with a view to the early preparation of the necessary contracts.

Order—No. 650 Ry., dated 28th April 1898.

The Government of India will be addressed.

From—The Joint Secretary to the Government of Madras, P.W. Dept., Ry. Branch.
To—The Secretary to the Government of India, Public Works Department, Simla.
Dated—Ootacamund, 28th April 1898, No. 651 Ry.

I am instructed to forward, in continuation of my telegram, No. 1 A., dated the 11th April 1898, a copy of a letter from the Board of Directors of the South Indian Railway Company to their Agent, No. 209, dated the 7th April 1898.

2. This Government is in daily expectation of receiving definite proposals from the Travancore Durbar, and these when received shall, in due course, be forwarded to the Government of India with such comments as His Excellency the Governor in Council may have to offer.

Telegram from—The Resident in Travancore.
To—The Joint Secretary to the Government of Madras, P.W. Dept., Ry. Branch.
Dated—4th May 1898.

Travancore Dewan telegraphs all terms Railway accepted. Northern route preferred. Letter follows.

From—The Joint Secretary to the Government of Madras, P.W. Dept., Ry. Branch.
To—The Secretary to the Government of India, Public Works Department.
Dated—Ootacamund, 5th May 1898, No. 691 Ry.

In continuation of my letter, No. 651 Ry., dated the 28th April 1898, in which was enclosed a copy of the Board of Directors' (South Indian Railway) letter to their Agent, No. 209, dated the 7th April 1898, accepting the terms proposed in your letter, No. 1746 R.C., dated the 22nd October 1897, for constructing and working the proposed extension from Tinnevelly into Travancore, I am now directed to inform you that the Resident in Travancore and Cochin has telegraphed to the effect that the Travancore Durbar have also accepted the proposed conditions, but adhere to their preference for the northern route.

2. I am instructed that, on receipt of an official communication from the Durbar, the Government of India are again to be addressed, with a full expression of the views of His Excellency the Governor in Council.

From—The Resident in Travancore.
To—The Chief Secretary to Government.
Dated—7th May 1898, Camp No. A. 19.

I have the honour to address you in continuation of my letter, Camp No. X.Y.C.I., dated 29th March 1898, regarding the Travancore Railway.

2. Since writing that letter I informed His Highness' Government that the "intention of the Government of India is that Durbar and Government [of India] should bear loss in proportion to capitals, while as regards surplus profits working company would retain about one-sixth, the balance being divided between Government and the Durbar in proportion to mileage," quoting the words of the Consulting Engineer's telegram to me of April 13th, 5 C., and adding, as also was intimated in that telegram, that the South Indian Railway had agreed to make the line on the conditions now offered by the Government of India, either by the southern or the northern route.

3. Subsequently, upon receipt of the Consulting Engineer's telegram, 16 C., dated April 23rd, I was able to inform the Durbar that the new terms offered by the Government of India implied no change of attitude on the part of that Government as regards the route to be adopted; that no change is made in respect of terms of purchase, those stated in the terms formerly offered being now applicable; that the working expenses of the South Indian Railway have been gradually reduced and that further economies were anticipated; and lastly, that the Government of Madras would support the Durbar's decision in favour of the northern route.

4. His Highness the Maharaja's Government informed me on the 29th April, with reference to the first matter mentioned in paragraph 2 of this letter, that as the Government of India did not seem prepared to reconsider the matter, the Durbar accepted the terms as offered, and on May 1st the Dewan telegraphed:

"Your telegram Travancore Railway. All terms accepted. Northern route preferred."

5. I have this day received a further communication from the Dewan confirming his telegram, the contents of which are already before Government, and his letter to which reference is made in the last paragraph. The following portions of his latest letter should be quoted, *viz.*:

"His Highness' Government also accept the other terms, *viz.*, (1) guarantee of $2\frac{1}{2}$ per cent. in interest in sterling, and (2) the working expenses not to be limited to 50 per cent. inclusive of the use of the main line rolling-stock, but to be the same as obtains from time to time on the main line system, exclusive of use of rolling-stock.

"In regard to these terms, however, I may be permitted to observe that His Highness' Government are still not without misgivings as to their ultimate effect. Under these terms, the amount of interest payable in rupees, and the proportion of the

gross receipts which would be deducted as working expenses, are indeterminate and variable from year to year—a feature calculated to disturb the financial forecast, and possibly the financial equilibrium of a state like Travancore. It is observed that, during the last seven years, the percentage of working expenses on the South Indian Railway fluctuated from 66 to 53. As you point out, the percentage may likely go down to 50; but it is, I fancy, also possible that it may go up beyond 66. In the case of some lines, I understand the working percentages have gone up to 72, 82 and even 95. I leave it to you to consider whether it is not possible to fix a maximum limit, say 55.

"The above observations are by no means intended in any manner to qualify the acceptance of the terms by His Highness' Government.

"I observe that the terms of purchase adverted to in paragraph 3 of your letter No. 3005, dated the 26th September 1896, remain unchanged." [See paragraph 5 of my letter X.Y.C.I., dated 29th March 1898.]

"I presume that arrangements similar to those in force on railways in British territory in the matter of services rendered to all departments of the State will, as regards the line in Travancore territory, apply in respect of services to this State."

6. The communications quoted, or referred to, above, deal with the points previously raised by the Durbar, and discussed in paragraphs 12 and 13 of my letter X. Y. C. I., dated 29th March. A sterling guarantee must of course be subject to fluctuations when expressed in rupees, but it would be fortunate indeed if all Governments could, like Travancore, count with confidence on being able without inconvenience to face such fluctuations. Even if the working expenses were 90 per cent. which is so improbable a contingency as hardly to be worthy of consideration, everything pointing to a probable reduction to 50 per cent., yet the Durbar would only be exposed to the fluctuations of exchange in regard to an annual payment of about Rs. 2,30,000. This is no great matter for a State whose annual income is at least equal to its expenditure, which could effect savings, which has a surplus of nearly a year's revenue, which has great possibilities of expansion and development. As a fact I believe the last published South Indian figure was 51·83, and I do not myself feel any misgivings as to the sterling guarantee, or the working expenses, though some reluctance to come in contact with the exchange question is not unnatural. I should imagine that it would be out of the question to propose to the South Indian Railway, or to the Government of India, a limit of 55 per cent. and probably the Government could explain to the Durbar that the circumstances of the railways, in which the high percentages quoted were reached, are in no way analagous to those of the South Indian Railway.

In its letter No. 4777, dated 11th December 1897, the Durbar said: "There need thus be no serious misgiving in regard to the financial aspect of the Northern line." It seems to me that the $\frac{1}{2}$ per cent. reduction in interest will very probably cover the fluctuations of exchange which result from the acceptance of the sterling guarantee, and that circumstances and good management in the South Indian Railway will work together to bring about an agreement between the old and the new terms in regard to working expenses.

In short, my knowledge of the country, the Government, the finances of Travancore, lead me to think that His Highness' Government will have no reason to regret that it does not allow its misgivings to qualify its acceptance of the new terms.

7. An assurance as regards services rendered to departments of the State would be acceptable, in view of the presumption of the last sentence in the extract from the Dewan's letter.

Endorsement in the Political Department, dated 11th May 1898.

Transferred to the Public Works Department (Railway Branch), in continuation of endorsement No. 967, dated 22nd April 1898.

Order—No. $\frac{781}{A}$ Ry., dated 6th June 1898.

The Government of India will be addressed.

[Here enter No. 782 Ry., dated 6th June 1898.]

(True Extract.)

Francis J. E. Spring,
Joint Secretary.

Exd. T. K. Narayana Aiyangar.

RAILWAY.

Government {1898} of Madras.

PUBLIC WORKS.

Recd. } 1898. *Enclosures*

Regd. } *Spare copies*

Letter, No. 782 Ry., 6th June 1898.

JUNE.

Tinnevelly-Quilon Railway

Forwarding proposals for financing and working the — as definitely accepted by the Agent, South Indian Railway, and the Travancore Durbar, with an expression of the views of this Government.

PUBLIC WORKS DEPARTMENT.

Railway.

LETTER—from

FRANCIS J. E. SPRING, ESQ., C.I.E.,
Joint Secretary to the Government of Madras,
Public Works Department,
Railway Branch,

To

THE SECRETARY TO THE GOVERNMENT OF INDIA,
PUBLIC WORKS DEPARTMENT,
SIMLA.

SIR,

The several doubts and difficulties of the Travancore Durbar, with regard to the proposals for financing and working the Tinnevelly-Quilon Railway, which were put forward in your letter, No. 1746 R.C., dated the 22nd October 1897, having been cleared up, and the conditions laid down in your letter, No. 90 R.C., dated the 17th January 1898, having been definitely accepted by the South Indian Railway Company, I am now in a position to communicate to you the views of this Government upon the subject of that railway. But first I am instructed to say that His Excellency the Governor in Council will be pleased if this particular extension of the South Indian Railway may in future be designated "*the Travancore Branch*," a designation which is agreed to by the Travancore Durbar.

2. In deference to the strongly expressed opinion of the South Indian Railway Company that the alternative alignment passing from Tinnevelly round the southern extremity of the Western Ghats, through Aramboli, to Trevandrum, the terminus of an extensive backwater system of navigation, would prove more remunerative than the northern route through Shenakotta across the line of ghats to Quilon which was surveyed by Mr. Shadbolt, this Government was careful to lay before the Travancore Durbar all available facts and figures for the two routes. The intention was that the Durbar should itself exercise an intelligent choice when in possession of all that was to be said on both sides. The result has been that, while expressing a full and intelligent appreciation of all these facts and of their bearings upon the financial prospects of the undertaking, the Travancore Durbar have deliberately and finally expressed a preference for the northern route. With this decision this Government has no desire to interfere, and the more so because the British portion of this route is likely to be decidedly more remunerative than the corresponding portion of the southern route, although it seems quite possible that the South Indian Railway Company may be right in their belief that comparing the routes as a whole, British and Native, the southern has the superior advantages from a traffic and a working point of view. But however that may be, His Excellency the Governor in Council would not have felt justified, taking all the circumstances into consideration, the Durbar's intelligent appreciation of the financial position, its responsibilities, and its prejudices, in going further than laying all the facts before His Highness the Maharaja and his advisers and accepting their decision.

3. The terms put forward for acceptance in your letter, No. 1746 R.C., dated the 22nd October 1897, for the financing and subsequent working of the Travancore branch may conveniently be here recited. They were as follows:—

(*a*) That the South Indian Railway Company should be enabled to raise the whole of the money required for the construction of the entire line, at $2\frac{1}{2}$ per cent. in sterling under the guarantee of the Government of India.

(*b*) That the Travancore Durbar should underwrite that guarantee to the extent of the cost of the line in their own territory.

(*c*) That the South Indian Railway Company should construct the whole of the line including rolling stock at cost price.

(*d*) That the South Indian Railway Company should work the line on completion as a portion of its existing system at the same rate of working expenses as obtains on their whole line including this and all future branches: the cost of maintenance for two years after opening being debited to capital.

(*e*) That surplus profits should be divided, after deducting the share payable to the South Indian Railway Company, quoted at about one-sixth, between Government and the Durbar in proportion to the mileage in their respective territories.

4. When stating that these terms have been accepted by the South Indian Railway Company, and by the Travancore Durbar, it is essential that I should draw special attention to certain suggested modifications of the terms, which two of the parties to the proposed tripartite agreement have put forward.

5. In the Board of Directors' letter to their Agent, No. 209, dated the 7th April 1898, a copy of which was formally sent you for information with my No. 651 Ry., dated the 28th April 1898, they express the opinion that the contract should contain a clause to the effect that, in the event of its hereafter being proved by the officers of the South Indian Railway Company, to the satisfaction of Government, that there is an actual loss on working the branch at the rate of working expenses which obtains throughout the system, the rate shall be raised to such a point as may be calculated to cover working expenses. With reference to this expression of the Board's opinion, I am instructed to say that, in view of the continual temptation to the Company to try to profit by such a proviso, and of the disputes which would thereby arise, and of the increased traffic which the branch will undoubtedly bring on the main line, and of the stipulation made by the Government of India, concurred in by this Government, and accepted by the Company, that the Travancore branch and the Madura-Paumban line must be considered as linked together, the less with the more remunerative, this Government cannot recommend that this suggestion of the Company's Board should be acceded to.

6. In clause (*d*) of paragraph 2 of the Board's letter just referred to, the terms for the partition of surplus profits are dealt with. The Board do not concern themselves as to the partition, between Government and the Durbar, of the State share of these profits: they deal only with the question of how their own share (defined by the Government of India as "about one-sixth") shall be fixed, and they assume that the net deficit as against Government, and the total surplus profit, is to be divided between Government and the Company in the usual proportions as stated, excluding, for the purposes of such division, the capital provided for this branch. It is understood that the Board mean by this that "surplus profits" whether positive or negative shall be shared in the proportion of "Company's capital" to "Government capital," the latter being net expenditure standing at the debit of Capital advance account, the Stores account, and the Capital account of the undertaking including the Travancore branch, less the sums of 140 lakhs Company's capital, $59\frac{1}{2}$ lakhs old debentures, and the amount of State Guaranteed debentures necessary to construct the branch. This interpretation appears to this Government to coincide with that intended by the Government of India. The suggestion is made in paragraph 5 of the Board's letter that provision should be made for securing to the Company's Provident Institution a suitable contribution from net earnings, and also that some share of the interest on stores should be brought to account. Both these suggestions, I am instructed to say, are, in the opinion of this Government, only reasonable.

7. The Travancore Durbar's enquiries and comments on the Government of India's latest proposals shall now be dealt with. They enquired whether in view of no reference being found in your letter, No. 1746 R.C. of the 22nd October 1897, to the terms of purchase which had been previously agreed to, it was in contemplation to modify these terms, and in reply this Government took it upon itself to interpret the Government of India's intentions to be that no modification was contemplated. After some natural hesitation to involve themselves in sterling liabilities the Durbar have finally agreed to underwrite the proposed sterling guarantee of 2½ per cent. to the extent of the cost of the section of the line lying within their State.

8. They also at first expressed considerable hesitation in accepting the proposal that working expenses should bear to gross receipts the same proportion obtaining throughout the South Indian Railway Company's system, in lieu of the proposal previously made, but most unlikely, as explained to them, to be ever accepted by the Company, of fixing the proportion at 50 per cent. But now they have communicated their unqualified acceptance of this item also of the proposed terms.

9. The Durbar having expressed a presumption that arrangements similar to those in force on railways in British territory in the matter of services rendered to all departments of the State will be made applicable to the Services of the Travancore State, on the section of the railway lying within their territory, I am directed to ask that I may be instructed to convey to them the assurance that such a stipulation shall be made part of the agreement. This seems to this Government to be only right and reasonable.

10. It remains now to address the Government of India in regard to the South Indian Railway Board's remarks about the financing of the Madura-Paumban line. This shall form the subject of a separate communication. But, meanwhile, as a reference to the final clause of paragraph 4 of South Indian Railway Board's letter, No. 209 of 7th April 1898, shows that the Company have given in their unqualified adherence to the condition proposed by the Government of India, that the agency of a Branch Line Company shall be accepted for the financing of the Madura-Paumban line rather than that it should be indefinitely postponed, there would seem to be no further obstacle to this Government pressing for early permission being accorded to the South Indian Railway authorities for the arrangement of the many preliminaries which ought to be put in hand between now and October next, if, as soon as the season permits, a push is to be made with the construction of the British portion of the Travancore branch. The Agent of the South Indian Railway Company will be addressed in regard to all such matters of routine preparation, *i.e.*, staff, money, surveys, &c., during the time that must elapse before a reply to this letter can fairly be expected.

11. In conclusion, I am instructed by His Excellency the Governor in Council to say that he hopes that it may be found possible to make such arrangements as will enable the South Indian Railway Company to raise sufficient funds to allow of a vigorous commencement being made, at least with the construction of the British portion, and with the detailed alignment of the hill section, and possibly also of construction from Quilon as a base, during the ensuing working season.

I have the honour to be,
Sir,
Your most obedient servant,

FRANCIS J. E. SPRING,
Joint Secretary.

OOTACAMUND,
6th June 1898.

Exd. C. Parthasarathy.

[G. / 18]
50—28-5-98.

Political DEPARTMENT.

C. No. 920
968

NOTE FOR THE C.S.

G.O. No. 781 A Ry of the 6th June 1898 contains the correspondence which led up to letter 782 and the Resdt would probably find it convenient to have a copy. P.W.D. (Ry) might, it is submitted, be asked if there is any objection to the Resident being supplied with a copy of the G.O. for his information. The copy in the file has been obtained from the Railway Office. It would be convenient and complete our records if Railway invariably commd. such pro. G.O.s. those passed in correspondence from the Resdt / to Political, which would then communicate to the Resdt

C.W.B. 20.7.98

To P.W.D (Ry) U.O.

No objection
7.J.S.

Recd 22/7/98 22/7/98

Political Dept

Read C. No. 920 (R)
968 (B)

Order. No. 513, dy 23rd July 1898
Mrs

S.D. No. 781 Ry dy 6. June 1898
A
and Letter No. 782 Ry of the same
date will be communicated to the
Resdt in Travancore & Cochin for
information

Cmtd.
23. 7. 98

Asstt Secy.

Despd. 3.8.98.

Resdt in T. & C..
(with copy & papers quoted)

Ref. to a copy recd with Mem. 80
Cmtd

Copies added to the S.O.
23/7/98

Note for the Head Clerk

S.O.s No. 781/A & 782 Rly dt. 6-6-98 tagged to the accompanying S.O. have been added to the file as per CA's orders and should not be prepared below the draft Kindly obtain the required No. of Copies from the P.W.D (Rly Branch) Chapanki for despatch to the Resot. The extra copy of S.O. No. 782 Rly dt 6-6-98 received with the P.W.D Endt No. 59 RM/O dt 18.7.98 is sent herewith.

23/7/98

1 Pkt
23/7/98

Telephone

H. Sc.
Chief Secretariat

Assistant
P.W.D Ry.

Please let me have a copy of
G.O 781. Ry of 6th June.
A
Tuticorin - Quilon Railway
to forward it to the Resident
Travancore.

Your Secy. states
that there is no objection to
the communication.

MR 3 PM
25.7.98.

Furnished
Jas. Scaldes
Asstt. P.W.D
Ry Branch
25/7/98

Desp.
Letter for
the copies of
Correspondence
Resd. from
Telephoned the
P.W.D. Ry
25/7

When given for copying 26/7
When copied 27/7
When examined 28/7 } 189 6
When signed 28/7

READ AGAIN G.O., No. , DATED
189 ,

CURRENT No.

ENCLOSURES TO G. No

ORDER OF GOVERNMENT	A	A	A	A	A	A	A		
LETTER OF GOVERNMENT.									
STATEMENT WITH DITTO.									
PAPERS NOT FILED UP, BEING MEANT FOR DESPATCH IN ORIGINAL.									

N.B.—

A = Copy in full.
B = Not to be copied.
P = Copy abstract only.
Q = Copy heading only.